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Monday 28 November 2016

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Lundi 28 novembre 2016

**Standing Committee on
Social Policy**

Promoting Affordable Housing
Act, 2016

**Comité permanent de
la politique sociale**

Loi de 2016 sur la promotion
du logement abordable

Chair: Peter Tabuns
Clerk: Katch Koch

Président : Peter Tabuns
Greffier : Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
SOCIAL POLICY**

**COMITÉ PERMANENT DE
LA POLITIQUE SOCIALE**

Monday 28 November 2016

Lundi 28 novembre 2016

The committee met at 1400 in room 151.

**PROMOTING AFFORDABLE HOUSING
ACT, 2016
LOI DE 2016 SUR LA PROMOTION
DU LOGEMENT ABORDABLE**

Consideration of the following bill:

Bill 7, An Act to amend or repeal various Acts with respect to housing and planning / Projet de loi 7, Loi modifiant ou abrogeant diverses lois en ce qui concerne le logement et l'aménagement du territoire.

The Chair (Mr. Peter Tabuns): Good afternoon, committee members. I'm calling this meeting to order to consider Bill 7, An Act to amend or repeal various Acts with respect to housing and planning, pursuant to the orders of the House dated Thursday, November 24, 2016.

For those who are speaking today, each witness will receive up to 10 minutes for their presentation, followed by nine minutes of questioning from the committee, or three minutes from each caucus. I ask committee members to ensure that the questions are relevant to Bill 7 and to keep them brief in order to allow maximum time for witnesses to respond.

Any questions before we start? Good.

CITY OF TORONTO

The Chair (Mr. Peter Tabuns): Our first witness, then, is Councillor Ana Bailão. Councillor Bailão? As you've heard, you have up to 10 minutes. If you could start by introducing yourself so Hansard will get your name and title.

Ms. Ana Bailão: Thank you. I'm joined here by Sean Gadon from the affordable housing office and Deanna Chorney from our planning department.

Good afternoon, committee members. I am Councillor Ana Bailão, Toronto's housing advocate and chair of the affordable housing committee. It is my pleasure to present to the social policy committee the city of Toronto's position regarding the proposed legislative amendments to the Planning Act and the Housing Services Act, changes that the city has long sought. I am honoured to be the first speaker on legislation which has the potential to create and improve access to affordable housing to the people of Toronto.

In August, Toronto submitted a brief on the proposed inclusionary zoning elements of Bill 7, and I have provided copies to the committee.

Let me acknowledge right off the bat that Toronto welcomes the important changes proposed in Bill 7 and applauds the province for advancing them. They reflect the hard work and collaboration between provincial and city staff and other stakeholders. We see Bill 7's proposed changes as useful tools in meeting the important affordable housing needs of the people of Toronto, but we also see them as works in progress, requiring some modifications to make them effective and truly useful to Toronto. We also require the regulations and guidelines—which, to date, have not been made public—to understand how implementation would occur and measure its impact.

As you know, Toronto and Ontario have enjoyed a long and successful partnership in many areas, not the least of which is housing. Every day, through our support for social and affordable housing, we assist thousands upon thousands of families and individuals to meet their housing needs. Our most effective efforts have occurred when provincial policies and programs provided the flexibility for us to meet local needs and conditions.

We have identified a number of areas where the proposed legislation requires amending to achieve the desired outcomes. I will review these matters in today's remarks, but before getting into some of our specific concerns, let me describe the housing pressures we face.

Toronto is in the midst of a housing crisis with a system that is broken. Despite our collective efforts, homelessness persists, with some 5,000 men, women and children homeless on any night. Another 98,323 households languish on the waiting list for social housing. We administer some 90,000 social housing homes, many of which are aging and in serious need of repair and revitalization. And the money is simply not there, with Toronto Community Housing requiring significant new investments.

Against this background, Toronto has experienced an unprecedented rate of development over the past 10 years. Some 85,200 new residential units were constructed between 2011 and 2015. The vast majority of these developments have been in mid-rise and tall buildings in the downtown centres and avenues. All of this development activity is the result of a strong and engaged residential construction sector that employs

thousands of workers and contributes to the health of our economy.

The city believes that implementation of inclusionary zoning should be based on four principles: predictability, flexibility, transparency and partnerships. To be truly successful, inclusionary zoning must provide public benefits in the form of real outcomes for people.

I will take a moment to outline a number of concerns and the requested amendments required to help achieve these principles, including the application of section 37 and the prohibition of cash-in-lieu and off-site housing.

Perhaps the city's most critical concern lies with the restrictions in section 35.2(5) of the proposed legislation, relating to section 37 benefits. As proposed, the legislation would prohibit municipalities from using section 37 if the same development must also provide affordable housing through inclusionary zoning. The city of Toronto strongly opposes the proposed prohibition and recommends it be removed from the legislation.

Section 37 is an important planning policy tool to achieve community benefits, such as child care, parks and other infrastructure, as outlined in the city's official plan. It is a planning tool that allows secured benefits to be direct, tangible and responsive to community needs. Inclusionary zoning can be an important tool to create more affordable housing in the city in conjunction with other community benefits. Toronto should not be required to choose one or the other to create inclusive, complete communities.

To complete communities: I think that there needs to be really a mind shift between a building that comes for approval—you're not going to ask for a city to choose between building a sidewalk, building the drains, building the roof on that building and a park and a community centre. I think right now that affordable housing is on the side of the park, of the larger community. We need to start thinking about affordable housing as core to that vertical community that we're also creating. I think that's a mind shift that needs to happen.

We have extensive experience securing affordable housing contributions alongside other section 37 community benefits. Between 2010 and 2015, we secured both in 64 development applications in which 448 affordable housing units were secured. Our success reflects the city's ability to balance good planning while addressing unique local challenges and opportunities. These planning tools are essential in order to achieve important public objectives.

We must also recognize that some developments would not be suited to inclusionary zoning and must be dealt with differently. In cases where very high operating costs or a small number of units may make providing and operating affordable housing challenging or unsustainable, we strongly recommend the province allow cash-in-lieu and off-site housing in place of affordable housing. Here I caution you not to create feel-good policy but actually real-results policy. This is where we might fail. We propose that this be allowed in defined circumstances to ensure affordable housing benefits are still obtained and that the process is transparent.

Now, in relation to the Housing Services Act, the city is pleased to see the proposed amendments to the Housing Services Act to provide greater municipal flexibility in the administration of social housing.

On June 7, 2016, city council adopted the city's positions on proposed amendments to the Housing Services Act and associated regulations. Specifically, this includes removal of ministerial consent, recognition of alternative forms of housing assistance as part of the service level standard, promoting income mixing in public housing, and changes to the rent-geared-to-income calculations.

The city supports giving local governments the power to approve the sale of social housing as laid out in sections 161 and 162. However—and this is a big “however”—we believe there must be strong provincial regulations which ensure that the sale or transfer of social housing is in the public interest and contributes to the provision of social and affordable housing.

I have to tell you that in the last term of council, we would probably have had a massive sell-off of stand-alone homes in our city if it wasn't for provincial jurisdiction over this issue. But at the same time, it is very bureaucratic every time we're revitalizing a community—for example, Regent Park—to have to run to the province—even though we're replacing all the units and doing everything—to come and ask for authorization. I think there needs to be a balance and very strong guidelines to allow us the flexibility, when appropriate, to do it, with the protection to protect social housing stock.

Likewise, should the amendments pass, local municipalities must also be held to a high standard in making decisions on the transfer or sale of social housing.

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Some consider the sale of social housing as the “quick fix” to solve the existing repair and revitalization needs of social housing, but the real solution lies in reinvesting in these communities, as the federal government is doing through the social infrastructure fund, and the province needs to step up as well as be a better partner by investing in the future of Toronto Community Housing and the people it houses.

To conclude, I want to thank the committee for the opportunity to appear before you today on the important matter of Bill 7. This draft legislation is an important step forward in our collective effort to deliver affordable housing opportunities to the people of Ontario. Toronto looks forward to a continuing partnership with Ontario and our local housing stakeholders in working together to ensure that we can deliver the housing outcomes we all desire.

The Chair (Mr. Peter Tabuns): Councillor Bailão, thank you very much. We'll go first to the official opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation.

I think it's important—the part that you mentioned when you started your presentation talked about how this is a good start in helping with the affordable housing. The bill, of course, is intended to be a good start to help

with affordable housing across the spectrum of our housing needs.

I was also interested where you talked about the cash-in-lieu. It seems to me that there seems to be not only an ability through cash-in-lieu on developments that are smaller in nature that can't build—you can't build three houses and make one of them affordable, I guess, and then even if you did, you couldn't afford to administer the one that was affordable because you have to have economy of scale.

Could you talk a little bit about your opinion on taking cash-in-lieu and having a special fund that the municipality could use, not only for building affordable houses but for maintaining, particularly in Toronto, some of these houses that are boarded up because of the repairs they need, and nobody seems to be able to afford them? Could you talk a little bit about that, whether you think that would work or whether that's worth trying?

Ms. Ana Bailão: I will bring some issues, but the principles that I talked about, the transparency, predictability and fairness of the system—I think they're really important.

I want to say that this will not be the solution for the affordable housing issue. This is one aspect. I think it is important that we recognize what kind of affordable housing market we are servicing. For example, the inclusion of an income level on some of this policy: What income bracket are we going to be solving? Is it the people who are making \$20,000, \$30,000, \$50,000, or is it between these brackets? I think it would be important to define that, because we know that this is not going to replace the shelters in our community. We know that the deep subsidy that would be required may turn this into legislation that becomes less practical and more aspirational.

But on the other side, on the cash-in-lieu, I think we need to be predictable and, again, transparent. Even though there are some challenges—and I usually use the example of: How do you operate units inside some of the condos that we have being built in our city? How do you pay for the condo fees in Shangri-La to have affordable housing in there? Is that the best use of our money? If we were to get some units inside there, have a non-profit operating those units and then they're charged with some of those bills, would that be the best use of our money?

Again, it needs to be done with extremely powerful guidelines, because at the same time, you have to create—

The Chair (Mr. Peter Tabuns): Councillor Bailão, I'm sorry. You've run out of time with the Progressive Conservatives.

Mr. Hatfield, third party.

Mr. Percy Hatfield: Welcome. Thank you for coming. Welcome to Councillor McConnell as well.

Unofficially, I guess councillors in Toronto have used section 37 inclusionary zoning, and I think you said 448 housing units between 2010 and 2015 using both. How does that work?

Ms. Ana Bailão: We have our large site policies right now that we have been able to use to get some of the

affordable housing, and we have in other sites used some of the section 37 for affordable housing.

Mr. Percy Hatfield: So if a developer comes in and says, "I want to do this," you say, "Okay, but if you give me this, and we'll build affordable housing with that money"? How does it work?

Ms. Ana Bailão: There have been different scenarios. There has been the scenario that we work with the developer. There has been the scenario that, actually, the city has come in with some other subsidies and worked it out so that the affordable housing can be built in that project together with the section 37 that was given by the developer. There have been different ways and approaches to do it. On the large-site policy, the developer has to provide 20% of affordable housing.

Mr. Percy Hatfield: The poison pill, if you would, to me in this legislation is the either/or—inclusionary zoning or cash-in-lieu.

Ms. Ana Bailão: Absolutely.

Mr. Percy Hatfield: Do you think the government put that in there to encourage or discourage municipalities from picking up on inclusionary zoning?

Ms. Ana Bailão: I have to tell you that the policy position that we put in front of you—I've had many conversations with my colleagues in the city of Toronto, and the first thing they ask is, "If you have an either/or, what else is new?" So it would be very difficult to implement inclusionary zoning if that is on the table.

Mr. Percy Hatfield: If that stays. Right, and you've made that known here, but previously to coming here today, to the government?

Ms. Ana Bailão: I think I've made public statements on this already, yes.

Mr. Percy Hatfield: All right. Thank you.

The Chair (Mr. Peter Tabuns): Thank you. We go to the government: Mr. Dong.

Mr. Han Dong: Thank you, Chair. Good afternoon, Ana. Good to see you.

Ms. Ana Bailão: Good to see you.

Mr. Han Dong: A very nice presentation. I know I only have three minutes so I'm going to give you all the questions and then you can answer them. Just help me to understand: The city of Toronto's point of view is to have section 37 as well as the inclusionary zoning?

Ms. Ana Bailão: Yes.

Mr. Han Dong: Okay. So there are tons of opportunities in clause-by-clause later on and through regulation where this could be addressed.

We also heard from developers. They have indicated that they feel that there should be a limit on how much public benefit can be extracted. How do you feel about that?

My other question, given the short time, is: What's your perspective on allowing inclusionary units to be built off-site?

Ms. Ana Bailão: First question: Section 37 is to alleviate the community from some of the pressures that it's going to create, right? Those units that are affordable—or not—are still going to be there. Those people

are going to need the daycares; they're going to need the libraries; they're going to need the community centres; they're going to need everything that we usually build with section 37. Again, I think that you cannot have affordable housing competing with that. You have to think about affordable housing as the complete community that you're trying to build. If you want to truly have a city where you have a mix of incomes and where you have many different people from all income brackets and backgrounds living in the city, that is the way that you have to put it in there.

Your second question was—

Mr. Han Dong: The developers have indicated that they feel limits should be on how much public—

Ms. Ana Bailão: We need to look at this as a partnership.

Mr. Han Dong: Okay.

Ms. Ana Bailão: Inclusionary zoning only works if we have a healthy development industry. We cannot forget about that. That's why it is so important, as we develop this inclusionary zoning, that we understand the market, that we give flexibilities to the cities to even apply this in a way that makes sense. We want a healthy market. We can't look at the development industry as somebody that is on the other side, but as somebody that has to be successful, because they're the ones building. If they don't build anything, inclusionary zoning won't be part of anything. We need them to be successful to have those units also come in line. We need an approach that is going to be bringing people to the table, that truly understands the economics of this policy and that makes sure we address unintended consequences and actually bring units online.

Again, I caution you: It's very easy to go into the aspirational side of this policy and not the practical side of this policy. We need units to be built now and so we need to make sure that we bring people to the table to actually create policy that is going to deliver units.

The Chair (Mr. Peter Tabuns): And with that, I thank you for your testimony.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair (Mr. Peter Tabuns): Our next presenter is the Ontario Home Builders' Association: Mr. Neil Rodgers and Mr. Joe Vaccaro. Gentlemen, as you've probably heard, you have up to 10 minutes. Before you speak, if you'd introduce yourselves for Hansard, that would help us a lot.

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Mr. Michael Collins-Williams: Mr. Chairman, members of the committee: good afternoon. I'm not Joe Vaccaro, as you can see. My name is Mike Collins-Williams and I'm the director of policy for the Ontario Home Builders' Association. Joining me is our president, Neil Rodgers, who is the vice-president of acquisitions at Tribute Communities.

OHBA represents 4,000 member companies and is organized into a network of 30 local associations across

Ontario, from Windsor to Ottawa and Thunder Bay to Niagara.

Thank you for providing us an opportunity to address the committee on Bill 7, the Promoting Affordable Housing Act.

I will note that we are supportive of the secondary suites provisions in the proposed bill as well as the province's first step toward implementing a portable housing allowance. Today, however, we're going to focus our comments exclusively on the inclusionary zoning components of the proposed legislation and the proposed regulation that the government consulted about with stakeholders throughout the summer.

I'll turn the floor over to Neil.

Mr. Neil Rodgers: Thank you, Michael, and thank you to the committee for taking into account our recommendations today.

OHBA believes that if the province of Ontario proceeds with enabling the tool of inclusionary zoning, it must be considered in the context of the entire legislative planning framework and should be delivered with a clear planning framework when accompanied with fiscal supports. It is imperative that we work in partnership to provide mutually beneficial outcomes as the government has the ability to make changes that will have either a positive or negative outcome on housing affordability and choice for households at all income levels. In an effort to work collaboratively and with the proposed legislation in mind, OHBA is taking a proactive public policy approach towards achieving a partnership model for inclusionary zoning that will work effectively for our municipal partners, the private sector and, most importantly, for those in need of safe, secure and affordable housing.

Today we have an opportunity to create an inclusionary zoning framework that could leverage land use planning and financial tools that would facilitate the creation of government-mandated affordable housing units without compromising the health and affordability of the broader housing market.

Access to housing is vital to a healthy and civil society. Municipalities, the not-for-profit sector and the development industry each have an important role to play to improve access to housing. We believe that a partnership model, where the costs of delivering government-mandated affordable units are shared, is the most effective way to make a significant impact and is essential to achieving success with this initiative.

OHBA appreciates the opportunity to present our perspectives to the government on the proposed regulatory framework, which is a response to the current housing market conditions in some urban centres. We are hopeful that these recommendations will assist and inform the province to develop a strong regulatory framework for inclusionary zoning based on a partnership model.

I'd first like to address schedule 4 of the legislation itself and in particular section 4, which adds a new section, 35.2, to the Planning Act, regarding bylaws to

give effect to inclusionary zoning policies. This new section provides for no authority to “authorize the erection or location of affordable housing units on land or in a building or structure other than the land, building or structure which the by-law specifies for those affordable housing units, in lieu of their erection or location on the land or in the building or structure specified in the by-law.”

This provision, as proposed, is not supported by OHBA, and we recommend this section be amended. OHBA supports language that would offer greater flexibility for both municipalities and the industry to create off-site affordable housing units for the following reasons:

While the province has stated its primary goal will be to integrate affordable housing units into each new project, it should be recognized that a one-size-fits-all approach will not always work. OHBA recognizes the spirit of the legislation and why the province is, and should be, cautious of such an approach.

In our view, the outcome of this proposal should be ensuring affordable housing is inclusive in its delivery, given the province’s diversity of socio-economic backgrounds and municipalities. As such, one alternative would be to deliver the affordable housing density in another project within the same ward or within precincts of the municipality where need is warranted.

OHBA does, however, note that there are circumstances in which affordable inclusionary zoning units may not be appropriate in a given development and may place the homeowners that qualify to live in such developments at an economic disadvantage.

For example, think about a condo project that is designed and catering predominantly to luxury units, with commensurate amenities. It would simply make no sense to have families living in units where the condo fees to cover such amenities alone could cost as much as affordable rent. Placing these families in need of affordable housing in these units would actually place them at an economic disadvantage. Furthermore, from a long-term administrative perspective, it would be more efficient to pool units from small to medium-scale projects together, rather than having a handful of units across many housing projects.

We’d like to now turn your attention to our perspectives on the proposed inclusionary zoning regulation and our proposal for a partnership model where industry, government and non-profits can work together. Why a partnership model for inclusionary zoning? Because the construction of affordable housing units through an inclusionary zoning framework does not come without its costs—simply said, inclusionary zoning is not free.

Here in Ontario, we have an opportunity to look at other jurisdictions that have inclusionary zoning policies. After all, this significant government initiative will in time be measured for its success and its effectiveness.

This past July, the Urban Land Institute and the Terwilliger Center for Housing released a comprehensive report entitled *The Economics of Inclusionary Develop-*

ment, which found that almost all of the cities in the United States offer various types of development incentives to offset the economic impacts the inclusionary policy has and that the inclusionary policies depend on market rate development to be successful. I’ll quote a passage from that report:

“In most cases, jurisdictions will need to provide development incentives to ensure the feasibility of development projects affected by an IZ policy. The principal incentives are direct subsidies, density bonuses, tax abatements, and reduced parking requirements.”

I’ll turn it back now to Michael.

Mr. Michael Collins-Williams: Thank you, Neil.

With this in mind, OHBA and BILD have proposed a partnership model for inclusionary zoning based on the following principles: Within a partnership framework, the private sector accepts responsibility to make affordable housing available within new buildings on the principle that the assistance required to achieve affordability remains the responsibility of the public sector. It should be the responsibility of the private sector to:

(1) Make such units available in projects as may be required by the by-law.

(2) Absorb the short-term administration costs relating to the delivery of affordable units through development applications, permit applications, etc.

(3) Absorb or share costs with non-profit housing providers relating to the long-term administration of these affordable units.

(4) Invest equity and incur financing costs to secure construction financing for the affordable units.

An inclusionary zoning framework based on a partnership model should be a win-win for all stakeholders, while effectively and efficiently delivering the affordable units. In determining the level of government assistance, the market value of the affordable units would be determined, and the difference between the market value and the affordable value should be offset by municipal and/or provincial financial tools. We believe that municipalities should have flexibility in determining the tools that would work best for them to achieve these offsets. These could include a whole range of different things, such as:

—waiving property taxes;

—waiving building permit and other planning related fees;

—waiving development charges;

—waiving parkland dedication requirements;

—waiving parking requirements;

—waiving municipal land transfer tax, in the case of the city of Toronto;

—allocation of capital from development charges reserve funds; or

—the provision of rental supplement allowances.

The last offset I’ll mention before turning the presentation back over to Neil is density bonusing. The legislation, as proposed, does not allow for section 37 of the Planning Act, which is an exchange of benefits from a development proponent for height and density, to be used in conjunction with inclusionary zoning.

OHBA supported this provision in the legislation, as it prevented double-dipping by municipalities to exchange density for both community benefits and affordable housing. We believed that a municipality should choose their priority—inclusionary zoning units or other community benefits—and choose one or the other.

OHBA continues to oppose municipalities double-dipping and requiring both section 37 benefits in exchange for density, in addition to inclusionary zoning units. We do, however, see the value in utilizing section 37 as one of the potential municipal offsets to exchange height and density for inclusionary units.

Mr. Neil Rodgers: In closing, I want to ensure that the committee recognizes that this legislation has to work for all Ontario municipalities. It is important that an inclusionary zoning framework have rigour to it in terms of setting rules, but the framework must not apply a one-size-fits-all.

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We are concerned that smaller communities in Ontario, such as Woodstock or Uxbridge, might not be the most appropriate places to implement inclusionary zoning, as the smaller size of projects and the generally low-rise build form nature of these communities are not very conducive to inclusionary zoning.

The Chair (Mr. Peter Tabuns): And with that, Mr. Rodgers, I'm sorry to say you're out of time.

We'll go first to the third party: Mr. Hatfield.

Mr. Percy Hatfield: Thank you, Chair. I was in the middle of a swallow.

The Chair (Mr. Peter Tabuns): I always pick the best time.

Mr. Percy Hatfield: Yes, thank you.

Hi, guys. Thanks for coming back this week. We met last week. We had a good and frank discussion.

Let me set aside the luxury unit conversation for now and get to the partnership, as you see it, on inclusionary zoning, where the municipality or the province would pay the development fees, the financing for the affordable units, waive the property taxes, waive the parkland provisions, waive the parking provisions, and then you might consider doing inclusionary zoning. Is that in the ballpark?

Mr. Neil Rodgers: I think that it's a combination of all of those. It doesn't have to be a full waiver. Like we mentioned, inclusionary zoning has a cost: the cost of providing that actual unit to society. We are looking for a partnership.

Mr. Percy Hatfield: I think partnerships are what it will take, if this is to go forward. I guess I'm more interested in the double-dipping part of it. You favour the either/or—either affordable housing or parkland dedication. Why can't you have a bit of both?

Mr. Michael Collins-Williams: Speaking specifically to the density bonusing, our concern is beyond just this piece of legislation. In the city of Toronto, for example, the base zoning hasn't been updated in 40 years, despite the fact that section 27 of the Planning Act requires municipalities to do a comprehensive zoning by-law

update within three years of updating their official plan. So we have concerns that some municipalities have intentionally kept their zoning low, especially along transit lines where we need density, in exchange for benefits.

With respect to the double-dipping, we're concerned that if those goes through and municipalities are allowed to access both section 37 and inclusionary units, this may further exacerbate the problem of under-zoning in the exact locations where we're trying to encourage growth.

Mr. Percy Hatfield: Would you agree that there is an affordable housing crisis in Ontario?

Mr. Neil Rodgers: I think there is a housing affordability problem in the province of Ontario.

Mr. Percy Hatfield: Well, what is it, 90,000 people on the waiting list for affordable housing in the city of Toronto and 176,000 across the province? That's not a crisis?

Mr. Neil Rodgers: That's not for me to answer. That's for the Legislative Assembly to answer, if there is a crisis.

Mr. Percy Hatfield: Would you agree that we all have a role to play in resolving this?

Mr. Neil Rodgers: Yes, we do.

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Hatfield. We'll go to the government: Mr. Anderson.

Mr. Granville Anderson: Hi, Neil. How are you? Good to see you again.

Mr. Neil Rodgers: Very well, thank you.

Mr. Granville Anderson: Hi, Michael. I was looking forward to seeing Joe. What happened to Joe today?

Mr. Neil Rodgers: Sorry to disappoint you.

Mr. Granville Anderson: No, it's all right. Michael is okay.

Do you think there would be more certainty for the development sector if municipalities were required to develop an assessment report as a prerequisite to an inclusionary zoning program?

Interjections.

Mr. Neil Rodgers: We're not entirely sure what you're looking for. Maybe a little bit more clarity, please?

Mr. Granville Anderson: Okay. Municipalities: Should they be required to develop an assessment report as a prerequisite to an inclusionary zoning program?

Mr. Ted McMeekin: Here's where we're at; here's where we want to go.

Mr. Neil Rodgers: Yes. I'm assuming that assessment will address the question of need: Is there a need in a municipality or in certain areas of the municipality? That can certainly help define and scope the issue.

A large municipality, such as Toronto, may have varying needs. Various data would suggest that rents would be vastly different in one part of the city versus the other.

If there was more clarity through this assessment report, I think the industry would welcome it.

Mr. Michael Collins-Williams: And some more research done up front to help ensure that an inclusionary

zoning framework in any given municipality is appropriately designed so that it meets its objectives and can achieve housing those in need. Having the proper research done up front hopefully would generate a better program in the end.

Mr. Granville Anderson: From your presentation I am assuming that you're not opposed to inclusionary zoning; you're just opposed to where these units would be placed, and if it would be based on needs or based on the value of the property per se.

Mr. Michael Collins-Williams: We're not opposed to inclusionary zoning. I think we're cautious in our approach to ensure that there's a partnership model in which municipalities and the development industry would share in responsibility in delivering those units.

We've seen a lot of examples in the United States—New York City perhaps being one of the best examples—where there was a voluntary inclusionary zoning framework in which many private sector builders participated. There is now a mandatory inclusionary zoning framework in New York City, where there are seven very specific districts that have inclusionary zoning. It is based on a partnership. It's based on up-zoning and on state tax credits that waive property taxes for 25 years for rental units. So we've seen, in looking at other jurisdictions, success when the municipality, state governments and, in some cases, the federal government come to the table with offsets and bring the private sector in that has expertise in building and delivering units—

The Chair (Mr. Peter Tabuns): With that, I'm sorry to say you're out of time. Thank you very much for your presentation today.

The next presenter, then, is the Building Industry and Land Development Association. Mr. Steve Deveaux.

Interjections.

Mr. Ernie Hardeman: Not so fast, Mr. Chair.

The Chair (Mr. Peter Tabuns): My apologies to all. Thank you for pointing out my error.

The official opposition: Mr. Coe.

Mr. Lorne Coe: Back to the discussion that you've already had on the partnership framework. One of the concerns that you've raised in not only this submission but in earlier releases—media releases, in particular—is that once a municipality decides on their inclusionary zoning policies, there's no recourse to appeal by anyone. Do you want to talk a little bit more about the effect of that? An earlier delegation talked about transparency, and it seems to me that this also speaks to that aspect as well. My question is framed from your news release that was issued May 16 of this year.

Mr. Michael Collins-Williams: We want to ensure that there is a very clear and transparent public process. I think the legislation is a little vague at this point. We'd like to ensure that, once the legislation is passed and, further down the road, when a regulation is developed, municipalities have to put their inclusionary zoning policies and all of the different elements, whether it's thresholds to whom the inclusionary zoning is going to be targeted for, within their official plan—that that goes

to the regular official plan process, with public consultation, and, ultimately, that the next step from there would be zoning itself. So if a specific district or an area of a municipality is going to be zoned for inclusionary zoning, once again, there's a public consultation process and there are public meetings to ensure that it is an open, transparent process for industry that may be building the units and for the public and the communities for which these units will be finding their way into their community.

Mr. Lorne Coe: Would you also agree that the government needs to put incentive programs and a partnership framework in place that makes projects viable without undermining housing affordability?

The model I'm referring to—you referred to New York City, but there are several more in the United States where that type of framework is in place. Do you think that framework could succeed here in Ontario?

Mr. Michael Collins-Williams: There are about 500 different jurisdictions in the United States that have some form of inclusionary zoning. Those that are most successful have partnership models in place. We believe that the provincial regulation should set forth a very clear partnership model but provide some flexibility at the local level for municipalities to tailor that partnership to their needs. For example, the city of Toronto may use density bonusing because that makes sense in a downtown environment, but perhaps Hamilton or Ottawa may have a different approach. What matters is that it is a partnership and that there are different offsets available and municipalities would be able to select what makes most sense for them.

Mr. Lorne Coe: It's also true that underpinning that particular process that you just described is a very robust engagement with residents as well as part of that framework. Is that correct?

Mr. Michael Collins-Williams: Absolutely. Yes.

Mr. Lorne Coe: Thank you.

The Chair (Mr. Peter Tabuns): Further questions?

Mr. Ernie Hardeman: No, that's fine. Thank you.

The Chair (Mr. Peter Tabuns): That's it? Gentlemen, thank you very much. Sorry for that confusion.

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BUILDING INDUSTRY AND LAND DEVELOPMENT ASSOCIATION

The Chair (Mr. Peter Tabuns): We now have Mr. Steve Deveaux, the Building Industry and Land Development Association. Mr. Deveaux, as you had heard, you have up to 10 minutes to speak. If you'd introduce yourself for Hansard when you start.

Mr. Steve Deveaux: Thank you. Good afternoon, Chair and members of the committee. My name is Steve Deveaux. I'm the chair of the Building Industry and Land Development Association.

With more than 1,450 members, we are the voice of the land development, building and professional renova-

tion industry. Our members are all of those who are part of building complete communities across the GTA.

The industry is essential to the GTA's long-term economic strength and prosperity. It is one of the largest employers in the region. In 2015 alone, the industry generated more than 196,000 on-site and off-site jobs in the new home construction, renovation and repair industry.

What I take great pride in is reminding people that our industry is committed to improving affordability and choice for Ontario's new home purchasers. Our comments should be taken in balance with the fact that our members not only do business in the GTA, but we also live and raise our families here.

I've had the opportunity to be part of so many celebrated projects in what has become a vibrant and exciting GTA. Many of these celebrated projects are created when municipalities and the industry work in close collaboration. When I'm not volunteering my time at BILD, I'm the vice-president of land development at Tribute Communities, and have worked in the industry for over 15 years.

As interested and affected stakeholders, we thank you for the opportunity to speak to Bill 7, the Promoting Affordable Housing Act, which enables municipalities to mandate the inclusion of affordable housing units in new projects. It is essential to note that BILD and its members greatly support the need to find appropriate solutions to the lack of affordable housing. The health, prosperity and quality of life in our cities depend on access to quality housing for households at all income levels.

BILD and its members are committed to working collaboratively with our municipal partners to support the delivery of affordable housing, as has been demonstrated by our active participation in affordable housing initiatives and discussions in Peel and York regions, Simcoe county, the city of Toronto and the city of Mississauga, where I co-chair their affordable housing panel. We acknowledge that there are challenges in building more affordable housing units, and we are committed to being a part of that solution.

However, it cannot come at the expense of housing affordability for new home buyers. Collectively, we need to make sure that we increase the amount of affordable housing without impacting the overall affordability of housing in the GTA. This means avoiding the use of additional taxes and costs to the already burdened new home buyer.

That is why we are here today to talk to you about some of our significant concerns around inclusionary zoning. If it does not come hand in hand with a conversation around the necessary incentives and financial tools, it will only serve to undermine housing affordability for new home buyers.

Here are some of the logistical challenges and considerations with inclusionary zoning. It is important to understand that inclusionary zoning can cause the average price of new homes across the market to increase, thereby reducing the overall affordability and supply of

new housing. The burden of costs is displaced on the balance of the new home buyers in a particular development project. This is because inclusionary zoning asks homebuyers or renters to bear the cost of a social subsidy. In effect, a narrow segment of society would bear the cost of a broad social policy initiative, which should be spread across all taxpayers.

It is also important to note that the cost of this subsidy will reduce the economic return on new housing to the extent that it may be unable to proceed. The costs associated with IZ will be passed on to the buyers of market units. If the buyers cannot afford the increase in cost, the project simply will not proceed.

Conceptually, inclusionary zoning is a mature planning tool that has worked in some cities in the United States, primarily because of the supporting mechanisms. It has worked in cities where inclusionary zoning policies have been supported by financial incentives, including state and federal funding and tax credits, and planning tools such as as-of-right zoning. These supporting mechanisms are essential because they financially offset the burden of inclusionary zoning to make it feasible in a development project.

While we are in agreement that affordable housing is a shared challenge that we all must overcome, our industry does not believe that inclusionary zoning on its own is the right tool. In a report this year commissioned by the Urban Land Institute, its conclusion reinforces that "in the right market conditions and with the optimal availability of development incentives," inclusionary zoning "policies can generate development of new workforce housing units that would not otherwise be built."

To avoid the challenges that I noted earlier, we hope that our municipal partners will work with the development industry to implement tools to create affordable housing, and that these tools will be clearly spelled out as mandatory for municipalities through your provincial legislation. These are solution-oriented parts of the puzzle—part of the package to run parallel with any inclusionary zoning discussion—which must also be considered as part of the affordable housing conversation.

Two quick examples: First, as mentioned, it is crucial to strategically plan for modern, as-of-right zoning, especially along transit routes and corridors, and the province should mandate this of municipalities; second, municipalities must be made to remove or reduce government-imposed costs and regulatory barriers, which constrain these housing opportunities for lower-income households.

Related specifically to the IZ discussion, in cooperation with the Ontario Home Builders' Association and key industry members we have prepared a statement of intent that outlines our principles for creating legislation to permit IZ in Ontario. It emphasizes our firm belief that a partnership model is essential in order to meet the goals of inclusionary zoning.

BILD members and our industry are your partners in community building. If we're going to move forward to achieve higher levels of affordable housing, we need

municipalities and the province to be equal partners in this discussion. A partnership model is the most effective way to make a significant impact as it brings together the private sector, who will accept responsibility to make affordable housing units available within new buildings, on the premise that the assistance required to achieve affordability be the responsibility of the public sector. We can come together to make this work if there are specific parameters and principles entrenched in legislation. This will provide for an even playing field with other municipalities across the GTA and Ontario, and will make sure that a true partnership between the private and public sector exists so that affordable units come on stream.

We recommend that to recognize us as your partners in bringing affordable housing units on stream, any inclusionary zoning legislation passed at the provincial level includes a list of financial tools that municipalities must consider in order to make things happen. These should include the waiving of DCs, parkland dedication and parking requirements, building permit and other related planning fees, the waiving or deferral of property taxes for the affordability period, allocation of capital from municipal development charge reserve funds, the provision of rent supplement allowances, and the allocation of section 37 funds generated by the project. This incentive—or offsets—list is part of the affordable housing and inclusionary zoning formula; in other words, the rules of the game in financial commitment required by municipalities in order for the IZ tool to be used.

Creating a formula would establish certainty in the process and promote take-up of affordable housing projects. This take-up is really your desired outcome. The entire conversation today—and all of the consultation discussions that we at BILD have been a part of with provincial staff and stakeholders over the summer months—has centred around a conversation about how we can maximize that take-up; how we can work towards making sure that your proposed legislation is effective; that we end up building the affordable housing units that municipalities and the province need for the people of Ontario.

The OHBA and BILD statement of intent also includes other general parameters that we recommend be included in provincial legislation. First: Where should we see affordable housing units? Where it's most feasible. BILD recommends that affordable housing be required on sites with unit thresholds of 100 units or more for apartment-type developments, or a density threshold of 25 units per acre for low-rise or grade-related residential developments. BILD recommends for these types of projects that up to 5% of the project units be allocated to affordable housing, and for higher-density apartment-type projects, up to 10% of the incremental density over the as-of-right zoning be allocated to affordable housing units.

In the long term, without caps on the extent to which this tool is used, the result may be shortages of high-density housing developments, counterintuitive to the growth plan.

It is also important for these affordable housing units to be mixed within these projects, encouraging integration of all of the communities' residents. However, in the instances where affordable units can't be worked into a project, BILD recommends that the option be given to deliver these units in another project within the same community.

Some other general principles: BILD recommends the provincial legislation indicate that a municipality adopt an official plan policy to allow for a zoning bylaw. This will allow for the necessary and transparent consultation that we all desire.

BILD also recommends that the provincial legislation state that inclusionary zoning policies be implemented through new and updated municipal zoning bylaws. If affordable housing units are to be brought on stream, it's in all of our collective interest that we make things happen quicker, better and faster. Municipalities must update their zoning bylaws, and provincial legislation should indicate that this be completed first before any inclusionary zoning policies are passed. This would also allow municipalities to use a density bonusing tool in a true way.

It is important for everyone to understand that the development of private housing is a complex process that is highly exposed to market land costs and variability, as well as inherent risk. There is no such thing as "free affordable housing units," and it's important to dispel any myth that the associated costs of inclusionary zoning would be absorbed by land costs, and that land values will magically and immediately correct themselves. The reality is that in a rapidly rising housing price market, costs to build are also rapidly increasing. We are seeing constant increases in DCs, planning and building permit fees, and we have not seen a correction in land values. In fact, land values are increasing.

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As the ULI report of last year notes, "IZ can be a complicated ... policy approach... because it aspires to harness the ever-changing dynamics of market-rate real estate development to achieve a fixed policy objective." It also reinforces that "almost all cities" with IZ policies "offer various types of development incentives that attempt to mitigate"—

The Chair (Mr. Peter Tabuns): Mr. Deveaux, I'm sorry to say that you're out of time.

Mr. Steve Deveaux: That's okay, I had seven lines left.

The Chair (Mr. Peter Tabuns): Okay. I'll turn you over to the government. Ms. Mangat?

Mrs. Amrit Mangat: Thank you, Chair. Thank you, Mr. Deveaux, for your presentation, and welcome to Queen's Park.

In your presentation, on page 2, you spoke about how "the burden of costs is displaced on the balance of the new homebuyers in a particular development project. This is because inclusionary zoning asks homebuyers or renters to bear the cost of a social subsidy," whereas my understanding is that there has been a recent report by the

lead author of the Urban Land Institute which concludes that the value of the affordable unit is capitalized in the land, and, in addition, in some municipalities, the provision of increased density, and thus development potential for a developer, has also contributed to covering the cost of affordable units. Do you believe this is correct?

Mr. Steve Deveaux: No. No, I don't. Thank you for the question.

What we have seen over the past decade and a half is that development charges have continued to double and triple across the GTA and land prices continue to go up. So as other costs associated with development rise, it's not resulting in a reduction in land values. Over a long period of time, perhaps that would happen, but in a market where significant development is happening, land values are not going down.

With respect to your comment on density, the challenge we have is that, in the city of Toronto today—and I hate to pick on the city of Toronto, but we're here, so—there is no as-of-right zoning, so all the development that you see occurring across the city is the product of a rezoning application. As the previous speaker said, the zoning hasn't been updated in 40 years. What you would normally expect in this market, in this planning and growth plan environment, to be a reasonable development at a reasonable height and density must go through a rezoning application. So I don't know what a density bonus means when there is no baseline height or density that is real and has any meaning. This is why our submission speaks to updating your zoning bylaws. If municipalities updated their zoning bylaws to the 2000s so that they spoke to what a realistic height and density in a given area could be, that would be the starting point for a conversation.

The mayor of San Francisco, a number of months ago—there's an article written where he said, "On a street where we would normally have five storeys, I'll give you eight storeys if a third of those additional units are affordable." That's taking a public policy lead and saying that it's more important for us to get that affordable housing than to protect the sunlight and views of the beautiful people living on the other side of the transit corridor.

The point is, unless you have up-to-date zoning that you can measure and that is realistic for today, you can't have a proper density bonusing conversation. It would work, but the zoning's not there today.

Mrs. Amrit Mangat: So what is your opinion on permitting inclusionary zoning units to be created on another site? Would you mind sharing that with us?

Mr. Steve Deveaux: I would say that we would support that. As the previous speaker spoke to, there are certainly circumstances whereby it would just not be practical from a cost perspective to have someone that is just below market, in terms of their need, living in a building that would have extraordinary costs that probably wouldn't be a part of their normal day to day. I think there's more conversation to be had at a granular level, but I think that there should be some permission to port that physical obligation to a different location.

The Chair (Mr. Peter Tabuns): And with that, Ms. Mangat, I'm sorry, we're out of time.

We'll go to the official opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation.

I want to go back to what we've heard from previous presenters, too, about the need for clarity on what the actual inclusionary zoning will include and how we're going to in fact pay for it. I think both the last two presentations mentioned that there are no free apartments or no free buildings, so it has to come from somewhere. This bill doesn't actually—it decides who's going to do it, but it doesn't tell us how they're going to do it.

What would you suggest we should be putting in the bill that would somewhat make it so, as we work towards the partnership that everyone's talking about, that we're all in fact on a level playing field when negotiating what should be in the inclusionary zoning bylaws as it relates to some of the added benefits? What would you suggest that we would do?

Mr. Steve Deveaux: It's a great question. The industry is constantly looking for certainty. This legislation is missing some pieces, some important pieces that make it very difficult for even us to understand what our cost exposure would be to something. What level of subsidy are we looking at? Is it a deep subsidy or is it a shallow subsidy? A lot of the conversations we had in the stakeholder sessions, I think, were leaning towards this not being a tool that was meant to solve a deep subsidy issue, but more of a shallow subsidy. So what are the benchmark and parameters that we're looking for?

I think it's when you get to the regulation stage—and I was hoping it would be at the legislative stage—that we're actually looking at: What is the intent of it? Are we going after people that—to try and house people who are just below average market rents for a municipality as a whole based on individual CMAs? Because those numbers are very, very different. Until you understand what you're targeting, it's really difficult for either the municipality or the other stakeholders in the industry to figure out what it is that they're getting into and what they're being asked to pay for.

I think a lot of work has to be done on that end. If this is a true partnership model and if the province is involved in that sharing, and the municipality and the builder, then we can start to think about what sort of limitations we should put on it, but that work has to be done now.

Mr. Ernie Hardeman: It would just seem to me that the bill only speaks to the ministry coming forward with the regulation, but there doesn't seem to be any indication in the bill where the government is going to be part of the inclusionary zoning implementation. Is that a concern?

Mr. Steve Deveaux: It's a concern, sure. We are very much looking at this as a partnership model. We're not sure what the intention of the provincial government is to participate financially. The municipal government—we are looking to participate financially in this, obviously, which is why we'd really like to get into the meat of the

conversation: to figure out what we're trying to achieve and how we're going to get there.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Hardeman. We go to the third party: Mr. Hatfield.

Mr. Percy Hatfield: When I heard you said, "Inclusionary zoning asks homebuyers, or renters, to bear the cost of a social subsidy. The policy is inequitable since a narrow segment of society would bear the cost of a social initiative, which should spread across all taxpayers," I was thinking about people who don't own cars yet are paying for roads for you to drive on, or people without children who are paying for your kids to go to school, or people who don't have criminals in their family who are paying for jails and prisons. People who don't play sports are paying for ball diamonds, soccer pitches, community centres. Somewhere along the line I think we have to accept the fact that there are a lot of people in need of affordable housing and you have a role to play.

Mr. Steve Deveaux: A hundred per cent.

Mr. Percy Hatfield: We have a role to play. I don't see the cost of housing—can you show me any evidence whatsoever in any municipality in North America where inclusionary zoning has driven up the cost of housing for somebody else?

Mr. Steve Deveaux: Absolutely. I think the evidence out there shows that—

Mr. Percy Hatfield: Where? Where? I haven't seen it.

Mr. Steve Deveaux: I don't have it with me here, sir. But to your initial question, all those examples of people paying for the baseball diamonds and the schools and that—it's coming out of the tax base. Absolutely we all have a role to play in this. But I think what we need to look at is, depending on the depth of subsidy you're looking at, there could be a several hundred thousand dollar difference between what a market price of a particular unit would be and what the price of that unit would be if you were trying to sell it at a certain affordability category. We're not talking about small dollars; we're talking about big dollars, and we all know this.

If it were easy, we would be funding this through the general tax base. This is a complex, complicated issue that has significant financial repercussions. The point of this is that we're here and prepared to participate and share in this, but we really have to get into the meat of the conversation to understand what the sharing actually is.

Mr. Percy Hatfield: You generally speak about the GTA. We're here to make policy and legislation for the entire province. Is your view shaped by your tunnel vision on the GTA or GTHA?

Mr. Steve Deveaux: I'm here representing BILD, which represents builders, developers and renovators in the greater Toronto area.

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Peter Tabuns): Thank you very much, Mr. Hatfield. Thank you, Mr. Deveaux.

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NIAGARA HOME BUILDERS' ASSOCIATION

The Chair (Mr. Peter Tabuns): Our next presenter is the Niagara Home Builders' Association: Mr. Jonathan Whyte.

Mr. Whyte, as you've seen, you have up to 10 minutes to present, and if you'd introduce yourself for Hansard.

Mr. Jon Whyte: Good afternoon. Thank you, Mr. Chairman, and members of the committee. My name is Jon Whyte, and I work for a builder in the Niagara region, Mountainview Homes. We build about 300 houses a year in single detached and townhouse communities, predominantly within Niagara Falls, Welland, Thorold, Pelham and Fort Erie.

I have had the privilege of serving as president of the Niagara Home Builders' Association and currently volunteer as the chair of the Ontario Home Builders' Association's land development committee.

I know you've just heard from both OHBA and BILD, and while I support their positions, I want to focus my remarks specifically on inclusionary zoning in the context of smaller communities and small business.

We also have a need for safe and secure affordable housing in communities within Niagara and smaller communities throughout the province. But I'm concerned that inclusionary zoning seems to have had the most success in larger American cities with strong housing markets and larger mid- or high-rise developments where the costs associated with inclusionary zoning can be more easily absorbed and cross-subsidized by the other market units. Those economies of scale simply do not exist in smaller market subdivisions.

There are some voices out there that have suggested that inclusionary zoning is a method of producing affordable housing out of thin air with no cost to taxpayers. I want to be clear that while I support the objective to create more affordable housing units—these units do come at a cost—my company does not have access to affordable concrete, we cannot buy affordable wood and our hard-working tradespeople on site every day do not build every 10th house at a special discounted, affordable wage.

Even in Niagara, where the housing market hasn't been as strong as the GTA, finding and purchasing serviced land is a challenge, and land prices continue to rise. So unless we can find a municipal partner willing to collaborate with us to develop surplus municipal lands, we certainly can't find affordable land.

These development-related costs are very real, and unless the provincial framework requires municipalities to come to the table with incentives and offsets, such as reduced or eliminated development charges and various fees, the economic viability of an entire housing project in rural Ontario may be at stake.

I really hope the members of this committee can appreciate that this type of more urban-focused policy is

a real challenge for smaller communities and smaller businesses. Most of our members building in the Niagara region and in other smaller or more rural communities like Stratford, Simcoe county or Sudbury are constructing small subdivisions, often just a street or two of singles, semis and townhomes.

My company is only able to build as many houses as we do because we're diversified among many municipalities. Niagara, like much of the outer ring municipalities, has a fairly small market, and each project is typically less than 50 units. Only by building in multiple municipalities can we achieve the economies of scale that we do.

We don't have a lot of room for error, and without offsets through a partnership model, I'm honestly not sure how this is going to work without significantly raising the cost of the other housing units in a small development to offset the very real costs of constructing affordable units and either selling or renting them at below-market rates.

I believe the Co-operative Housing Federation of Canada is presenting later today, but I'd like to draw attention to a quote from Hansard from November 2015 when, at the Standing Committee on Social Policy for Bill 73 hearings, they made a deputation in support of inclusionary zoning. They referred to programs in the United States, and they stated that that "model uses a set of cost offsets—density bonusing, reduced development charges and fast-tracking—in order to make sure that the development industry still retains the capacity to be a viable business."

Mr. Chair and members of the committee, on behalf of the Niagara Home Builders' Association and other builders in smaller communities across Ontario, that is really what we are asking the government for today. We want to be a part of the solution in delivering inclusive affordable communities, but we also want to ensure that our members retain the capacity to be viable businesses.

To that end, just as you heard previously from OHBA and BILD, we are requesting that through the regulatory authority provided through Bill 7, inclusionary zoning policies be designed right from the start to be a partnership between the private and the public sector in the delivery of affordable housing units.

The regulation should provide some local municipal flexibility on the offsets and incentive tools at their disposal, recognizing the differences between big cities and smaller communities and which offsets are most effective for which product type and scale.

The model for providing inclusionary zoning will vary depending on the local context, so the regulation requires the flexibility to meet the needs of each community. The regulation should also spell out some clear rules setting out a framework of offsets, maximum thresholds for the percentage of affordable units that can be required, and density thresholds for low-rise communities that are typically built in smaller communities.

Beyond the economic viability challenges that I face as a builder, I think it is also important for the province to

recognize that the proportion of affordable housing units in small and mid-sized projects will be economically challenging for municipalities or non-profit groups owning the units over the longer term, as administratively it will be less than ideal to have very small volumes of affordable inclusionary units scattered among many projects.

In the context of low-rise communities such as those we build, our provincial association has recommended a density threshold of 25 units per acre for low-rise or grade-related residential developments.

The reason we've suggested this is that it doesn't make a lot of sense to be providing the odd affordable unit in developments composed of larger single-family homes that are not more centrally located near services and transit, and the cost—which should be shared between the builder and the municipality—would be much higher to deliver affordable single-family homes versus a more compact type of low-rise housing form.

A 25-unit-per-acre project is a more ideal built form, such as townhomes or stacked townhomes that can be built much more economically and still provide affordable units in a ground-oriented suburban-type setting.

The final item I would like to address in my presentation is program targets. If inclusionary zoning is to become an effective policy in Ontario, it is critical to understand who specifically is being targeted to be served by the program, and to develop an appropriate partnership framework around that objective.

In other jurisdictions, inclusionary zoning has targeted just-below-market-rate housing—often referred to as "gap" or "worker" housing—to meet the needs of those for whom monthly rent or mortgage carrying costs are just out of reach.

The province should establish, through the regulations, some clear outer limits for what inclusionary zoning can be designed to achieve, and provide for clear and consistent definitions but allow for flexibility for municipalities to define their own targets based on local markets and local needs.

In closing, I can't stress enough how much partnerships matter to make inclusionary zoning work. The costs of delivering affordable ownership or rental units are immense, and, speaking for smaller communities where I do business, we are going to need partnerships if we are going to be able to deliver affordable units.

I spoke earlier about offsets such as reduced or waived DCs and surplus public lands: These examples of trade-offs can make a difference in determining whether a project is viable or not. Without the provision of offsets, some projects may not be viable, which will not only remove market units from the housing supply but affordable units as well.

I thank you for listening to our presentation today. We would welcome any questions you may have.

The Chair (Mr. Peter Tabuns): Thank you very much. We go first to the official opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. It's much appreciated.

Going back to the same thing: In the bill I see very little to do with—other than giving the minister the power to set the parameters by regulation—I guess my question really is: How would you envision changing the bill to build security in it so that the industry would be somewhat assured of what the end result is going to be? So far there's nothing in the bill that speaks to offsets at all. If that was to proceed without them eventually getting into regulations, what's your opinion as to what would happen then to your industry and the likelihood of success with inclusionary zoning?

Mr. Jon Whyte: I'm not sure if I have a clear answer for you on that. I do believe that the municipalities would need to tailor the offsets and the programs that are best suitable to them, as an earlier speaker mentioned. Density bonusing, for instance, in rural Ontario doesn't make an awful lot of sense. We don't build apartment buildings outside of the greater Toronto-Hamilton area, traditionally speaking. There needs to be the flexibility at the municipal level to determine the tools that are best effective for them. I'm not sure how you can create or involve that level of detailed minutia in the legislative framework. I don't know that I have a more adequate answer for that question, I'm afraid.

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Mr. Ernie Hardeman: Do you believe you could get the municipalities at the table to have that discussion, as a two-way partnership?

Mr. Jon Whyte: I think it's possible that the municipalities could agree upon a suite of tools, which we could all agree upon, that would allow us to move forward with the certainty we would need that the programs will be viable and not taxing on small business.

Mr. Ernie Hardeman: Okay, thank you.

The Chair (Mr. Peter Tabuns): Thanks, Mr. Hardeman.

Third party: Mr. Hatfield.

Mr. Percy Hatfield: Welcome, Jon.

Mr. Jon Whyte: Thank you.

Mr. Percy Hatfield: It seems that you have a great MPP down there with Wayne Gates, don't you?

Mr. Jon Whyte: Cindy Forster, too.

Mr. Percy Hatfield: Yes, of course.

In general terms, what's the cost if I want to buy a home in the Niagara region? Just a common basic home—how much?

Mr. Jon Whyte: For a detached home?

Mr. Percy Hatfield: Yes.

Mr. Jon Whyte: They typically go for the high \$300,000 these days.

Mr. Percy Hatfield: All right. Out of that cost, if you're selling it, you have to recover your development fees, licences, all of that stuff.

Mr. Jon Whyte: Correct.

Mr. Percy Hatfield: How much of the cost of the new home is in the fees that the builder has to pay to get that home up?

Mr. Jon Whyte: The municipal fees, taxes, levies, development charges, cash-in-lieu of parkland: I think it

would vary depending on the municipality. We have 12 different municipalities in the Niagara region, each of which has its own fees and its own ways—

Mr. Percy Hatfield: Generally?

Mr. Jon Whyte: Maybe 20%.

Mr. Percy Hatfield: It's 20%? So if somebody said to you, "You have a \$300,000 home there, but I want you to give a 20% discount to that guy over there. In exchange for that, you don't have to pay any of the fees," is that something you would go for? I mean, you're getting your money minus your cost, right?

Mr. Jon Whyte: Sorry, if I understand the question, if you're suggesting that what we would have paid in municipal fees, taxes and levies is discounted to us to provide that unit at an affordable rate—isn't that what we're talking about in terms of the—

Mr. Percy Hatfield: That's exactly what we're talking about, and that's what I'm saying: Don't be afraid of inclusionary zoning, if there is a partnership and your 20% of the cost going in and the fees are wiped out by the province or the municipality or a combination. But of those 50 homes that you're putting up in a subdivision, five or 10 of them get that kind of a deal. You're getting the same money; you're just not paying the fees.

Mr. Jon Whyte: Okay, sorry. Getting the same money: We wouldn't be selling—

Mr. Percy Hatfield: You're making a clear profit off each home the same.

Mr. Jon Whyte: Correct. I understand what you're saying now. I understand the question.

Yes, I don't know whether or not the discount of those municipal taxes, fees and levies would then bring that home to within the affordability threshold we're talking about. But, certainly, those offsets or a combination of them would result in a partnership that could actually work and be implemented.

Then our concern is that, without those partnerships, having to discount those units on our own will necessitate higher purchase prices for the other homes in the subdivision.

Mr. Percy Hatfield: Yes—

The Chair (Mr. Peter Tabuns): And with that, I'm sorry to say that you're out of time.

Mr. Percy Hatfield: You're not sorry to say that at all; you enjoy saying that, Chair.

Laughter.

The Chair (Mr. Peter Tabuns): It's a formulaic approach, Mr. Hatfield.

We go to the government: Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Mr. Whyte, for your presentation.

Mr. Jon Whyte: Thank you.

Mrs. Amrit Mangat: We all know that Niagara is a mix of rural and urban areas—

Mr. Jon Whyte: I'm sorry?

Mrs. Amrit Mangat: It's a mix of rural and urban areas—Niagara. Could you share with the committee members in more detail about the unique features of your

region that would be more or less relevant to the application of inclusionary zoning?

Mr. Jon Whyte: I would be happy to. Hopefully, I can do so in three minutes. We have, as I mentioned, 12 different municipalities. We have 27 different settlement communities, from Grimsby to Fort Erie and everywhere in between. Our highest-density forms of development and our most compact communities are along Lake Ontario and the QEW, where housing prices are among the highest in the Niagara region. We have a different set of social structures, I suppose you could say, for lack of a better term, in the south where we have a more abundant form of land and more traditional low-rise housing but limited job opportunities.

Although the housing is more affordable in the south end of Niagara, there lack job opportunities and so there is a different foundation for the need for housing in south Niagara than in the northern municipalities of the Niagara region—different housing types and different supply-demand constraints in the north than in the south, generally speaking. Does that answer your question?

Mrs. Amrit Mangat: So how would that be more or less—because what you are saying, is it's a very diverse area, right?

Mr. Jon Whyte: Yes.

Mrs. Amrit Mangat: So how would that be more or less relevant to the application of inclusionary zoning?

Mr. Jon Whyte: The different types of development that would occur in the different municipalities, I suppose—Grimsby is starting to see some mid-rise residential units focused along transit corridors, whereas in south Niagara we're still seeing very limited development, 10-, 20-, 30-lot subdivisions and predominantly single, detached housing. There's very little density in south Niagara. There's different housing stock, different affordability constraints.

Mrs. Amrit Mangat: Okay, thank you. Dr. Lisa Sturtevant, a housing policy expert, found in her research for a national housing conference that, "Developers can't really pass those costs on to homebuyers or tenants, because new units must still be competitively priced in the overall market. Instead, over time, land prices will ... absorb" some or all of "the costs of inclusionary requirements" and the market will adjust itself accordingly.

Do you agree with Dr. Sturtevant's findings, yes or no?

The Chair (Mr. Peter Tabuns): Ms. Mangat, if I can get a yes or no then we can—

Mr. Jon Whyte: No.

The Chair (Mr. Peter Tabuns): Okay, thank you very much. I appreciate that.

Well done, Ms. Mangat. Well done, sir. We are out of time.

ADVOCACY CENTRE
FOR TENANTS ONTARIO

The Chair (Mr. Peter Tabuns): We have to go to our next presenter: Advocacy Centre for Tenants Ontario, Mr. Kenn Hale.

Kenn, as you will have heard, you have up to 10 minutes to present. I need you to introduce yourself for Hansard.

Mr. Kenn Hale: All right. Thank you, Mr. Chairman. My name is Kenn Hale. I'm the legal director of the Advocacy Centre for Tenants Ontario. Thank you for inviting me to address the committee.

These affordable housing initiatives are very important to us. I'm here on behalf of ACTO, the Advocacy Centre for Tenants Ontario. We're a community legal clinic. Our mandate is to speak up for the housing needs of Ontario's low-income tenants.

While I'm here primarily to speak about inclusive zoning, there are other parts of the bill that I'm sure the committee members are aware I would like to briefly speak to as well.

We're very pleased that the Ontario government is moving forward with these Planning Act amendments. For many years we've advocated for this kind of legislation, which would allow municipalities to adopt mandatory inclusionary housing policies and to enact inclusionary zoning bylaws to implement those policies. We think it's an approach that can accomplish two things at one time: increase the supply of much-needed affordable housing and help to create healthy, diverse communities by requiring a wider mix of incomes in new developments.

We think these amendments would be more effective if some of the unnecessary restrictions on the role of local government were removed. In this, I think we actually agree with some of the things put forward by the development industry.

In general, we believe that below-market housing provided through inclusionary zoning should be on the same site as new housing developments. This will help combat the not-in-my-backyard syndrome as affordable housing becomes a normal part of new residential development. However, we also believe that municipalities should have some discretion to waive this requirement if it would better serve the affordable housing needs in their community.

1520

The legislation strictly prohibits cash-in-lieu and building off-site. We think that limits the flexibility of the municipalities to maximize the number of below-market housing units that they can achieve. We recommend that these proposed prohibitions be removed. We believe that there's an ongoing crisis in the supply of affordable rental housing and that, therefore, the goal of creating units must take priority over the goal of creating more mixed-income communities, no matter how laudable that secondary goal is.

Similarly, local government's ability to negotiate community benefits under section 37 of the Planning Act should not be restricted by this bill. These voluntary agreements should be allowed in buildings and on sites that provide inclusionary housing.

I think what's potentially being done here is pitting community needs against affordable housing needs, and

that will have a negative impact on public support for new affordable housing and create unnecessary dissension and strife in our communities.

Developers have to meet a range of obligations when they bring new housing to market. They have to pay development charges; they have parking requirements; they have permit fees; and they may have section 37 obligations. It should be up to the municipalities to decide how to balance what they're seeking in those negotiations. Often, they will need the authority of section 37 to carry out that duty.

Now I'd like to move on to the changes to the Housing Services Act. These changes are supposed to be part of social housing modernization. We're still waiting for the parts of social housing modernization that would simplify the calculation of tenants' rents and provide more stability to tenants in social housing. So it's unfortunate that the government's priority is streamlining the selling off of social housing. This is something that was rejected by the government five years ago, but it's being dragged up again.

We believe that the scrutiny of the minister should be maintained in the Housing Services Act where there will be a reduction in the number of housing units in the portfolio. We understand that occasionally there are circumstances where a piece of land is sold or otherwise transferred that has no impact on the number of homes available. I don't think we need the minister to oversee that. But when people's homes or potential homes are being put on the block, there has to be political accountability at the provincial level for this public asset, and the minister's involvement should continue.

We're also moving to what's called a portable housing subsidy. It's proposed that the portable housing subsidy maintain the same status in the calculation of the municipality meeting its obligation—that this portable housing subsidy be counted the same as a rent-geared-to-income subsidy, as it exists now. We are concerned that this will lead to the number of RGI units being reduced and that the portable housing benefit that will be used to subsidize rents in the private market isn't going to provide the adequate housing and secure tenure that the RGI units provide.

Section 7 says that the alternate subsidy must be specified by the regulation or approved by the minister. We think this should be strengthened by adding a requirement that any alternate form of housing assistance must result in the same or better level of housing stability as RGI assistance.

Changes to the Residential Tenancies Act in section 5: We commend the government for clarifying that just because you don't qualify for a subsidy doesn't mean that you should no longer qualify to keep your home. People's incomes go up and down. They may reach a threshold through some good circumstances where they no longer need the RGI subsidy. They shouldn't be kicked out of their community because they reached that level, because it destabilizes communities. Also, we don't really know that their circumstances aren't going to

change for the worse and they're going to go back to needing the RGI assistance. Why should they be on a six-year waiting list?

That's a good thing in the Residential Tenancies Act. A not-so-good thing in the Residential Tenancies Act is proposing to end the provincial role in property standards enforcement.

Safe and healthy homes are one of the goals of ACTO. I think it's one of the goals of the Ministry of Housing too. But a lot of the municipalities out there, particularly the unorganized territories, don't have adequate capacity to enforce property standards. Some of them don't have a property standards bylaw because they know they don't have the resources to enforce it.

Making them enforce some provincial equivalent of the bylaw without giving them any resources is really condemning the tenants in those areas to a complete lack of enforcement. If it's costing the province money, maybe you just have to up the fees that you're charging those areas, if it's a matter of money. But this enforcement power is important to tenants who live in those communities, and I would just remind you that it isn't just small and remote communities that don't have these bylaws.

Thank you again for inviting us to speak on these issues.

The Chair (Mr. Peter Tabuns): That's it? Okay. We go to the third party: Mr. Hatfield.

Mr. Percy Hatfield: Hi, Kenn. Thanks for coming in today. Can you just expound on removing the unnecessary restrictions on the ability of municipalities to deliver affordable housing? I'm thinking of the on-site/off-site aspect of it.

Mr. Kenn Hale: While I may not believe everything that those development industry people said, I do believe them when they say that sometimes it will be difficult to provide the housing on the site that they're developing. This may be something that a municipality puts in its policy, that, "We do this or we require it to be on-site and we don't allow off-site or money-in-lieu," but to have the province tell the municipalities, "You can't do this, even if it would work better for you," I think is an unnecessary restriction.

We're trying to empower the municipalities to deal with the affordable housing crisis because the province thinks municipalities are the best level of government to do that. So why don't we give them the freedom to actually negotiate the things that they need to negotiate?

Mr. Percy Hatfield: I suppose it could be problematic in a very exclusive development, but for a modest development, have you given any thought to perhaps the inclusionary zoning being, say, one floor designated as co-operative housing on this site? Do you think that would work—to have a co-op housing component to the inclusionary zoning part of it?

Mr. Kenn Hale: I think that's one of the possibilities, but it's enabling legislation to enable municipalities to work out deals like that within the provincial parameters, so don't make the provincial parameters so narrow that

they don't have the scope to negotiate the kind of agreement that works for them. But certainly, I don't see any problem with mixed-income buildings and mixed-income neighbourhoods. That is one of the goals of the legislation, and that's a goal that I think we should all be supporting. But there is such a demand out there, as you know, that I think our priority has to be getting new units built.

Mr. Percy Hatfield: And if they did take it off-site and two or three developers had an interest in the new site, do you think it would be beneficial if it were somehow folded into, let's say, a co-op housing development as opposed to something else?

Mr. Kenn Hale: Yes, and that's kind of my idea of what a partnership should look like: giving and taking on both sides. Something like that certainly seems like it could be worked out as part of this scheme, especially in areas where you don't have huge developments and where you have fairly modest-scale developments where you're only going to get a smaller number of units—some kind of pooling that would actually make up a smaller project—

The Chair (Mr. Peter Tabuns): And with that, I'm sorry to say you're out of time with Mr. Hatfield.

Mr. Dong.

Mr. Han Dong: Thank you, Mr. Hale, for the presentation. I noticed that you mentioned a "not in my backyard" mentality, which leads me to the question that I can see that some homeowners, seeing that affordable housing could lead to more low-income families moving into their neighbourhood, may be concerned over that. What are your thoughts on that?

1530

Mr. Kenn Hale: I think the main concern we hear about that is the impact on property values. I do not believe that there's any evidence that low-income housing, group homes, rooming houses, whatever it is, have had a negative impact on the value of people's housing, particularly in the greater Toronto area, and I think that applies across the province.

Where you hear these things, there's an appeal, there's a fear about people; people have a fear about losing their investment, and it is unjustified. I really do think that governments at all levels should be speaking out more strongly against this. Also, they underline social prejudices that go along with this.

Mr. Han Dong: Thank you. My other question has to do with the portable housing benefit framework. What protections would you recommend for people who take on the affordable housing benefit to ensure that their tenant rights are protected?

Mr. Kenn Hale: If you're replacing RGI units in non-profit housing with a housing benefit, then I think there is some responsibility on the level of government that's providing that subsidy to assist the tenant to ensure that they're getting what they and the taxpayer are paying for. Where we permit landlords to accept these portable housing subsidies, I think there should be clear agreements between the landlord and the municipality about

ensuring the obligations to repair and maintain, that the premises are kept up, that tenants are not subjected to discrimination and harassment and that the municipality that's funding this rent package is actually taking some responsibility for making sure those things are enforced.

Mr. Han Dong: What's your view on the homelessness enumeration aspect of this act?

Mr. Kenn Hale: It sounds like a good idea. I think more understanding of the depth and dimensions of the housing crisis is important. I don't think that counting the number of guys sleeping rough is the only measure of homelessness and—

The Chair (Mr. Peter Tabuns): And I'm sorry; with that, you're out of time with this questioner. We go to the official opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. You are the first presentation we've had that spoke to end the current limited provincial role in enforcement of minimum property standards. I'd like to hear a little bit more about that. I did have the opportunity to talk to the ministry about that. They said it's not a real challenge. They presently provide that through hiring someone to do it. So the municipalities could just hire those same people to do it, and it wasn't going to change much except the cost of doing it. What's your take as to why they should keep doing it at the provincial level?

Mr. Kenn Hale: I think it was one of your former leaders who said there's only one taxpayer, so whether it's the taxpayer paying it through his or her municipal taxes or through their provincial taxes—these municipalities did not enact a property standards bylaw. For reasons I don't completely understand, they don't really think that should be part of their job.

The province, to its credit, recognizes that having an adequate standard of repair and maintenance is part of its responsibility of ensuring a balance of fairness between landlords and tenants, so they stepped in where the municipalities won't step in.

Maybe they should be trying to convince more of these municipalities to take on this responsibility, but just dumping it on them when we do have a system—I understand it's fairly modest. We're talking hundreds of thousands of dollars per year, maybe the low hundreds of thousands. I'm just concerned that it's going to make it even more difficult for those tenants in those areas to get somebody to help them resolve their repair and maintenance problems, some of which can be really serious and can be life-threatening or can eventually force the person out of the community.

Mr. Ernie Hardeman: One other little thing: You mentioned—and the bill deals with it too—the rent-geared-to-income units. When your income goes up, they cannot be evicted. Can you talk a little bit about what happens if more and more people don't have to move? Don't we have fewer and fewer people who can come in who are waiting for rent-geared-to-income housing?

Mr. Kenn Hale: In many communities, social housing is not the desired place to live. There still remains a

stigma. If the private landlords are doing their jobs, they're offering an attractive alternative to the sometimes difficult social housing projects. I think there's a natural inclination for people to want to move out if they can, but that doesn't apply to everybody. Some people have lived in those communities for 20 and 30 years. That's the only home some of them have ever known—

The Chair (Mr. Peter Tabuns): I'm sorry to say, you're out of time with this questioner.

Thank you, Mr. Hale.

Mr. Kenn Hale: Thank you very much.

TRILLIUM HOUSING

The Chair (Mr. Peter Tabuns): We go to our next presenter: Trillium Housing, Mr. Joe Deschênes.

Mr. Deschênes, as you've heard, you have up to 10 minutes. If you'd introduce yourself for Hansard, we can go from there.

Mr. Joe Deschênes Smith: Thank you very much. I am Joe Deschênes Smith with Trillium Housing. Trillium Housing is a small non-profit that we started just three short years ago, involved in delivering housing affordability in ownership housing. I'll take a second and talk a bit about that. There are three of us. There's just me. I don't have prepared remarks, but I'm going to talk to the three-page submission that I provided to the ministry on this bill in August.

Trillium Housing goes out and looks for impact investors: foundations and others who are looking to make an impact on their community, as well as get a return, and invest in affordable housing projects. We do that by partnering directly with conventional developers in entry-level housing projects. We want to deliver affordability to a subset of the purchasers who otherwise couldn't afford to buy. I'm wondering if that sounds a little familiar to what we're looking at here today, because it should. I've had a developer say, "You're basically inclusionary zoning without the government." Yes, we are. Frankly, I should be the first guy on the list saying, "Wow, inclusionary zoning. Let's get it done. Let's do it. This is what we want. This is what we're doing. This is what my model is about." I can't say that today.

I was interested in listening to Kenn talking about the housing benefit. The province has a Poverty Reduction Strategy. It's all about the family. It's all about the person and providing that person support. I look through the bill, and it says "unit" 68 times, and it doesn't say anything about people or their income. That's where we should be placing the focus.

When I looked at the bill overall and I talked to ministry staff and I talked to the minister's staff, I said, "We need to find a way to deliver support to the people. Does it really matter if this specific unit is forever or for 20 years affordable? No, it's the person we want to support."

We had the experience with a—"mixed bag" would be generous—on social housing in terms of the outcomes

that we've had there, and I wish it was better. In the end, after looking at the bill and looking at its details and thinking, "Okay. The government is proceeding with this, and there's a whole bunch of things I'd like them to do differently in here. I'd like them to focus on the family. I'd like them to look at not the rents and the prices but the incomes of the people who are being housed," I can't change all that. This is moving forward.

How does it apply to me as a non-profit? I was thinking the other day—I was at the cottage. If I put on coveralls to go do work in the bush, my wife would look like a fool if she said, "Oh, you forgot your suspenders." You know what? This bill, as it's structured, is like suspenders for me in the affordable housing sector when I've already got my coveralls on. It has nothing to do with them; right?

After looking at this and talking about it, we thought, "You know what? We should come and say that for non-profits—community-benefit non-profits, not specific-interest non-profits—who have their own controlled affordable housing projects who are already delivering what you want, just exempt us from the application of this bill."

That is my main ask in this bill. I don't think we can go through a process of amending the bill to the point where non-profits like mine or Habitat—and Ene is on your schedule. I'll bet you she'll say something similar. All the non-profit rental providers who want to come up with a new project: Are we going to put them through all of the steps? Listen, I've hired lawyers and spent thousands of dollars getting agreements with cities, and that's what will have to happen here. Those are costs that will not go to creating affordable housing. We don't need them.

I've suggested in this submission to you to add a clause "notwithstanding": You exempt everything in this act. You exempt and define non-profit housing providers who control projects delivering and put a minimum amount of affordable housing in the project.

1540

The second thing I'd put in my request is—and it was after I read the title of the act, the promotion of affordable housing, and I thought, "You know what? The people who are doing the work on the ground on Ontario, the non-profits, the 480-odd members of ONPHA and the Habitats and the Trillium Housings: Why don't we get this act to support us in the work we're doing, oftentimes at low pay?"—how about you exempt us in this act? Because you've opened up the Planning Act and because you've opened up the Development Charges Act, exempt non-profits from any fees and charges payable to them in their developments. You're going to say, "Oh, well, how will the municipalities pay for all those important services?" And God bless them, I know they're all important services.

What I would say, at the same time, is, when they calculate their fees and charges for those items, they just increase it proportionally for everyone else who pays: the private sector. I know the guys at the back there are

saying, “Oh my goodness, they’re going to put more charges on us.” But, listen, there are 70,000 units that were built this year in Ontario, and probably 600 or 700 of them were done by non-profits. So you’re talking about a 1% increase in everybody else’s fees to exempt the non-profits who are doing most of the heavy lifting out there from paying these charges, charges which are all regressive, I might add.

That’s basically it, so I will just conclude there. More time to chat.

The Chair (Mr. Peter Tabuns): Thank you very much, Mr. Smith. I’ll go first to the government: Mr. McMeekin.

Mr. Ted McMeekin: Okay, thanks. Thanks, Joe; good to see you again.

Mr. Joe Deschênes Smith: Good to be back at Queen’s Park.

Mr. Ted McMeekin: You’re doing a lot of creative, nuanced, innovative stuff, which I’m familiar with because we’ve done some work together—in a previous life, it seems. How’s that going, by the way?

Mr. Joe Deschênes Smith: It’s going good—very well. Trillium Housing is the first to buy surplus Ontario land to repurpose for affordable housing, the first non-profit to get surplus Toronto land, the first to get support through provincial aid and the first to bring in impact investment, so it’s all good stuff.

Mr. Ted McMeekin: Well, we’re waiting in breathless anticipation to see just how that works out, because it was a leap of faith on the government’s part, and on your part, too, and we want to be open-minded—need to be open-minded—but not so open-minded our brains are falling out, but certainly open-minded.

A couple of quick points here: Your organization uses an affordability strategy that relies on a very specific approach to financing, which I think the members of this committee would be interested in hearing a little bit more detail about. You’ve already made the point that as far as inclusionary zoning goes, you certainly meet the spirit of that, but can you tell us about how you do your work?

Mr. Joe Deschênes Smith: Absolutely. Just to go to your first point about our progress, we currently have five projects we’re invested in—over 300 units of housing. This is an organization that’s only two and a half or three years old, so I think we’re moving at a good clip. I’m hoping to have two projects in the market in the Hamilton area starting, hopefully, in February and March. So we’re very happy about that.

The way our model works is, we partner up with a conventional developer who is developing entry-level housing. So we need the price point to be at the low end of the local market. When we work with them in that way, we then say, “Okay, we will bring our funds,” and we work with impact investors, including community foundations, to bring money in, just like any other investor in the project. So everything right there is conventional. We then say to them, “What we’re going to do with most of our profit”—we’ve got to pay our investors something back—“is offer purchasers in the development

who otherwise couldn’t afford the units a second mortgage.” Why that is key is that the second mortgage is payment-free until they dispose of the unit. So that’s how our model works. Payment-free means no capital or interest charges. When they resell, they pay us back that capital and a share of our appreciation in the unit, so the family only has to have an income to finance the balance of the value of the unit.

Mr. Ted McMeekin: A share of the capital gain.

Mr. Joe Deschênes Smith: And we get a share of the capital gain. Then we take those funds from that project and invest, once they don’t need our support anymore. This goes to a bit about being tied into inclusionary zoning for 20 years. If a family resells their unit after three or four years because they don’t need our support anymore and they have successfully transitioned to housing without our support, we can take those funds and invest in something else. If these rules apply to us, well, then we’re stuck reinvesting the funds not into a new development, where we can do three or four or five more units, but just this one set of brick and mortar, all the time.

We’ve seen what has happened with social housing, where one set of brick and mortar was just reused as the affordable housing piece over and over. We want to bring our support to the families, and that’s how we do it: with a mortgage, which we can then recreate and re-help in other projects with other families.

The Chair (Mr. Peter Tabuns): And with that, you’re out of time.

We go to the official opposition: Mr. Coe.

Mr. Lorne Coe: Thank you very much for your delegation. In terms of your recommendations, in particular the recommendation dealing with the Planning Act being further amended: Your letter goes on to indicate that you’ve had discussions with staff at the Ministry of Municipal Affairs and Housing. What has been the outcome of those discussions, and would you please share them with the committee?

Mr. Joe Deschênes Smith: The discussion we had was when the act was introduced, and it was to talk about what was in here. I think I touched on those: that the focus is really on the built units and maintaining affordability over a long period of time, and how the model that I use—and, frankly, that Options for Homes, Habitat and others use—won’t work, to the point where, if a municipality introduced this type of inclusionary zoning, we would think twice about doing a project. We would just move across the border and do something in another project—I mean, we’re so small, we need to port around.

I don’t think anybody in the ministry thought, “Oh, we don’t want Joe to do his work. We don’t want to inhibit his work.” Maybe it’s an unintended consequence, right? I’m supportive of inclusionary zoning as a principle; I just wish it was introduced in a way that would work better for the housing model that I’ve developed.

With respect to the last point that you brought up on getting us a new exemption from planning—my report doesn’t have it because I didn’t know the DC act was

open when I wrote this in August. I didn't discuss that with staff. I kind of thought, "Hey, this act is about promoting affordable housing. Let's put that in there, because all the non-profits that I work with are doing this. Why are we paying these really high DCs and other charges when it's a small, small piece in the bigger pot that the development industry is paying?"

Frankly, most of those charges are quite regressive. It's one-size-fits-all. It doesn't matter if it's a luxury unit for \$1 million or \$200,000; in Mississauga, you pay the same \$50,000 development charge. In this unit, it's 20% of the value of the unit that the low-income family could pay for, and in the million-dollar unit, it's less than 5%. That's not fair. That's not a progressive tax system.

Mr. Lorne Coe: Chair, to my colleague.

Mr. Ernie Hardeman: I just wanted to go back to your one ask, which was to be exempt from the act. That ends it all fairly quickly. Did you have any discussions on that with the ministry, to see if that was a possibility?

Mr. Joe Deschênes Smith: I suggested that to them, yes. They were not going to tell me yes or no in those discussions, but certainly at the time—

Mr. Ernie Hardeman: The reason I was asking is that I was just a little concerned that if I suggested that, somebody would take me to task for it. But you haven't asked them yet whether that was a good idea?

Mr. Joe Deschênes Smith: I provided my written comments, which you received this week, to them in August, so they've had it since August. In my meetings with them, which were earlier than that—I can't remember the date—I suggested that maybe we should just be exempted, because I don't think—

The Chair (Mr. Peter Tabuns): I'm sorry to say that you're out of time.

We go to the third party: Mr. Hatfield.

Mr. Percy Hatfield: They had a great housing minister back in those days, I think, didn't they?

Thank you for being here, Joe. How do you select those who will be housed in your projects?

Mr. Joe Deschênes Smith: We want the developments to be mixed, so anyone can purchase a unit. Trillium Housing will only give our second mortgage to families who are buying a unit that is affordably priced—usually it's below the median, although we try and look at each market—and we'll only provide it to families who have an income below the median for that municipality.

The reason we've used those numbers, frankly, is because the Ontario-federal IAH program uses those numbers for the affordable housing ownership component of their program. We thought, "Well, let's line up our criteria with that, so we don't have different criteria."

Obviously, if we can, what we do is that every time a purchaser comes in, if they are looking to buy a \$300,000 unit and they only have an income to support \$200,000 worth of down payment and first mortgage, we're looking at giving them a \$100,000 mortgage. The next family that walks in can maybe afford \$250,000. That family would get a \$50,000 mortgage. Both of them

would have incomes below the threshold, but what we do is that we right-size the support to the family situation. We don't retest them as they go along.

1550

My experience with a previous organization, where we had about 3,000 of these mortgages, is that families, if they're doing well, are going to discharge those mortgages as they go along because they'll refinance with their bank, as they can afford. They will then own that piece of the equity in the home. People want to own their homes, right? That's what they want to do. That gives us an earlier window to then recirculate the dollars into more projects.

Mr. Percy Hatfield: Do you take old homes and renovate them or just build new ones?

Mr. Joe Deschênes Smith: We just build new. The renovation market is really hard to do, especially on the affordability side. We can do any built form. Our first project is in eastern Ontario and it's actually a concrete seven-storey structure. In Toronto, we're doing a four-storey stacked townhouse. In Hamilton, we have two projects where we're looking at street towns.

Mr. Percy Hatfield: And when do we get you in Windsor?

Mr. Joe Deschênes Smith: Let's get a site; let's do it in Windsor. One thing about our model is that it's not—I'm not the developer, right? We use a local developer, so in Hamilton it's New Horizon; it's LA Group in the Ottawa area. We'd be happy to do something in Windsor.

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Peter Tabuns): Thank you very much. We appreciate your presentation.

Mr. Joe Deschênes Smith: Thank you.

FEDERATION OF METRO TENANTS' ASSOCIATIONS

The Chair (Mr. Peter Tabuns): Our next presenter is the Federation of Metro Tenants' Associations: Mr. Geordie Dent. Geordie, as you've probably heard, you have up to 10 minutes to present. And if you'd introduce yourself for Hansard.

Mr. Geordie Dent: Hi. My name is Geordie Dent. I am with the Federation of Metro Tenants' Associations. The FMTA is a tenants' rights agency. We've been around for a little over 40 years, depending on the day you count it. We represent tenants mostly in Toronto. We service about 60,000 tenants a year, about 30,000 directly face to face and another 30,000 online. We also have a project that sends us around the province. We've been, in the last year, to St. Catharines, Niagara, Owen Sound, Hamilton, and we're coming out soon to Kawartha Lakes, Perth and Sharbot Lake. We get around.

As a tenants' rights agency, oftentimes we're advocating for tenants, many of whom are low income but some of whom live in more affluent buildings. We have a pretty good spectrum of folks we represent. I'm here today to represent their interests in regard to this bill.

For us, housing is a core element of infrastructure. I've studied a lot of economics, and I think Canada as a whole benefited immensely from the creation of an infrastructure-rich housing environment. Maybe for the last 20 or 25 years, it has had infrastructure-poor policy, and it has led to many of the problems that are plaguing the province and the country today.

One of my favourite economists is a guy named Michael Hudson. He's been a consultant for Canada and China and Greece and a variety of countries around the world. He says, "For the last 300 years, the assumption of Europe and North America was that you were going to have a mixed economy, with governments investing in infrastructure, roads and other transportation, communications, water and sewer systems, gas and electricity. The role of government infrastructure was to provide these basic needs at minimum cost in order to promote a low-cost, competitive economy. That's how America and Canada "got rich." That's how we industrialized, and how the rest of Europe industrialized.

I'll skip over some of my other notes.

Essentially, for us, that infrastructure is a core part of what makes Toronto and the province a great place, but since the 1990s this has been abandoned. It's been a bit Wild West.

What we have now in Ontario is 190,000 people on a housing waiting list. If you talk to anybody about it, the word "Kafkaesque" comes up often. We feel that inclusionary zoning should aim for the elimination of this situation and a return to housing infrastructure. We think this should be a core element for you folks to bolster your infrastructure in the housing market.

We support amendments to the Planning Act that permit municipalities to adopt inclusionary zoning policies as part of official plans or bylaws. We also support the implementation of these policies to make sure that they actually build housing.

We have some suggestions. You've heard most of these before, but we really feel you've got to get rid of the poison pill of requiring municipalities to choose between affordable housing and other community benefits. I know how it looks from a bird's-eye view, but I talk to city councillors every day; I talk to people in the city of Toronto planning department. They're pretty clear: They believe that if you have this in the legislation, no one is going to choose inclusionary zoning. It's going to render the legislation dead on arrival. If you have to choose between benefits for your community like parks, which aren't getting built a lot on their own, or building affordable housing—which, in Toronto's official plan, is already something you can do—you're not actually seeing them build anything. If you make them choose between those two, section 37 is going to win out every time.

We don't believe that you should eliminate ministerial approval for the transfer or loss of social housing units. Again, this is critical housing infrastructure. We know that there was a movement to get rid of this under SCAN, the safer communities through affordable housing

legislation in 2011. Our friends, whom you heard from—ACTO—worked heavily on that. We supported them on that. The bill was amended to take out the loss of ministerial approval. It's back five years later. We don't think it should be there.

I heard MPP Hardeman mention the Residential Tenancies Act enforcement standards. I'm glad those were brought up because we hear about them all the time. Repairs is one of the number one calls that we get on our tenant hotline. We get 10,000 calls a year on the hotline. Thousands of them are people trying to enforce repairs. We get a lot of people who call from outside Toronto. We can offer them minimal support but we can say, "Hey, you can call the Rental Housing Enforcement Unit." It doesn't often do a lot, but it is there. If there's a nightmare case you can send them.

We know that there's an off-load now on municipalities that are going to be forced to create bylaws. But I also note that the legislation says that they may—not "shall" but "may"—include some officers at the municipal level, meaning that, I think, a lot of municipalities are going to have bylaws and no enforcement mechanism.

At the end of the day, we want to see those things housed at the provincial level. We want to ensure that basic minimum standards are there for folks who need them, living in small rural communities. We get calls from those folks, and we think that they should be kept and strengthened.

Finally—I don't think you've heard a lot about this, and forgive my lack of knowledge of legislation on any great level, but I notice there are no targets. I notice that this bill does not intend to build 10,000 units or the million units that Sweden had for their Swedish building program in the 1970s. I don't know how many units are planned to be built at all or are expected from this.

I was one of the many agencies that applied for the province's poverty reduction fund. When I applied for that fund, the minister in charge made very clear that I needed to prove in my application the effectiveness of my proposal, and it had to be rooted in evidence so that the best plans and the best evidence could be there to determine the best proposals to reduce poverty. But there's no plan here. There are no targets. I don't know if one unit is going to get built or 10,000. We really believe that that would be critical in order to evaluate whether or not this legislation is actually going to be successful.

The Chair (Mr. Peter Tabuns): With that, we go to the official opposition: Mr. Coe.

Mr. Lorne Coe: Thank you very much for your delegation. Currently the bill doesn't allow for developers to build affordable housing units off-site. Is this something you would like to see?

Mr. Geordie Dent: We don't really take a position on that. A number of our allies have been very clear on that. I think our only main concern is this: I've heard of scenarios where tax dollars from the tax base that are allocated towards affordable housing in municipalities all of a sudden get replaced with this money and it's pulled out of the tax base. You don't really get a new net gain. Other folks are probably better to comment on whether

that's a strong reality, so we don't really have a major position on that.

At the end of the day, all we want is for the most units to get built. So if cash-in-lieu is going to lead to more units getting built, great. If it's just going to replace units that were already on the docket, we wouldn't be in favour of that.

Mr. Lorne Coe: Is your view similar in terms of cash-in-lieu payments?

Mr. Geordie Dent: Yes. Again, if it leads to more units getting built, we're on board. I'm just going to take a very quick moment to say that this report came out about two hours ago. This is the CMHC report on affordable housing rental market statistics in the province. Vacancy is down. Rents are up. The trend continues. The number of units being built is 1,500 for the year in the GTA on the books. That's actually 500, because they've lost 1,000 units. I think you need more stock.

Mr. Lorne Coe: Let's turn for a moment—and through you, Chair—to creating targets on affordable housing development and method of evaluation. What would you propose be the methodology?

Mr. Geordie Dent: I think it's pretty clear, to be able to set a target for how many units you'd like to see built, what you think is going to create an impact on the market to create more affordability for people, less pressure. Again, that's a core element of the infrastructure policy.

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I think simply setting a target and seeing how it pans out would let you know whether the legislation is strong or weak. I mean, are you looking for a number?

Mr. Lorne Coe: Just interested in your opinion. Thank you.

To my colleague.

Mr. Ernie Hardeman: Just going to the enforcement: You mentioned the number of calls you get from outside of Toronto, the area you're serving. I was told that it was going to have minimal impact because there weren't many problems outside of Toronto. Your numbers wouldn't seem to show that.

Mr. Geordie Dent: No, no. If someone is saying that there aren't repair issues outside of Toronto, that's just false. Again, we go in across the board. We've been in a number of municipalities right now. There are major, serious problems with repairs in those communities.

Mr. Ernie Hardeman: When you refer those to the provincial ministry, do they then get service?

Mr. Geordie Dent: I couldn't tell you. Again, I am a Toronto-based service. We bounce them there, but I don't know if there has ever been an analysis of how well they deal with that.

I do know that I've seen some stats from the Investigation and Enforcement Unit, now the Rental Housing Enforcement Unit. I think they took less than 100 of those calls, now, like a year, but from reports five years ago. I don't think they investigate a lot—

The Chair (Mr. Peter Tabuns): With that, I'm sorry to say you're out of time with the official opposition.

Third party: Mr. Hatfield.

Mr. Percy Hatfield: Mr. Dent: a great presentation. Would you agree, or do you believe, that the government doesn't have any targets in here because there is the poison pill there, the "either/or," that inclusionary zoning is just going to fizzle?

Mr. Geordie Dent: You'd have to ask the province. I don't know.

Mr. Percy Hatfield: I will.

Ministerial approval eliminates social housing stock. What's your biggest fear about that?

Mr. Geordie Dent: The stock is going to get sold off. Again, I can't stress this enough. I was in Berlin recently, I was in Norway, and you see these deep commitments to building housing infrastructure. You see a deep concern about the loss of infrastructure.

If people are able to get rid of that stock and there is no check and balance to preserve it, we're concerned that what we feel is needed, which is more infrastructure—that the opposite is going to happen.

Mr. Percy Hatfield: You've got more than 20 Liberals from Toronto. Do you see the Toronto housing corporation selling off some of its stock if they get the approval to do that?

Mr. Geordie Dent: I don't know; you'd have to ask the city. I know that there have been a couple of movements to sell housing in the city of Toronto. I know that a lot of tenant advocates were absolutely terrified of the loss of the entire single family unit home portfolio.

I can't really tell you about the political things. Again, I talk to tenants. Tenants organized heavily on that. The tenants living in those communities did not want that to happen. Every tenant I talk to is not looking to see a reduction in affordable housing, by any means. They all want more options. They all want more choice. They all want not to feel like if they ask for repairs, they're going to get thrown out and they're going to be searching for rents that apparently are going up to—\$1,233 is the average now. When I go to Quebec and I tell them that, there are cackles and laughter in the room, because that's just considered absurd by a lot of people, but that's the reality we live in right now.

Mr. Percy Hatfield: Do you represent tenants in co-op housing as well?

Mr. Geordie Dent: We represent all tenants. Obviously, in co-op housing, the laws are a lot weaker—it's a lot more in terms of what's in your bylaws—but we do our best to help those tenants as much as we can. City bylaws still apply to them. In the city of Toronto, you can call city inspectors. They're going to come enforce bylaws.

Mr. Percy Hatfield: Some people don't agree that there's a crisis in affordable housing in Ontario. What's your position on that?

Mr. Geordie Dent: I don't think they work with tenants, because if you work with tenants, it's pretty clear. I think if you look at all the graphs, all the data, it is crystal clear. It might be more acute in some areas than others, but again, we get around. We're going up to Thunder Bay sometime next year, and I talk to people in

Thunder Bay and I talk to people in Ottawa, Hamilton and across the board. There is a real concern about affordability and people being able to afford their rent.

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Peter Tabuns): We go to the government: Mr. Anderson.

Mr. Granville Anderson: Thank you for being here, and thanks for your presentation. It was very well done.

As written, Bill 7 allows municipalities to prevent the establishment of “poor doors,” but we have also heard that creating dedicated, affordable space inside a larger project can help keep the costs down and create greater affordability. How do you feel about those who advocate that poor doors, or something to that effect, can be a good idea under certain circumstances?

Mr. Geordie Dent: Again, I’ve heard both sides of this coin. I deal with a lot of councillors. Some left-leaning councillors think that poor doors are a good idea.

Again, I deal with tenants. Tenants think it’s a disaster. Every tenant I talk to is like, “Wait a minute. I’ve got to have some kind of second-rate entrance, so that people don’t see me?” Every tenant I talk to does not think that’s a good idea.

Mr. Granville Anderson: Okay. How would you like to see inclusionary zoning rolled out?

Mr. Geordie Dent: What do you mean?

Mr. Granville Anderson: How would you like to see the rollout? Whether it’s units within a complex or by itself—

Mr. Geordie Dent: Again, I’m sorry to be so blunt in terms of this request, but, again, stock. You need numbers. You need as many numbers as you can, as far as I’m concerned, for this.

I talked about Sweden before. They had the Million Homes Programme for a country of eight million people in the 1960s and 1970s. They built one million units. When I talk to people at the International Union of Tenants right now, they say that had they not done that, had they not built that level of infrastructure, they wouldn’t be in the decent scenario where they are today for the majority of Sweden’s renters.

Look, I know that you folks probably aren’t going to grant my wish and build one million units, but you need to build as much stock as possible.

Mr. Granville Anderson: Okay. You had indicated that there are about 190,000 people on a waiting list for affordable housing.

Mr. Geordie Dent: I believe so.

Mr. Granville Anderson: Yes. How many of those are in Toronto, would you say?

Mr. Geordie Dent: As far as I know, it’s a little over half.

Mr. Granville Anderson: So 100,000?

Mr. Geordie Dent: I think so.

Mr. Granville Anderson: Okay. Would you think that inclusionary zoning would be effective in bringing that number down?

Mr. Geordie Dent: Yes. Look, the numbers speak for themselves, if you look at the vacancy rate. I moved into

this province in 2009 when the vacancy rate was over 3%. I had my last month’s rent deposit, took my time and found a place. My same building two years ago had a line-up around the block. That’s five years.

A line-up around the block because vacancy is so low: That’s the reality in hot markets right now. You just get an explosion in people needing a place, and nowhere for them to go. A couple of percentage points make a big deal in that. As much stock as you can build helps with that.

Mr. Granville Anderson: Thank you.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Anderson.

Thank you, Geordie.

MR. RICHARD DRDLA

The Chair (Mr. Peter Tabuns): Our next presenter is Richard Drdla.

Mr. Richard Drdla: Yes, that’s correct.

The Chair (Mr. Peter Tabuns): Mr. Drdla, I hope that I didn’t mispronounce your name too badly. Have a seat. As you’ve heard, you have up to 10 minutes, and if you would introduce yourself for Hansard.

Mr. Richard Drdla: My name is Richard Drdla. I’m a former housing consultant based in Toronto. I have spent, more or less, much of the last 20 years either studying, writing about or promoting inclusionary zoning. I feel that I have probably spent more time on it than anybody else in this country.

I will be addressing just the inclusionary zoning components of Bill 7 and not the other aspects. By and large, I feel that Bill 7 is very good legislation. I would like to see some changes to it, but I certainly would say, “Let’s get on with passing it.” It’s long overdue.

Inclusionary zoning is now used across the United States in about 500 jurisdictions and, in some of those jurisdictions, for 40 years or more. Yet, we have not seen inclusionary zoning in this country. In large part, it is because the municipalities do not have the authority to use inclusionary zoning or, more specifically, to actually require developers to provide for affordable housing. Only one province has passed the necessary legislation; that’s Manitoba about three years ago. Alberta is looking at it, as we are, of course, with this bill as well.

There is very substantial information and knowledge that we can look at coming out of the US experience, and we should learn as much as we can from it. It’s clear from that experience that inclusionary zoning is a very effective way of providing for affordable housing. It’s not the only answer and it’s not the perfect answer, but it certainly is one of most important tools that we can take on.

That experience also shows other things—and, at this moment, I’m going to refute some of the things that the development industry has been talking about earlier today. It’s very clear from this evidence—going back, as I say, to 500 communities over 40 years—that the development industry, first of all, is able to adapt to inclu-

sionary zoning programs and to continue to build without taking a loss in their profits. It does not affect production in any way.

It furthermore does not affect the price for other people in the community. It's very clear on this that the cost of inclusionary zoning—and there's a cost associated with it—is not passed on to other owners or to other buyers. These owners are not involved with cross-subsidizing or in any way helping out the affordable housing owners. The evidence is very clear on this: There are two major studies that looked at production and prices in the United States on very large samples, and they show no impact of inclusionary zoning on production or on prices of houses. So I'd like to put that to rest. This is really fearmongering, in my mind. It's meant to scare politicians rather than really help the argument along.

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Now, my issues with the bill as it stands: I think there are four shortcomings that I would like to address. The first two I'll couple together, and they've already been dealt with to a large extent already: that is, the prohibition on off-site development and the prohibition on fees-in-lieu. Clearly, there are dangers in using both of them, but they can be controlled by good regulation.

Overall, I think the benefits of allowing for off-site development and cash-in-lieu far outsize any downside. Those benefits, in my mind, are chiefly—but there are other ones as well—that the use of these provisions allow the municipality to provide a whole range of other types of housing that would not be provided by inclusionary zoning. Inclusionary zoning, for all of that, is very narrow. It provides a lot of housing, but it's very narrow in the type of housing it provides. Using these other measures, the municipalities can start getting into providing special-needs housing, more rental housing, housing of deeper affordability—a whole variety of housing, as I said, that inclusionary zoning is not going to address.

There are dangers with it, as can be illustrated by what happened in San Diego, for example, which has a major inclusionary zoning program. The last time I dealt with them, they had produced no housing. What they had done was received a hell of a lot of money, but no housing. The point here is that, given a choice, developers will always take fees-in-lieu whenever they have a chance and/or try to use off-site development when they have a chance. It's the soft way out, in many cases.

Given that propensity, I think you have to do two things to make sure that you can control the situation. One is that you have to have regulation that says, first of all, that the city or the municipality has the discretion to determine who is going to use these provisions. It's not the choice of the developer; it's the choice of the municipality.

The second provision has to be that it has to address or has to increase the public benefit. In other words, you should only allow these other alternatives when you get more housing or housing of deeper affordability. If you get a better public benefit, I think it's hard to argue

against having these sorts of provisions. That's used widely across the United States as a caveat or condition, in this case. I think both of these prohibitions should be eliminated from the bill.

The third item is the definition of “affordable housing.” We don't, in this country or in Ontario, in particular, have a good definition of what affordable housing actually is. We are reliant for the moment in this legislation on the definition in the PPS, in the provincial policy statement. Frankly, that definition is woefully inadequate. It's a very poor definition. I could go on at great length about why it's bad, but let me just point out two issues out of many.

First of all, it's a dangerous definition. It's dangerous in the way that it could potentially allow for developers to comply with regulations of inclusionary zoning without building affordable housing. It is set so high—or potentially, the pricing limits are set in such a way—that developers can provide low-end-of-market housing. That's market housing at the low end, but not “affordable housing” as I would define it. I would define “affordable housing” as below-market, not low-end-of-market. Affordable housing, in my mind, has to be housing that is below the price or rent that is currently on the market in any place, and substantially below it, to be affordable housing. This should be the purpose of the bill, and for the moment, this poor definition is going to subvert, I think, what the purpose of that bill is. It's going to allow developers to build, essentially, market housing.

The second item is that, frankly, the definition as it stands is non-functional; it's inoperative; it's not usable; it has never been usable. It's not usable because it depends on income data that we don't have, the sort of income data we need to have in order to make it useful. We need income data, for example, that is annually updated, that is specific to every municipality and that is broken down by household size. We have none of that. In the absence of that, we can't really use the definition in an effective way. In the long term, if we try to use it, my concern is that it's going to undermine the prospect of actually controlling the affordability of the units over time, because we don't have a good definition to use as the basis for that control.

I think two things have to happen: I think we have to make sure that the bill guarantees that we indeed are going to get affordable housing, one way or the other, and, second of all, the province has to move on getting a better definition sorted out so that indeed it can help facilitate municipalities to actually implement this bill.

Last point: This is going to be rather an arcane matter, but I'll try to go through it very carefully and slowly in the last minute I have here. We need to have authority for the municipalities to use positive covenants. You must understand that we want to control the affordability of these units for a long time, and to do that, we are going to apply price limits, rent limits and limits on income eligibility to households for the long term. Those price limits and so on are going to be registered on title. The bill recognizes this process and that it needs to be done,

but what it doesn't deal with is the actual legal mechanism that is needed in order to register these on title effectively. In the absence of that, the municipality is going to have to use second mortgages.

Second mortgages are used widely across this province. They're well tried, they're effective, but they also are a cumbersome and costly way of achieving this objective because they rely on a third party, or another agency, to control and hold the second mortgage. Across the United States, they do a different process. They happen to use restrictive covenants, which we can talk about separately, but basically the key about restrictive covenants is that they're self-perpetuating or self-administrating. They don't involve a third party being involved in the process, so they're simpler and less costly to use.

I think we need authority for doing something like this in this province. It happens that BC does it already, in something they call housing agreements, which was passed by legislation in 1993. So we have an example of how it's to be done, but we need the legislation and the authority to actually deal with this in this province, as well. I find it non-controversial. We have the precedent. I'm really quite surprised that we've never moved on this matter. We need this to be incorporated in the legislation as well.

That concludes my comments.

The Chair (Mr. Peter Tabuns): Thank you, sir. We go first to the third party: Mr. Hatfield.

Mr. Percy Hatfield: Thank you for coming in, Mr. Drdla. I'm really interested in what you had to say, because we heard from somebody from the development industry trying to tell us that there was evidence out there that property values, the average price of—

Mr. Richard Drdla: Sorry to interrupt: He couldn't point out evidence.

Mr. Percy Hatfield: No, he couldn't point it out.

Mr. Richard Drdla: And I can't find evidence of that, so I agree with you in that regard.

Mr. Percy Hatfield: Thank you. Just tell me, how did you get so involved in inclusionary zoning? How and why?

Mr. Richard Drdla: Well, the first study I did for CMHC was about 20 years ago, and I thought this was such a great idea. All I had to do was write this report and the world would change. Well, it hasn't. We continue to struggle to try to achieve it. I don't understand fully why we haven't gotten on with it.

Mr. Percy Hatfield: Is that report available?

Mr. Richard Drdla: Oh, yes. I can give it to you if you wish, but it's one of many reports I've written on the subject. Certainly that original report was one from a long time ago. It started my thinking about it.

Mr. Percy Hatfield: During your thinking on affordable housing, have you spent any time looking at co-op housing and how co-operative housing fits into the greater scheme of things when we talk about subsidized or affordable housing?

Mr. Richard Drdla: What we're starting to talk about is how we can use and tweak inclusionary zoning to promote and provide for co-operative housing. I don't know if I want to get into the details of doing it, but one of the ways happens to be allowing for off-site development, because the off-site development provisions allow developers to do partnerships with co-ops to provide purpose-built rental off-site. It's one of the most effective tools that we can use to promote and enable the co-op sector to get involved in inclusionary zoning.

Mr. Percy Hatfield: Obviously, then, one of your strong recommendations is that the government allow the off-site provisions.

Mr. Richard Drdla: Yes. This is very fundamental, for example, in New York City. One of the things they do quite successfully is engage the co-op sector through off-site development proposals.

Mr. Percy Hatfield: And the American example is positive covenants as opposed to the second mortgage, but putting it right into the deed?

Mr. Richard Drdla: That's what I'm arguing for. This is what is done in the United States, but we can't do what they do, so I think we need the provisions through something like a positive covenant to enable us to be able to do it in an expedient way.

Mr. Percy Hatfield: Any idea why the poison pill "either/or" was put in here—either section 37 or inclusionary zoning?

Mr. Richard Drdla: Well, I can understand, because both are competing over the same asset, over the same land value. The more one does, the less you get of the other. Somehow, we have to resolve that conflict and enable both to operate, but I would certainly argue that in that process we should be, in my mind, giving a very clear priority to inclusionary zoning and not dilute what we're going to get out of that inclusionary zoning by allowing a lot of that value that we're trying to exploit to dissipate into other provisions.

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Mr. Percy Hatfield: We heard about the need for partnerships. Is this a case where—

The Chair (Mr. Peter Tabuns): Mr. Hatfield, I'm sorry to say you're out of time and we have to go to the government. Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Mr. Drdla, about your presentation. What I understand from your presentation is that you are fully supportive of inclusionary zoning.

Mr. Richard Drdla: Very much so. I'd like some changes to the bill, but basically I think it's a very good idea that we should get on with.

Mrs. Amrit Mangat: Do you have any concern about it that you want to share with us?

Mr. Richard Drdla: Other than saying, don't believe it's a magic bullet—it has its limits as to what it can do, and to live with those limits and make it work for you—but no. At a detail level, I might have caveats, but we're not talking at that level here.

Mrs. Amrit Mangat: Okay. So do you think inclusionary zoning units should be allowed to be developed on another site?

Mr. Richard Drdla: Yes, I think we should allow for that off-site provision, but under the two qualifications that I gave.

Mrs. Amrit Mangat: So what level of value do you put on mixed and inclusive communities?

Mr. Richard Drdla: I'm sorry; I didn't understand you.

Mrs. Amrit Mangat: What level of value do you put on mixed and inclusive communities? Can you speak about it?

Mr. Richard Drdla: By its very nature, inclusionary zoning deals with inclusiveness. That's its asset and its chief virtue. So that's why I'm saying, if you want to go off-site, you must do something better. It can't be quid pro quo. If you're going to do off-site development, you must offer a better deal in terms of more affordability or more units to make up for the notion that you're giving up inclusiveness, which I think is fundamentally important.

Mrs. Amrit Mangat: So how would you like to see inclusionary zoning rolled out? Can you share your thoughts?

Mr. Richard Drdla: Well, I would see the passage of this bill, but it's going to be ultimately up to the municipalities how they implement and how they translate it. I would like to see beyond the bill that the province offers some guidelines to the municipalities about how they should do it. They can draw on the best practices of the United States to facilitate the understanding of how they can and should be done. Beyond the regulations, the next necessary step is actually to have guidelines to help municipalities in framing the bill.

Mrs. Amrit Mangat: Thank you.

The Chair (Mr. Peter Tabuns): Thank you, Ms. Mangat. We go to the official opposition: Mr. Hardeman?

Mr. Ernie Hardeman: Thank you very much for your presentation. I just want to go to the inclusionary zoning, as the government side was doing, and the importance of it. Obviously, there are going to be places, types of buildings such as high-end condos and so forth, that can't—or that could, but what would be affordable in that would not be something that people who need affordable housing could afford to live in, because of the condo fees and such things.

Can you talk a little bit about the challenge you face if every development has to have a percentage that is affordable and how you will have such a fragmented affordable housing stock that it's not manageable?

Mr. Richard Drdla: Well, I think, for example, you're starting with the preconception that it's all going to be rental. Indeed, a lot of this housing is going to be affordable ownership. It's going to be sold as ownership units and it has no management cost involved. I think the issue is in terms of affordable rental. Obviously there are concerns about how you can aggregate it in a way that

makes it cost-effective to manage, but I wouldn't overlook that you can also get affordable ownership out of this as well.

Mr. Ernie Hardeman: But according to the bill now, it has to be built right on site so there's no ability to move it to another site, to aggregate if it is rental units.

Mr. Richard Drdla: Well, I would argue for removing those prohibitions in both cases, though, under the conditions I gave you, it has to be a net public benefit if we are going to do it.

Mr. Ernie Hardeman: Would you also support cash-in-lieu to move that a distance away, even to help other affordable housing, such as maintaining our present stock?

Mr. Richard Drdla: Yes, all those things. You can give rent supplements; you can do it for other types of special-needs housing. That's the key. The cash into it is clearly the most flexible thing you can get from the process. But again, with a caveat: Don't leave it open to just anybody to use it because everybody is going to use it and you're not going to get inclusive units.

Mr. Ernie Hardeman: Now, going back to the condos a bit, your work that you've done on them—and you mention that there's likely no one in Ontario who has done as much. How do you deal with the condos and the condo fees and so forth, to keep it affordable within that development?

Mr. Richard Drdla: A big problem. I don't know if there's a simple answer. Unfortunately, one of them goes back to the “poor door” notion: that you segregate the units in a way that they don't have access to all of the provisions. I'm not sure if that's a successful or appropriate way of doing it, but it's one case of doing it.

There are other attempts in the United States to deal with it, in which they pro-rate the condo fees on a different basis, which allows them to be reduced for the non-profits in some kind of reasonable or appropriate manner. But it's clearly a problem.

Mr. Ernie Hardeman: If you segregated the units, would that be inclusionary in the whole development?

Mr. Richard Drdla: Frankly, it doesn't bother me too much. I'm more concerned about getting housing mixed throughout the community.

Mr. Ernie Hardeman: Thank you very much.

Mr. Richard Drdla: All right.

The Chair (Mr. Peter Tabuns): With that, we're out of time. Thank you very much for your presentation today.

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Chair (Mr. Peter Tabuns): Our next presenter is the Association of Municipalities of Ontario: Lynn Dollin and Michael Jacek. As you probably heard, you have up to 10 minutes to present. If you would introduce yourselves for Hansard when you begin. Thank you.

Ms. Lynn Dollin: Thank you, Mr. Chair. My name is Lynn Dollin. I'm the new president of the Association of

Municipalities of Ontario. With me is Michael Jacek. He's a senior policy adviser with AMO, and here to answer the more difficult questions. On behalf of AMO and our members—which is almost all of Ontario's 444 municipalities—I would like to thank you for the opportunity to speak to you today, to contribute to your deliberations on the proposed Promoting Affordable Housing Act.

Municipal governments have long advocated for enabling and flexible legislative frameworks. With this in mind, we support the introduction of the proposed act. That said, we would like to give you a brief overview of our key comments and concerns with the proposed legislation in order to improve it from a municipal perspective.

AMO believes that the municipal sector needs a well-considered voice in this process. We are unique in the federation. Ontario's municipal governments are the only ones in Canada who are responsible for housing at the local level. Collectively, the municipal sector contributes more funding than the federal and provincial governments. As such, AMO is of the opinion that we should be the principal policy makers in respect to housing in Ontario.

The changes proposed in Bill 7 should go a way toward modestly increasing the supply of affordable housing and promoting a more people-centred vision as envisioned in the provincial Long-Term Affordable Housing Strategy. However, it cannot be understated that further provincial funding is still needed to help address affordable housing and meet the province's own goal of ending chronic homelessness in 10 years. We have concerns that some aspects of the bill will inappropriately transfer costs to municipal governments, which we will speak more of today.

I would now like to provide some comments on the specific proposed changes to the affected acts. This is a housing omnibus bill of sorts affecting numerous pieces of legislation, and each deserves due consideration.

First, the Housing Services Act: AMO supports the proposed changes to the Housing Services Act in general, as they will create a more enabling and flexible legislative framework for social housing administration. However, we do ask that the committee consider a few technical changes to make the legislation more workable. For example, the act proposes to further reduce consent provisions. This will facilitate better portfolio-level management of housing assets. This is good; however, the consents could be more flexible to be more workable. These are outlined in further detail in the appendix that we're going to include in our submission.

AMO is pleased to see the change that will allow other forms of service manager-funded housing assistance to contribute towards service level standards. This provides needed flexibility and meets a long-standing ask.

We also agree with the policy intent to require service managers to undertake periodic local enumeration of homeless populations. AMO supports the proposed change. It is the right thing to do to contribute to the end

of chronic homelessness in Ontario; however, it will result in added costs and administration. A funding source needs to be identified to help offset the new costs associated with developing and implementing local enumeration.

In the existing legislation, we have very serious concerns with section 157, which allows for appeals of service manager decisions by housing providers. It should be revoked from the act. It is neither appropriate nor necessary.

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It is not appropriate, as municipal service system managers need the ability to manage their housing portfolios in a fiscally responsible manner, to be accountable to municipal councils and district social services admin boards and to safeguard the existing housing units available in the system. Most importantly, as a matter of principle, it will serve to undermine the authority of municipal councils and DSSAB boards to make decisions, effectively usurping their authority under the Municipal Act and the DSSAB act.

It is not necessary, as the act already contains safeguards for housing providers with recourse to the courts and to the Ontario Ombudsman. It could potentially involve a fiscal impact to municipal governments in cases where appeals are successful as service system managers hold the contingent liability with respect to housing providers' obligations. An outside body should not determine that a service manager must consent to actions that might place it at risk.

The Residential Tenancies Act: AMO supports changes that would prevent unnecessary evictions of tenants from rent-geared-to-income social housing units when their circumstances improve. However, this change should not apply to termination of tenancies in modified or supportive units if the tenant no longer requires the modification or support.

AMO does not support the change regarding the province's intention to end its role in enforcing local residential rental maintenance standards. It will transfer administrative burden and cost to municipal governments. We acknowledge that many municipal governments have already assumed this responsibility voluntarily. The others, however, will find it challenging given fiscal and human resource capacity issues. This will disproportionately affect small and rural municipalities in the province.

The Development Charges Act: AMO does not support exempting secondary suites from development charges, as growth should pay for growth. Decisions to exempt, reduce, defer or waive development charges should remain a local choice. The government should find ways to incent the development of second suites with provincial revenue. Municipal governments already exercise a range of planning and financial tools to facilitate affordable housing at a cost to the local tax base.

The Elderly Persons' Housing Aid Act: AMO does not object to the repeal of the Elderly Persons' Housing Aid

Act. It has not had any funding attached to it for some time, and investment in the Affordable Housing Program is a more appropriate funding vehicle. However, funding seniors' housing is of critical importance to the province and should be given some priority.

The Planning Act: AMO does in principle support inclusionary zoning as a welcome new planning tool for municipal governments. It should help expand affordable housing. However, it should be acknowledged that it is not a panacea solution. It will not meet the housing needs of all Ontarians in need in all areas of the province. More funding will still be needed to increase the supply of affordable housing in a meaningful way.

Inclusionary zoning will be more suited for some areas more than others; for example, in high-growth areas. Further, inclusionary zoning is typically more effective at helping moderate-income households rather than very low-income ones. In planning for the housing system and coming up with solutions, the province should consider that there are different housing markets in Ontario. These will require different solutions in different ways. In short, one size does not fit all.

Local municipal service managers know their contexts well and are required to develop local housing and homelessness plans for their areas which identify priorities and solutions. The success of the proposed legislation and accompanying regulations will depend on ensuring a high level of flexibility to ensure local relevance and applicability. Since housing needs vary significantly across the province, unless there is a clear reason for standardization, the default should be local autonomy to identify zoning details. With this in mind, our key asks are as follows:

—AMO would not support the ability for a minister to impose an inclusionary zoning program on a municipal government. Instead, we would support the principle that municipal governments need to have the autonomy to impose bylaws as appropriate to local circumstances.

—AMO would welcome provincial incentives to help facilitate affordable housing in inclusionary zoning developments, especially to deepen the level of affordability. Examples of this could include tax credits and tax waivers.

—We do not support the condition that would effectively prohibit municipal governments from being able to gain section 37 benefits on the same lands, buildings or structures as inclusionary zoning. There should not be trade-offs between affordable housing and other community amenities, such as libraries, parks and community spaces.

The Chair (Mr. Peter Tabuns): I'm sorry to say, with that, you're out of time. We go first to the government: Mr. Dong.

Mr. Han Dong: Thank you very much for the presentation. It covered a lot. Inclusionary zoning is being used extensively by communities around the world, including England and over 500 municipalities in the United States. Just for the record, do you think inclusion-

ary zoning would help to address the affordable housing challenges that we face today here in Ontario?

Ms. Lynn Dollin: Thank you for the question. Through you, Mr. Chair: Yes, we do think inclusionary zoning would help, but we think it's appropriate that municipalities choose where that zoning is best suited. In some areas of the province where there's a capacity issue as far as infrastructure is concerned, as I heard mentioned before about the luxury condo units, or perhaps in areas where there's accessibility to transit in rural municipalities—if there isn't transit, perhaps it could be directed towards where there's transit, grocery stores and other amenities.

Mr. Han Dong: That's actually very interesting, now that you mention it. Allowing these offset units may undermine the goal of creating an inclusive community. What are your thoughts on that?

Ms. Lynn Dollin: I'm sorry. Could you ask the question again?

Mr. Han Dong: Allowing the offset units as you mentioned may undermine the goal of creating an inclusive community. What are your thoughts on this?

Ms. Lynn Dollin: Personally, I don't see it as undermining those values. I still think it's important to have an inclusive community. I also think it's important to provide housing in an appropriate place for people where they can access the things that they're required to access: libraries, community parks. All of those things are important, and to put your inclusionary zoning in those areas would help make a better community for all.

Mr. Han Dong: Good. Very quickly: Do you know if there are municipalities that currently provide a development charge exception on second-dwelling units?

Ms. Lynn Dollin: I'm not familiar with any, but I do know that it is available to them, should they choose to do so.

Mr. Han Dong: Okay. In your mind, how would they recover the growth-related capital cost if there are these exemptions?

Ms. Lynn Dollin: That's part of the reason we're not in support of having it mandated. If a municipality chooses to use that tool, they can, but that just transfers that cost on to other people in the community or defers that asset which all people in the municipality would enjoy.

Mr. Han Dong: But you mentioned that there are municipalities right now using this—

The Chair (Mr. Peter Tabuns): Mr. Dong, I'm sorry to say you're out of time. We go to the official opposition: Mr. Coe.

Mr. Lorne Coe: Thank you, Chair, and through you to the delegation, thank you very much for being here today. I appreciate your point. I'm on page 3 of your presentation, the Elderly Persons' Housing Aid Act. It's the first delegation that's raised seniors' housing. I'm not being critical in saying that. Juxtaposed to an aging demographic, I think it's an important point you've made, but I was looking for the extension of the point. I think there's agreement amongst all parties that an

investment in seniors' housing is needed, but if it's not within the Elderly Persons' Housing Aid Act, where should that funding be directly? Should it be part of the funding from the province towards municipalities' 10-year housing plans? Is that what you think should be occurring?

Ms. Lynn Dollin: My thought is that part of the affordable housing carved out for seniors would be appropriate.

Mr. Lorne Coe: Okay. Because we have seniors' groups across the province, for example, CARP and the United Senior Citizens of Ontario, who have been advocating for affordable housing and availability of housing for years. So one level where there's not been funding attached to the Elderly Persons' Housing Aid Act just begs the question: What vehicle is going to effect that type of change within the province going forward?

To my colleague—thank you, Chair.

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The Chair (Mr. Peter Tabuns): Thank you, Mr. Coe. Mr. Hardeman.

Mr. Ernie Hardeman: I just quickly want to go to development charges on the second units, and mandating that they—I looked at that and I thought, well, maybe the reason the government put that in is, in fact, that inclusionary zoning wouldn't work under those circumstances. We're creating a unit, but how would you get the social housing dollar out of that one unit?

Then you mentioned another part where, in fact, the paying for it could be done through tax exemptions and tax deferrals on behalf of the government.

But nowhere do I see the suggestion or the direction that the municipal government is going to be expected to pick up some of these incentives on inclusionary zoning. Is that by accident, or is that the intention that, in fact, inclusionary zoning—only the bylaw would be put on by municipalities, but the province should be picking up the tab of doing it?

Ms. Lynn Dollin: Do you have something to add, Michael?

Mr. Michael Jacek: I think what we had mentioned is that municipalities, as you know, already have a broad range of planning and financial tools that they can exercise to facilitate affordable housing. Many already do this. We would expect that under an inclusionary zoning regime, that would continue in most cases.

Mr. Ernie Hardeman: Okay. Thank you very much for your presence today. It's much appreciated.

The Chair (Mr. Peter Tabuns): Mr. Hatfield.

Mr. Percy Hatfield: Welcome, Lynn, and congratulations again on rising to the presidency at AMO.

When we started talking about inclusionary zoning some time ago, a lot of people suggested it was more of a big-city/Toronto issue, say, than Thunder Bay. Have you heard from your 444 members as to what the interest may be in inclusionary zoning in other municipalities away from the big cities?

Ms. Lynn Dollin: So, again, what municipalities are looking for is the flexibility to make it work. Nobody knows municipalities better than the municipal councillors and municipal councils. They want what's best for their community for affordable housing. They should be given the opportunity to use the inclusionary zoning as a tool to create communities that are going to be all-inclusive.

Mr. Percy Hatfield: So if they wanted to do it, they want the flexibility to decide in their own community whether it's worthwhile. But you haven't heard of any big landslide of interest, have you? Or have you?

Ms. Lynn Dollin: I haven't heard any landslide against it. I think every municipality that I've talked to is okay with doing the inclusionary zoning, but they're looking to be able to use it as a tool to work with their municipality to make it work best.

Mr. Percy Hatfield: I know there are two trains of thought on the unnecessary evictions of tenants in rent-geared-to-income when their circumstances improve and they could afford to move somewhere else. Allowing them to stay, of course, prevents someone from a more modest income bracket from moving up into rent-geared-to-income while that person would have moved out. Allowing them to stay makes sense on one hand, as well; it allows them to build up more equity. But you're of the opinion to leave them in there, as opposed to creating space for someone else to come up.

Ms. Lynn Dollin: Our position is not to evict somebody, maybe make the kids change schools. What we really need, as I heard someone else mention earlier, is more stock. We are woefully low in affordable housing. We need more units in all of our municipalities. Then it wouldn't be such an urgent thing to have somebody, the moment that they win the lottery or get a good job, evicted from their home.

Mr. Percy Hatfield: On development fees on secondary units: If there's a new home coming in, and you're doing all the paperwork and all the development fees on that, I can see that there's a certain amount of paperwork, whether you add a secondary suite. Perhaps it's a more modest cost to do it then as opposed to a renovation of an existing home, which might be a new file, new paperwork and so on.

Have you thought of the difference in taking development fees from a new place as opposed to a renovation on an old place?

Ms. Lynn Dollin: Personally, I think it's all about growth paying for growth. If you're adding bodies to that home, bodies that are going to read library books, that are going to go to the parks, that are going to use the municipal assets that are there—the whole reason for development charges in the first place is that one more piece of a fireman or one more piece of a police officer that you need to buy because you've got more people in the community. I think everybody should bear the cost for that. But the option is available for municipalities to defer development charges if they so wish, and I think our message is, let municipalities do what we do best.

Give us the tools we need and then let us do what we can to include more affordable housing in our communities.

The Chair (Mr. Peter Tabuns): And with that, I'm sorry to say you're out of time. Thank you very much for your presentation today.

Mr. Percy Hatfield: He's not sorry to say it.

Ms. Lynn Dollin: I know. He always smiles when he says it, so I think—

The Chair (Mr. Peter Tabuns): Because I'm a friendly Chair. I'm a very friendly Chair.

FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO

The Chair (Mr. Peter Tabuns): We go on now to the Federation of Rental-housing Providers of Ontario: Scott Andison.

Mr. Andison, as I'm sure you've seen, you have up to 10 minutes to present. If you'd introduce yourself for Hansard before you start.

Mr. Scott Andison: Certainly. My name is Scott Andison, and I'm the president and CEO of the Federation of Rental-housing Providers of Ontario. We represent private sector rental-housing providers across the province: 2,200 professionals across the province who own, manage and build rental housing. I appreciate the committee's invitation here today to be able to address you on this matter before the Legislature.

It has been well documented that Ontario is facing a growing crisis of housing affordability and that families are facing barriers to finding housing that they can reasonably afford. This crisis is not limited to the skyrocketing costs of home ownership. Families who rely on rental housing are facing significant impediments to finding the rental housing that they can afford in locations connected to their work, schools and other community supports.

The evidence in other jurisdictions has shown that creating more affordable housing can only be achieved by encouraging more supply and the development of new housing. The Federation of Rental-housing Providers of Ontario strongly believes that this also holds true for Ontario. The message is that building more rental housing in Ontario will create more affordable housing in Ontario; more supply means reasonable rents and more choices for Ontario families.

According to the Canada Mortgage and Housing Corp., the average annual demand for new rental housing in Ontario is 18,000 units annually; however, the number of new units actually being made available for rent is less than 5,000. This deficit of over 13,000 rental units every year is what defines the current rental housing crisis, and it continues to get worse.

FRPO strongly believes that only by encouraging more supply and development of new housing can this crisis be adequately addressed. Again, the evidence strongly supports that building more rental housing will in fact create affordable housing.

In collaboration with the Ontario government and a number of municipalities, FRPO tabled its most comprehensive, evidence-based action plan in 2015 on how we can remove the barriers to building more rental housing in Ontario. To our disappointment, only one component of its recommendations was adopted as part of the update to Ontario's Long-Term Affordable Housing Strategy in March of this year; namely, the launch of a pilot initiative of a portable housing benefit.

While FRPO supports this pilot initiative, the evidence available on the success of the broad implementation of portable housing benefits in other jurisdictions is in fact overwhelming. Instead of applying such a restrictive and administratively burdensome policy as inclusionary zoning, deploying a portable housing benefit broadly would better achieve the government's objective of inclusive, mixed-income communities. Families and individuals would be able to use their housing benefit wherever they choose: near their work, near their schools and near transit. It would truly be their choice. Inclusionary zoning still ties housing subsidies to a specific building and unit when they should be tied to the person or family for the greatest degree of integration and inclusion.

Portable housing benefits are scalable by government. They can easily be ramped up during times of economic need and ratcheted back when the need is less. Inclusionary zoning, unfortunately, does not offer this type of rapid scalability.

Ideally, FRPO would like to see the Ontario government re-evaluate its plans to introduce inclusionary zoning into Ontario. The evidence in Ontario suggests that restrictive government policies have strongly contributed to the shortage of rental housing at all rent levels.

The evidence in other jurisdictions where inclusionary zoning has in fact been introduced reveals that the policy has not delivered the anticipated affordable housing levels that were intended. It has also been found to be a very complicated policy that is difficult to implement, administer and maintain.

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Inclusionary zoning, in our opinion, is one more example of an ineffective policy based on the available evidence. Throughout our participation in the public consultation sessions in June and July of this year, ministry staff made several assertions that there is no indication that the provincial government would be providing any form of financial subsidies to developers to implement the proposed inclusionary zoning policies.

In the case of inclusionary zoning initiatives implemented in the United States, a core component of the program included significant financial subsidies to provide the necessary incentives to promote new development. Even with those financial incentives, the results in every jurisdiction we reviewed fell short of the development targets. With no financial subsidies and uncertain incentives in the proposed Ontario model, it's unclear how this proposed inclusionary zoning policy could succeed where other enhanced models in other jurisdictions have not.

I'll turn now onto the draft legislation and provide some specific comments on what we see before us. As I've said, a key component to maximizing any positive benefit from inclusionary zoning requires local flexibility. This is something that is highlighted in every analysis that we have reviewed on this type of policy.

Municipalities need to be able to make local decisions about whether inclusionary zoning will be an effective way to achieve their affordable housing objectives. Should a municipality choose to proceed with an inclusionary zoning bylaw, they need the flexibility to design the bylaw in a way that meets their local objectives.

Amending the legislation to allow municipalities to accept cash-in-lieu and off-site buildings would further enable much-needed local flexibility. Cash-in-lieu has been included in other jurisdictions as a tool to generate affordable housing, most often in the case of smaller developments where implementing inclusionary zoning may be unfeasible.

For example, in small and rural northern communities, where there are few large multi-residential developments, smaller buildings with fewer units—take, for example, a fourplex forced to set aside 5% of its units—will have greater difficulty meeting the unit set-aside requirements. Allowing cash-in-lieu or off-site units would be a practical solution.

Therefore, FRPO is recommending that Ontario should allow municipalities to collect cash-in-lieu as an alternative to inclusionary zoning and require those funds to be dedicated to a portable housing benefit for low- and moderate-income families.

The government should also allow off-site units in inclusionary zoning. New or existing rental buildings within an inclusionary zone could have units identified to be part of the inclusionary zoning program. This would still enable inclusionary zoning policy objectives to be met but could address the implementation challenges resulting from project size or neighbourhood specifics.

FRPO also strongly supports the restriction of the use of section 37 of the Planning Act for inclusionary zoning projects. Requiring units to be rented at less-than-market rents already impacts the financial feasibility of any development. Restricting section 37 will partially offset these financial impacts of inclusionary zoning by helping to reduce the costs of development for new rental housing.

It's estimated that section 37 fees represent about 17% of the costs of new multi-residential units in the city of Toronto. The provincial government should seek to improve transparency and consistency with how development fees are imposed under section 37. It's therefore imperative that a municipality be prevented from imposing both inclusionary zoning requirements in addition to the application of further section 37 requirements on any new development plan.

Finally, FRPO feels very strongly that rent increases for inclusionary zoned units should be maintained at the 80% of average-market-rent level in any community. As long as the 80% of market rent is maintained, there

should be no need to apply the annual rent increase guideline, which would add complicated administrative burden and negatively impact the housing provider's ability to operate and maintain a high-quality-level building.

FRPO recommends that municipal measures and incentives must be available and be required by regulation on a province-wide basis to stimulate development of new rental housing. Without these incentives or funding in a restricted environment, the development of new, affordable rental housing will become economically unfeasible and the government will be unable to achieve its objectives.

In terms of transition, we also recommend that planning applications that were submitted prior to the adoption of a municipal inclusionary zoning bylaw should be exempted and grandfathered under the initial rules. Applications, therefore, should be allowed to continue under the rules in place at the time the application was submitted, as the business model that supported that application being submitted will likely no longer be valid, resulting in the application being withdrawn.

If we look at the evidence south of the border, for the Center for Housing Policy in the US, they have several key factors that they associate with inclusionary zoning. They believe inclusionary zoning works better in strong housing markets. When there is no market-rent construction taking place, there is no affordable housing development either. Ontario would not fall under that category.

More effective inclusionary zoning programs include incentives that offset the cost to developers. More effective inclusionary zoning programs have flexible compliance options. And predictable programs with clear guidelines are most effective.

In summary, FRPO and the provincial government have long shared a common objective of seeking out ways to encourage new building of new rental housing in Ontario.

The Chair (Mr. Peter Tabuns): Mr. Andison, I'm sorry to say that you've run out of time. I know you're coming close to the end, but you're still out of time.

We'll go first to the opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. I just wanted to go, first of all, quickly to section 37. Just looking at the numbers, the current fees represent probably 17% of an average development—that 17% goes to the community benefit envelope. So if you take one away from the other, is the idea that it would be 17% that would go toward the affordable housing rental units that you were building?

Mr. Scott Andison: It makes it possible to, without having the specifics of how a particular bylaw may be constructed. It's taking into account the need to set a certain number of units within a development at certain market rents. The ability to make those numbers work, even under section 37, is many times difficult. If you add the ability to compound the two together, it would actually make the numbers untenable.

Mr. Ernie Hardeman: In the rental market, do you envision the affordable units would be like what we presently have, where the municipal government pays a certain amount of money into building an apartment unit with all of the units, and there are so many that are going to be geared-to-income units? Is that what you envision in the inclusionary zoning with the rental market? We don't have the inclusionary zoning bylaw, so it's just an agreement with the provincial government.

Mr. Scott Andison: Right. So the way we understand that it would be intended to be developed is that they would, in each particular area—it sometimes varies within different pockets within a municipality—that they would be looking at different proportions of identified units that would fall under the inclusionary zoning at 80% of market.

Mr. Ernie Hardeman: Who pays for the cost of lowering the market for some of the units?

Mr. Scott Andison: Well, the business model would actually require that that cost would be spread across the market units in the remaining part of the development, thereby increasing the rent.

Mr. Ernie Hardeman: Thank you.

Mr. Scott Andison: You're welcome.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Hardeman. We go—

Interjection.

The Chair (Mr. Peter Tabuns): Oh, I'm sorry. Mr. Coe.

Mr. Lorne Coe: Thank you very much for your presentation. In the course of that, you cited some of the American experience. You'll probably know, then, in looking at the Chicago model, that developers can buy their way out at a cost of \$100,000 per unit not built. The money is then dedicated to building new and repairing old affordable housing units, or toward rental assistance for low-income households. Should that particular aspect find its way into the proposed legislation?

Mr. Scott Andison: The difficulty with that model is that that money has to come from somewhere. So if they are buying their way out of that particular policy and legislative requirement, those costs are, in turn, passed on to market rents being paid by everyone else within that municipality, thereby putting upward pressure on not only the market price, but also restrictions on new developments going forward.

Mr. Lorne Coe: Thank you for that answer. I just wanted to bring that out for the record, because in a discussion of the American experience, there are pluses and minuses. This is one aspect that—

The Chair (Mr. Peter Tabuns): Mr. Coe, you're unfortunately out of time.

Mr. Hatfield.

Mr. Percy Hatfield: He said with a smile. Thank you, Chair.

Scott, thanks for coming in. Good presentation—I just got it—several pages long. But help me understand something.

Mr. Scott Andison: I'll try.

Mr. Percy Hatfield: On page 2, we're talking about, "The evidence on inclusionary zoning programs that have been implemented in other jurisdictions such as Chicago, New York and San Francisco shows that those jurisdictions did not achieve their targets to increase the supply of affordable housing, either because the program was too complicated for developers to navigate, or there were insufficient incentives to entice the degree of new development required."

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Then, if I go to the bottom of page 3, again we're talking about New York, Chicago, San Francisco: "Several municipalities have implemented cash-in-lieu policies to stimulate more affordable housing, including New York City, Vancouver, Chicago and San Francisco."

So on one hand, you're saying it that was too complicated or it didn't have enough incentives; on the other hand, you're saying that they got incentives and they stimulated it. I don't get it.

Mr. Scott Andison: It's interesting that you look at those two. As I mentioned, sometimes they would do different programs with different sets of bylaws within the same municipal jurisdiction. In some cases, they actually allowed a cash-in-lieu option in certain areas of New York or Chicago, but they would not allow it in all of those areas. Again, the evidence that we've gone through is, in some cases, anecdotal interviews with developers. It's looking at the post-mortems on development, which have either been applications contemplated to be put forward and then died on the table, or ones that actually did go forward.

What they identified was that different criteria in different areas either had a negative or a positive effect, depending on what the local conditions were at the time. What they identified was that municipalities as entities had a very difficult challenge in front of them to anticipate what future market demand was going to look like in order to construct a program that was going to be forward-thinking.

Mr. Percy Hatfield: Going by what you're saying—that it's too complicated in many of the areas—we've heard that there are 500 jurisdictions in America that do it. Surely they're not all failures. Surely some of them must be working.

Mr. Scott Andison: Some of them have definitely generated positive, new affordable units, absolutely, but they are far less than what was either needed or what was originally put in their targets. We could not find one example where they said that the target was X and the outcome was X-plus.

Mr. Percy Hatfield: Right. But if we bring in something that is not complicated, that's easy to understand and that has targets, might that work in Ontario?

Mr. Scott Andison: I guess, Mr. Hatfield, anything is possible, but the evidence does not suggest that we are smarter than any of the other 500 municipalities.

Mr. Percy Hatfield: You can't say that about the government. Come on.

Mr. Scott Andison: I meant “we,” collectively. But the message of what we’re saying is that, yes, you can go down the road of inclusionary zoning—

The Chair (Mr. Peter Tabuns): I’m sorry. With that, you’ve run out of time with this questioner.

Mr. Scott Andison: Okay.

Interjection.

The Chair (Mr. Peter Tabuns): I’m not sorry about you.

To the government: Mr. Dhillon.

Mr. Vic Dhillon: Thank you, Mr. Andison, for your presentation. In your presentation, you talked about the unique needs of developers who are building purpose-built rentals. Can you go into more detail about the impact of off-site unit policies on your sector?

Mr. Scott Andison: Right now, we do not have off-site unit policies to contend with.

Mr. Vic Dhillon: You don’t?

Mr. Scott Andison: No.

Mr. Vic Dhillon: Okay. Do you think inclusionary zoning units should be allowed to be developed on another site?

Mr. Scott Andison: Yes.

Mr. Vic Dhillon: Okay. What are your thoughts around municipal monitoring and administration?

Mr. Scott Andison: With respect to what, sir?

Mr. Vic Dhillon: What’s your view on how much oversight the municipality would have on certain developments?

Mr. Scott Andison: I think what this does, at the end of the day, is just increase the overall costs that somehow find their way back to the administration of rental housing. I’m not sure that it could be argued that it adds value. If you are putting in a program, no matter how uncomplicated you attempt to be, if it requires that oversight, it involves setting up new administration and new resources to monitor something that, again, the evidence does not suggest moves as quickly or creates the outcomes and benefits as is hoped.

Mr. Vic Dhillon: Thank you.

The Chair (Mr. Peter Tabuns): That’s it, gentlemen? Fair enough. Thank you very much for your presentation.

Mr. Scott Andison: Thank you, Mr. Chair.

SOCIAL PLANNING TORONTO

The Chair (Mr. Peter Tabuns): We go next to Social Planning Toronto, Sean Meagher. Hello, Sean. As you may have heard, you have up to 10 minutes to present, and if you’d introduce yourself when you begin for Hansard.

Mr. Sean Meagher: I will. I apologize; I’m fighting a cold. I’ll try a cough candy to maintain my well-being.

Thank you, Mr. Chair, for having me here. It’s nice to see my member here, Mr. Dong.

The Chair (Mr. Peter Tabuns): Could you bring the mike closer to you?

Mr. Sean Meagher: I can certainly try. That’s about as far as it goes. Does that do the trick?

The Chair (Mr. Peter Tabuns): That’s great.

Mr. Sean Meagher: Okay, thank you. My name is Sean Meagher. I’m the executive director of Social Planning Toronto, which is a charitable organization that does research and public policy reform around issues affecting vulnerable populations. Needless to say, we’re very happy to come forward and speak about this issue.

I want to start by complimenting the government for bringing forward some very well-intentioned legislation. Evidence shows overwhelmingly that inclusionary zoning works. It adds considerably to affordable housing. It’s able to do so in a sustainable way, without relying on the investment of financial incentives or public funds, and the province is wise to adopt it. Similarly, creative solutions in the provision of public housing are also demonstrably beneficial. Regent Park, for example, a revitalization program that I know quite well, has generated considerable benefits for its residents and for the city as a whole.

But the reality is that good intentions don’t get you there. If not pursued with care and attention to detail, it can have the opposite effect of what’s intended, and sadly that’s the case here with Bill 7. Bill 7 as currently written has serious flaws that will actually do considerable harm to people who are living in public housing and will probably produce little or no new affordable housing.

I want to draw your attention to four aspects of the bill that have a particularly adverse effect on the intentions underlying the bill. First, in schedule 3, parts 2, 3, 4, 5, 6 and 9, we combine a list of recommendations that allow for the full or partial privatization of housing companies and their assets by municipalities on their own authority. These sections delete the existing constraint, which is ministerial approval, for the disposition of all or part of a housing authority that was transferred to the municipality from the province of Ontario.

This actually removes the safeguards on the stability of public housing that Mike Harris put in place originally. It is clearly unwise to do so for a number of reasons. First of all, if Mike Harris thought this was too big of a risk, it seems to me it was too big of a risk. Second of all, if you look at cash-strapped municipalities and their behaviours over recent years—just look back to last week, when the city of Toronto abandoned the third attempt to privatize Toronto Hydro in 10 years. The reason they made three attempts is because they are so hard up for money. The fact that, every time they look at this closely, the dollars simply are not there doesn’t prevent them from going back to that well.

Municipalities are tight for money, and having appropriate constraints on the disposition of public assets is an important consideration to have in place. That’s why it was put there by previous governments. But the language of the current bill takes away that sober second thought, takes away the ministerial approval, and I urge you to delete those provisions and retain the ability of the min-

ister to offer that sober second thought—not only because the risks are so high, but the gains are non-existent. The Regent Park revitalization went ahead; the disposition of lands for private development to finance the revitalization of public housing was entirely achievable within the existing constraints. We gain nothing and risk a great deal by passing these provisions, and I encourage you to delete them.

Schedule 3, part 7, allows for alternate housing benefits as a replacement for RGI units. Again, here there are lots of risks that accompany what are potential benefits. Alternate housing benefits that have mostly taken the form of portable housing benefits have a very mixed history, with significant questions about their ability to do what they are designed to do.

In fairness, some have worked well: The Moving to Opportunity experiment in the United States was quite successful in achieving a number of its goals. However, many of the section 8 processes under HUD's HOPE VI program have been very, very unsuccessful and posed real risks for the people who they were applied to.

The ones that worked well have the same characteristics. They had carefully structured criteria about who was being provided with what kind of portability and what the goals of providing that alternate benefit were. The ones that were unsuccessful simply holus-bolus handed out housing vouchers to people without attention to the details of who was receiving them and where they were going.

A plan or a framework for the application of alternative housing benefits is critical to their success, and I urge you not to pass a provision that provides for portable housing benefits, in particular for counting those against the RGI expectations of municipalities, without having a framework in place first. We have already seen some municipalities rush ahead on the prospect of this, to give out portable housing benefits without an underlying strategy for what they're for, and some of those have been provided in ways that we, based on our research, think will be unsuccessful.

On inclusionary zoning, I'll mention just a couple of things. One is that the provisions in schedule 4, section 4, clause 5, which forbid section 37 agreements in places where there is inclusionary zoning, will ultimately kill inclusionary zoning.

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Section 37 agreements are used to finance things that city councillors love: parks, recreation facilities, all kinds of things that their constituents really value. If there is a choice between those and inclusionary zoning and you have to pick one or the other, virtually every city councillor existing in the province of Ontario will pick section 37, and you'll have no inclusionary zoning provisions that are operable anywhere.

Any provision—the existing one, the ones that are rumoured to replace it—that pits section 37 against inclusionary zoning for all or part of any development would mean that no inclusionary zoning goes ahead, and

no serious effort in inclusionary zoning could possibly include that provision because it guarantees failure.

Last, but not least I'll mention cash-in-lieu and off-site development. I fully appreciate the government's underlying strategy for resisting cash-in-lieu and off-site development. They quite rightly recognize that in some jurisdictions, cash-in-lieu has found its way into general revenues and that off-site developments sometimes don't get built very quickly. There does need to be clear conscription around cash-in-lieu and off-site development rules, but they are going to be necessary if we are going to succeed in this effort.

In many cases, the buildings that would be subject to inclusionary zoning are high-end buildings with fancy finishes and high condo fees, things that are not going to function very well with the provision of affordable housing. Homeowners won't be able to afford the high condo fees. Organizations that purchase those buildings to try to rent them out as affordable home rental won't be able to afford those fees and could apply those resources better to more appropriate housing for those folks if we had a cash-in-lieu or off-site development provision.

The constraints on those that are necessary to achieve the government's goal, though, are that the municipality must have the option; it must not be the developer. The municipality should look at the development and say, "This is a place where cash-in-lieu makes sense or where off-site development makes sense. We're going to go down that road." That decision must be constrained by two things. One is a deadline for the completion of the development, and the other is a proximity rule. The government's objective, I assume, was in part to mix communities and make sure that neighbourhoods like the one that I live in, which is rapidly gentrifying, still have a place for people living on low incomes. That's an attractive thing to do through this process, but you can achieve that by creating a distance provision in any cash-in-lieu or off-site development constraints.

Those items in the bill, if they proceed as they're currently written, will fundamentally undermine what I think is the goal of the bill, which is to be able to create opportunities to build more and better and creative models of affordable and social housing. But the bill, as currently written, will definitely have a significantly adverse effect on the stability of social housing by tempting municipalities into rushes to privatization with no constraints on that, and will undermine the benefits of inclusionary zoning.

The Chair (Mr. Peter Tabuns): Thank you. We go first to Mr. Hatfield.

Mr. Percy Hatfield: Welcome. Thank you for coming in. I know you were in the audience and you heard the previous delegation suggest that inclusionary zoning doesn't work anywhere he's looked. Anywhere he's looked, it doesn't work; it won't work; walk away from it.

Mr. Sean Meagher: Yes. I did hear that; that is accurate.

What I heard the deputant say is that it did not meet its targets. That doesn't surprise me. There have been at least two or three government strategies that have gone awry at least to some extent in the history of the world, and this may also be one of them.

To say it didn't meet its targets is very different from saying it didn't produce an enormous amount of affordable housing, which it absolutely did. I don't know who set the targets in which municipalities and what those targets and gaps might have been, but we do know that literally thousands and thousands of units of affordable housing have been generated by inclusionary zoning in the United States, most of them without any public money being invested. There is absolutely no evidence to support the notion that we can't do the same here.

Mr. Percy Hatfield: If Mike Harris didn't want to take the risk on giving municipalities the option to sell or dispose of affordable housing units under their social housing inventory, why is the government making that option available now?

Mr. Sean Meagher: Well, my suspicion is that they got asked. I do know that there are a number of municipalities that want to continue to pursue things very much like the Regent Park revitalization. I think that was a very successful model and worth reproducing.

It is, in fact, not an obstruction to that kind of model to have the minister get the final sign-off. Yes, it is one more hoop to jump through, but it's a hoop worth having because it protects against the other category of privatizations, which are ones that are simply ways to try to fill the budget holes that every municipality is facing. So having a check at the provincial level to say, "This is a good model; we're going to support that," or, "No, that's not actually going to benefit people living in affordable housing and in social housing; we're going to turn you down on that one" is an important safeguard to have. So while I appreciate the desire for flexibility in the provision of affordable housing, you incur all the risks and none of the advantages by removing that safeguard.

Mr. Percy Hatfield: People say there's not enough rent-geared-to-income housing available in Ontario. This would suggest that if I come into funds or generate enough income, I don't have to move out when I can afford to.

The Chair (Mr. Peter Tabuns): Mr. Hatfield, your time is up, and I'm not sorry.

Laughter.

Mr. Sean Meagher: I am sorry your time is up.

The Chair (Mr. Peter Tabuns): To the government: Mr. Dong.

Mr. Han Dong: Sean, it's good to see you here. I was listening carefully to your presentation. I think it was very informative.

My question is on the appropriate sequencing in phasing in inclusionary zoning. Do you have any suggestions on the percentage and the timeline for the phasing in of inclusionary zoning?

Mr. Sean Meagher: Yes. I think it's pretty clear that a phase-in makes a lot of sense. If you look at our neighbourhood or other neighbourhoods across Toronto, which is the jurisdiction I know best, land prices are out of control. One of the advantages to inclusionary zoning is that the most flexible component of financing of a development is, in fact, land price, which responds to the market in a way that—other things like the cost of cement are driven much more by international price levels, and so it's hard to fix.

Having some time for the market to adjust is important, so having maybe about 10% of the expectation of inclusionary zoning happen in the first couple of years might make a lot of sense. If you're planning on 20% inclusionary zoning set aside, having it be 2% for the first couple of years, maybe 7% over the next couple and 10% in the fifth and sixth years makes a certain amount of sense, because the market can then begin to price in those adjustments. Many developments are a little too far along to start tomorrow at the full cost for the land price to adjust to that. But that kind of phase-in of a few years and a gradual rise that's predictable, so that the owners of land know how to price that into their future negotiations, makes a lot of sense.

Mr. Han Dong: Okay, thank you. Of course—

Mr. Sean Meagher: I'm sorry. Just as a quick caution on that, though: You can phase that in without incentives. You can phase it in simply by referring to graduating the set-asides rather than having to find a way to spend public money on private developments.

Mr. Han Dong: And, of course, there are a lot more opportunities for public input into the regulation phase.

What are your thoughts on the concern that the cost of inclusionary zoning could be passed on to consumers or homeowners?

Mr. Sean Meagher: I'm marginally confused by the notion that corporations that have an obligation to their board are not currently charging what the market will bear. If their boards find out they're not charging what the markets will bear, they will be very upset. My suspicion is that most housing is being sold for as much as it can be sold for and, in fact, everything that can be passed along to the consumer is being passed along to the consumer.

The issue, however, is that—

The Chair (Mr. Peter Tabuns): You're out of time, I'm afraid, with this questioner.

We go to the official opposition: Mr. Coe.

Mr. Lorne Coe: Sir, thank you very much—

Mr. Sean Meagher: He's a tough guy, this one.

Mr. Lorne Coe: Thank you very much for your presentation.

Mr. Sean Meagher: Thank you.

Mr. Lorne Coe: You've probably read a recent report by the Urban Land Institute. It's a US-based think tank on land use and real estate. They recently published a report on the economics of what we're discussing here, particularly inclusionary development.

One of the suppositions—I'm just reading it, because there's a quote from it—says that “various types of development incentives” are required to “ensure the cost to build affordable housing is not transferred to other units within that development project and ultimately paid by new homebuyers.” What do you think of that particular supposition juxtaposed to your presentation?

Mr. Sean Meagher: I really don't think it reflects the facts as we see them. First of all, I continue to be confused by the notion that developers are deliberately undercharging homeowners but will cease that practice once inclusionary zoning comes in.

On top of that, the evidence actually is that housing prices don't change dramatically under inclusionary zoning. What changes over time, predominantly, is the price of land.

I understand why there are some people who benefit from a great deal from the rapidly escalating cost of land. I have to admit that in most of Toronto, the rapidly escalating cost of land is in fact harming the urban fabric, and inclusionary zoning gives you an opportunity to kill two birds with one stone: You create some affordable housing and you create a little bit of a check on the unfettered inflation in land prices.

Mr. Lorne Coe: Thank you for that answer.

To my colleague.

The Chair (Mr. Peter Tabuns): Mr. Hardeman?

Mr. Ernie Hardeman: The money comes from somewhere, and I guess I just need to know where it's coming from.

Mr. Sean Meagher: From the cost of land. The cost of land inflates slightly slower in jurisdictions that have inclusionary zoning in them.

Mr. Ernie Hardeman: Why would the cost of land go down?

Mr. Sean Meagher: Because what you can charge for land depends on what somebody can build on it and how much profit they can make. What you charge for concrete depends on the international price of concrete. What you charge for steel depends on the international price of steel. Those are hard to control. The cost of land reflects local markets, and when the costs profiles of development change in local markets, the land prices respond. In Toronto, what people will spend on housing is going through the roof, and so the cost of land is going through the roof. If what people spent on houses went down, the cost of land would go down. If you introduce inclusionary zoning, what you do is eat in slightly to the profitability of any given development. Where that finally settles out is not in the concrete price or the steel price, but in the cost of land.

Mr. Ernie Hardeman: Thank you.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Hardeman. Thank you, Mr. Meagher.

Mr. Sean Meagher: Thank you.

The Chair (Mr. Peter Tabuns): With that, colleagues, we are now recessed until 6 p.m., when we resume. I'd ask you to be back here at 6 p.m. sharp.

The committee recessed from 1721 to 1800.

The Chair (Mr. Peter Tabuns): The social policy committee is back in session.

ACORN CANADA

The Chair (Mr. Peter Tabuns): Our first presenter is ACORN Canada: Alejandra Ruiz Vargas and John Anderson, if you would come up to the desk there. I wanted to let you know, and I'll let other presenters know, that you have up to 10 minutes to present, and then there will be questions from each party, three minutes per party. I'll let you know when you've run out of time.

When you start, if you would introduce yourself, so that we'll get proper records on Hansard. With that, the floor is yours.

Ms. Alejandra Ruiz Vargas: Thank you. How is everybody today?

The Chair (Mr. Peter Tabuns): We're good.

Ms. Alejandra Ruiz Vargas: Okay. My name is Alejandra Ruiz Vargas, and I am the ACORN Canada chair for East York. Today we are very happy, because we like inclusionary zoning. The affordable housing crisis in Ontario has disastrous effects on low-to-moderate-income families. Any legislation or policy change that would improve this situation is welcomed.

As you may know, ACORN is a membership organization of low-to-moderate-income people. We have active chapters in Ottawa and Toronto, with supporters and members living across Ontario. We aim to be the voice for low-to-moderate-income families by activating direct civic participation in those communities. What happens at Queen's Park affects our membership, and that is why we do the crucial work of connecting the provincial policy discussions to the local communities.

ACORN has long championed inclusionary zoning as a tool to create affordable housing. In 2010 we sanctioned a report by the Wellesley Institute written by specialist Richard Drdla. We are excited to see inclusionary zoning help ease some pressures on the need for affordable housing in municipalities.

As others have pointed out, there are benefits to allowing cash-in-lieu as opposed to granting affordable housing on site. While we understand, and in many ways sympathize with, the government's position that the housing be inclusive and avoid dividing people based on income, we feel it is a little bit naive to believe this should be absolute. In some cases there would be benefits to cash-in-lieu used to create affordable housing off-site.

First, allowing cash-in-lieu in some cases can allow for more housing to be built. For example, instead of two floors of a luxury tower having affordable housing, an inclusionary zoning agreement could see more units being built off-site.

Secondly, without cash-in-lieu, it may be hard for some housing providers to manage the affordable housing that is created. Co-ops, for example, would be difficult to create and manage if it were on-site.

ACORN opposes the changes to the Housing Services Act that allow for municipal service managers to sell or

dissolve their housing agencies without needing prior approval of the minister. Dismantling social housing in Ontario is a slippery slope. Although ACORN does support non-profit housing providers and co-ops, the problem is the vulnerability that is created in the system. For example, what happens when a government is elected who wants to cut funding to affordable housing, or change minimum service levels that the municipal service managers want to meet?

While there are problems at organizations like Toronto Community Housing, most of the problems can be tied to the downloading of social housing onto municipalities and to chronic underfunding. Other problems like bad management are not problems faced by government agencies alone. In Vancouver, the Portland Hotel Society, a non-profit housing provider, was plagued by massive waste and mismanagement. These are governance issues that all organizations are susceptible to, not just the municipally run public housing providers.

Municipal governments are in a much better position to deal with chronic underfunding from the federal and provincial governments than a non-profit housing provider.

It is much harder to dismantle a municipal housing agency than it is to cut housing subsidies or funding to non-profit housing providers. This must be taken into consideration, and a larger debate needs to be focused around this vulnerability.

In conclusion, ACORN has been championing the cause for inclusionary zoning for many years, and we are excited that the province is finally giving the powers to the municipalities. While this alone will not solve the housing crisis that grips communities across Ontario, it's an important tool.

The government should think twice about some of the rigidity of the legislation, especially when it comes to cash-in-lieu. It is correct to understand inclusionary zoning as a way to build inclusive and economically diverse neighbourhoods; however, it may not be the ideal in every situation. We believe that making the legislation rigid in a way that never allows cash-in-lieu is a mistake.

ACORN fails to see why the proposed amendments to the Housing Services Act, which allow municipalities to dismantle the social housing agencies, are in the bill. ACORN opposes any downloading of social housing on to the non-profit sector.

I would like to introduce my colleague John Anderson too—did I miss that part?

Thank you so much. If you have some questions, we are open.

The Chair (Mr. Peter Tabuns): Thank you very much. We'll go first to the government: Mr. Dong.

Mr. Han Dong: Good evening. Thanks for the presentation. First, a question: I've heard loud and clear that you think inclusionary zoning is going to help the housing needs in different communities in Toronto.

Ms. Alejandra Ruiz Vargas: Yes.

Mr. Han Dong: Okay. Do you think the city should also have the ability to access section 37 for community benefits alongside inclusionary zoning?

Ms. Alejandra Ruiz Vargas: We spoke for a long time when we had this discussion, and we agreed that it would be something that we are okay with, yes.

You had something to say, John?

Mr. John Anderson: We don't have a clear position on that. We've heard from some people who say that that double-dipping is something that isn't helpful when trying to get inclusionary zoning agreements. It's not clear to the developer community. Of course, we think that inclusionary zoning leads the way to enable communities like ours to be able to bargain with developers in order to get the best deal possible. We kind of see both ways, and maybe we're not having a position on that clearly right now. That's why we didn't talk about it.

Mr. Han Dong: Okay. This bill, if passed, will aim to give flexibility—like housing flexibility. What should we watch out for, i.e., landlord and tenant relations?

Ms. Alejandra Ruiz Vargas: What do you mean—the flexibility in landlord-tenant relations?

Mr. Han Dong: Yes. What's your view on that?

Ms. Alejandra Ruiz Vargas: We are totally proponents, but of course I think relationships with landlords should be the aim too. We think that quality should not be compromised for quantity. This should be something that we agree on.

Mr. John Anderson: Also, the rent control laws post-1991 would be a problem. If you're having rental buildings, we strongly think that all rent control laws need to be reviewed. We have also called for a complete review of the entire Residential Tenancies Act, so we're open for that if the government is.

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Ms. Alejandra Ruiz Vargas: Adding to that, the vacancy de-control—we want that out of the tenancy, because it's really giving so much power to landlords to affect the tenants. Every time a tenant leaves, they put in whatever amount of rent, and this is affecting totally the crisis in housing.

The Chair (Mr. Peter Tabuns): Mr. Dong, I'm afraid you've gone through your three minutes.

We'll go to the official opposition: Mr. Hardeman?

Mr. Ernie Hardeman: Thank you very much for your presentation. I appreciate the fact that you talked about the cash-in-lieu and that the development that's being built may not be well suited to provide some of the units as affordable units. If you're building a high-priced condo building, that's not necessarily the right place to put three floors of affordable units. The people may be much better off if it was moved off-site or there was cash-in-lieu.

The other positive that I see—and maybe you could comment on it—is that with cash-in-lieu, you could actually take that to spend it on some of the present social housing in the city of Toronto that is uninhabitable because of its bad condition, because they don't have the money to fix it. If they could create twice as many units

by bringing units back on line, wouldn't that be better for our housing shortage, rather than saying that you have to build it in the great big tower with the expensive buildings, where we can only house a third as many people doing it?

Ms. Alejandra Ruiz Vargas: Yes. As we mentioned, the cash-in-lieu is a tool, and we can really play with that. It's something that we can discuss. It's a great idea.

Mr. Ernie Hardeman: Okay. The other thing that you brought out in your presentation, which we've heard a little bit on the fringes in the last few hours, is the inability of the co-op housing movement, or even some of the non-profits, to be involved in the new build of the social housing, if it's all part of a major development, if there is no cash-in-lieu, or—and that's the other one, of course—if there is no off-site building, so you'd have to build it in the building. Your building would have to have your percentage of units in it. How is that going to help the people who are providing a great big group of our social housing today, which is the co-op movement and co-operative housing in the province of Ontario?

Mr. John Anderson: We think—because we've heard from experts—that in some cases, especially in small developments, it would be almost impossible if you didn't have cash-in-lieu. If you had a development where you wanted 10% but the development was only 10 units, it would be really hard to have one unit of affordable housing. Who is managing that?

I think there are examples in the United States of large buildings being able to have it inside. We don't want to say that we'd want cash-in-lieu all across the board, because we think that's really problematic. But experts we've talked to and that we're working with have said that in some cases, they agree with your point that it would make more sense, but especially in those small developments.

Mr. Ernie Hardeman: Somebody was telling us in one of the presentations today that, providing you made it so that both sides have to agree, it would be a good idea.

The Chair (Mr. Peter Tabuns): Mr. Hardeman? You've run out of time.

We'll go to the third party: Mr. Hatfield.

Mr. Ernie Hardeman: I'm sorry. I was just into it.

The Chair (Mr. Peter Tabuns): I know you were.

Mr. Percy Hatfield: I'll switch gears a bit, if I could. Thanks for coming in. Thank you for being here.

Rent control, as you mentioned, John, in 1991—what about the idea of bringing that up to 2001 and then every year after that, making it 2002, 2003, 2004 for units that would then be governed by real rent control?

Mr. John Anderson: This sounds like something we're interested in revisiting. When they brought in that rule, as you're pointing out, it was a decade removed, and that was 15 years ago. I may be mistaking the dates.

Ms. Alejandra Ruiz Vargas: Yes, 2005, I think. Anyway, we want to see the rent freeze. This is what we want. But I don't know if—

Mr. John Anderson: We also—if you're looking at the broader affordable housing strategy, without looking

at rent control laws, we have problems with that. We're coming here and just talking about this one bill in particular, but we know that there are several bills—or a few bills, or a couple of bills—coming out about this. And we've been involved in consultations, saying, until we're blue in the face, that something needs to be done about the out-of-date and ineffective rent control laws that exist in the province.

Mr. Percy Hatfield: Something from the last century—this is almost 2017.

Mr. John Anderson: Yes, 1991.

Mr. Percy Hatfield: Let's talk about off-site. If we're going to build projects off-site and if we're going to build whole off-sites together, would it just be stand-alone socialized housing, or would a co-op work better in a situation like that?

Ms. Alejandra Ruiz Vargas: I don't think co-ops would be better in a situation like that. One of the examples that we put here with the cash-in-lieu—would it be better to do the cash-in-lieu? For co-ops specifically, yes. But we want to raise that the cash-in-lieu really be taken into consideration because we don't want it—that would be rigid, wouldn't it? Because it's something that is a tool.

People always say, "Oh, but inclusionary zoning is not what is going to resolve everything," but it's a tool. In between, we have more tools—Canadians will have more tools and it will be better. This is pretty much our message: that we don't want that cash-in-lieu to be taken as something rigid.

Mr. Percy Hatfield: How much time do I have?

The Chair (Mr. Peter Tabuns): You have a minute.

Mr. Percy Hatfield: A whole minute? Okay.

Rent-geared-to-income, not enough units—if somebody's circumstances improve, do you think they should be evicted from the rent-geared-to-income apartment to make room for somebody who really needs the rent-geared-to-income unit? Or should they be allowed to stay and not be evicted?

Ms. Alejandra Ruiz Vargas: But evicted from which spaces? Evicted for what?

Mr. Percy Hatfield: If you're in a rent-geared-to-income unit and your circumstances improve and you could afford something more expensive, should you be allowed to stay even though you've been there for a year or longer? Should you be asked to move or should you be told you can stay?

Ms. Alejandra Ruiz Vargas: The law says that you only have a certain bracket to be in our RGIs. When you are out of this bracket, you need to move.

Mr. Percy Hatfield: You do?

Ms. Alejandra Ruiz Vargas: No, sorry, you need to pay the market rent.

The Chair (Mr. Peter Tabuns): I'm sorry to say that your minute is gone.

Mr. Percy Hatfield: Thank you so much.

The Chair (Mr. Peter Tabuns): Thank you very much for your presentation this evening.

Ms. Alejandra Ruiz Vargas: Thank you.

ALL IN

The Chair (Mr. Peter Tabuns): Our next presenter: Dyanoosh Youssefi from All IN. I hope I didn't mangle your name too badly.

Ms. Dyanoosh Youssefi: You did an excellent job on my name.

The Chair (Mr. Peter Tabuns): So you have, as you've heard, 10 minutes. If you would introduce yourself for Hansard we can go from there.

Ms. Dyanoosh Youssefi: I'm going to set my timer as well, if that's okay.

Good evening. My name is Dyanoosh Youssefi. Thank you for having me here to speak with you tonight. I'm the founder of All IN, a volunteer-run, non-profit organization that advocates for inclusive communities. Our organization is just over a year old, but in that year we have been quite active in the areas of housing, policing and citizen engagement both through programming and outreach as well as engaging with different levels of government.

All IN made written submissions on the previous designation of Bill 7, which was Bill 204. These submissions were in response to Bill 204 and the consultation guide of then-Minister of Housing Ted McMeekin. When I got the call Friday afternoon about this meeting I asked that it be distributed to you. I'm not sure if you've received this particular submission or not.

Interjection.

Ms. Dyanoosh Youssefi: Yes? Okay, great.

Our submissions focus on specific aspects of Bill 7, specifically the part dealing with the Planning Act. We commend the government for taking the steps to make it easier to build affordable housing. We are concerned, however, with what is missing from the bill. This is a unique opportunity to more robustly address our growing affordable housing crisis and to draft long-term solutions that will result in the provision of homes for people of all backgrounds and income levels and for people with diverse physical, psychological and developmental challenges.

This committee has a chance to address what is missing from the bill.

We believe that the starting point for all legislation and housing policy should be based on the principle that we are building housing for all. It should also be based on the principle that housing should be integrated so that people of all income levels and backgrounds can live together in the same neighbourhoods within close proximity of one another. The person who serves our morning coffee or cleans the floors of the Legislature should be able to live in the same neighbourhood, on the same street, as our lawyers, doctors and architects.

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We believe that integrated communities, particularly in larger diverse cities like Toronto, where people often live in smaller lots or in buildings, have clear, valuable benefits: They increase interaction and that increased interaction leads to increased understanding and col-

laboration. That, in turn, promotes the vibrancy and strength of neighbourhoods.

Segregated living, as we see too often with affordable housing that is relegated in certain parts of the city, exacerbates those divisions, the distrust, and exacerbates some of the health problems that are associated with poverty. We also work on the premise that housing for all is all of our responsibility: residents, developers and governments alike.

How does this bill need to be amended to facilitate and ensure inclusive communities with housing for people of all income levels in most neighbourhoods? We have six suggestions. The first two will take longer, but the last four will be pretty quick.

First, the amendments to the Planning Act propose to allow municipalities to implement inclusionary zoning, but it appears that even in prescribed municipalities—Toronto would be one of those, presumably—the requirement is only to authorize the inclusion of affordable housing. It appears, on our reading, that the bill gives even prescribed municipalities the option to require inclusionary zoning with respect to some developments, and not others. If we are going to build homes for all, then inclusionary zoning should not be left to so many unpredictable factors. Inclusionary zoning should be an integral part of the blueprint for all neighbourhoods and developments. If we want to build truly inclusive communities, then every neighbourhood, every new development, should include housing for people of all income levels.

We ask that the committee modify the language of the law so that every new development—or most new developments—are required to provide affordable housing and affordable home ownership options in the numbers that are required to address the problem of affordable housing.

Because of the work of All IN, I'll focus my example on Toronto. All along Finch, Sheppard and Eglinton avenues, the LRT is being built or is planned to be built. With that come applications for developments to replace existing structures with mid- and high-rises. The law must ensure that each new development along these corridors also makes homes available for middle-income people, for seniors who want to downsize but stay in their neighbourhoods, for multi-generational families and rentals that are affordable to people of all income levels. But if the bill permits inclusionary zoning to be determined on an ad hoc basis, many of these buildings and others like them could be built with no affordable housing, and that's a problem.

The second point is about the integration of affordable housing. I ask you to ensure that affordable housing units in a building are not segregated from the rest of the building; that there are no separate entrances, that the amenities are available to all. But prior experience and the language of the bill leave the door open to this kind of segregation, to allotting a portion of a building as affordable housing and to the public identification of people as low-income. This is a problem. We would not

dream of building a high-rise where people are physically segregated in the building based on their race or their religion; why would we allow for separation and segregation based on income?

The bill should be amended to include provisions that require affordable housing, rent-geared-to-income homes and homes for purchase at below-market price to be integrated into each building and not physically separated.

The third issue that seems to be omitted from the bill is that of the development size at which inclusionary zoning requirements would kick in. There has been some talk that inclusionary zoning would apply primarily to high-rises. We submit that this should not be the case. Affordable homes should be available in every neighbourhood and every building, and developers should not be able to avoid the requirement by reducing the height of their building by one storey. Certainly, if we are serious about addressing our affordable housing crisis, inclusionary zoning should apply to mid-rises as well. But this omission leaves the plan vulnerable.

We submit that the provincial government should require that municipalities implement minimum unit-set-aside requirements for all new developments to reflect and address the need for affordable housing in Ontario.

Fourth, the current bill is silent on the needs of a large category of Ontarians, leaving their urgent needs un-addressed. Here, I am speaking of people with physical, developmental and psychological challenges; for example, my 30-year-old neighbour with Down syndrome who lives with her parents but who will eventually have to live on her own with some support from her extended family. People like my neighbour need some kind of supportive housing to which they can move before their caregivers become incapacitated, but such housing is, unfortunately, unavailable. The waiting list is decades long.

The needs of these folks and their families should not be left out of this bill. This is an opportunity to imagine how inclusionary zoning can be used to plan ahead for the building of more supportive housing, and I ask you not to waste that opportunity.

The fifth point refers to the definition of “affordable.” The consultation guide asked for input on the issue. While I agree that the definition of “affordable” is probably more appropriately left to regulation or provincial policy, it should be considered at this stage, because the definition of “affordable” as we have it now is simply untenable. It sets too high a standard. For that, I’d just refer you to page 13 of the submissions we made previously.

Finally, to ensure that inclusionary zoning is effective at building homes for all, we submit that the provincial government should provide the financial support required to implement and regulate the system. All the costs cannot be deferred to the municipalities. If we do so, we risk setting up a system that is destined to fail.

If this committee makes recommendations to amend the bill so that inclusionary zoning and the building of affordable homes is always an essential element in the blueprint of building communities and new develop-

ments, if it ensures that our communities and new developments are integrated so that people of all backgrounds and income levels can live in close proximity to one another, and if the committee makes recommendations to ensure that any plans for future developments also include homes for people with special physical, developmental and psychological needs and that there are sufficient provincial supports and resources to ensure that we can successfully build housing for all, then it will be helping all Ontarians live in safer, more vibrant communities.

I thank you for your attention.

The Chair (Mr. Peter Tabuns): Thank you very much. We go first to the official opposition: Mr. Coe?

Mr. Lorne Coe: Thank you, Chair.

Your presentation was excellent. Thank you. I’m on the part, though, dealing with inclusionary zoning. Do you believe that financial subsidies or incentives—

Ms. Dyanoosh Youssefi: Sorry. I didn’t hear your question.

Mr. Lorne Coe: Do you believe that financial subsidies or incentives are required for the proposed inclusionary zoning policy to be successful?

Ms. Dyanoosh Youssefi: I think developers certainly have made the argument that it is not possible to do this without some kind of incentive, something in return. Our organization has looked and we’ve talked to other organizations to actually get the numbers, and it’s something that’s not so easily accessible, so it would be difficult to say whether it’s possible to build it without any incentives.

We don’t oppose providing some incentives if it helps to build more affordable housing, but our position is that we have to be careful about what kinds of incentives we provide. If the incentives mean that we allow for a higher building and more units but then we don’t have the public services available in that neighbourhood for the increased density, then we’re not really serving our community. If the incentives mean less money for the city for some of its vital services, then the incentives may not be helpful in the long run.

Mr. Lorne Coe: Okay. The basis for my question—and you might not have been in the room when I asked this question of another delegation—was the Urban Land Institute’s recent study. They had a report that talked specifically to the economics of inclusionary zoning and the experience in the United States and what the effect has been in different particular models. But I’ll turn to my colleague for the next question.

The Chair (Mr. Peter Tabuns): Mr. Hardeman.

Mr. Ernie Hardeman: Just a question: You mentioned building communities with the full range of housing in them, and then you talked about building communities along the transit line. I agree with both, but how do you reconcile that along the transit line is not where you would build the high-end residential developments? Because they’re going to go where they want to, whether it’s Forest Hill or wherever it is. So how do you keep the mixed community along the transit line, which

is of course to move people in and out of their community where they don't have cars and trucks?

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Ms. Dyanoosh Youssefi: I want to make sure that I understand your question. You're saying, how do we justify not building high-end residential communities—

Mr. Ernie Hardeman: No, no. I'm just suggesting that the high-end are not going to live there.

Ms. Dyanoosh Youssefi: Oh, okay.

Mr. Ernie Hardeman: We're going to build communities without the high end in it, is what I'm suggesting, and that's segregating too—

Ms. Dyanoosh Youssefi: I think you're correct, that maybe at the highest ends there aren't going to be a lot of people moving along those main corridors, although if someone were to build a luxury condo, they may come. Some people—

The Chair (Mr. Peter Tabuns): And I'm sorry to say that you're out of time and I have to go to the next—Mr. Hatfield.

Mr. Percy Hatfield: Welcome, Dyanoosh. Thank you for being here. It's a good presentation. As I read through this wonderful presentation, I know it references Toronto more than the province. When we heard from the Association of Municipalities of Ontario, they wanted the flexibility in their municipalities for municipal leaders to make up their minds, such as on inclusionary zoning. Your paper calls for it to be mandatory as opposed to them suggesting that they need flexibility—no one-size-fits-all policy. How do you respond to that?

Ms. Dyanoosh Youssefi: Thank you for the question. Because we're a relatively new organization, All IN's work has been concentrated on Toronto. Our position is not that it should be mandatory in every municipality; it is that it should be mandatory in larger municipalities where the housing crisis is more of a crisis, where the need is greater and where there is a greater number of people at the lower end of the income level.

I agree that there should be flexibility so that in smaller municipalities there can be measures taken to address the needs of those communities, and we certainly can't speak for them at this stage. But I also think that the province should take the lead to say that this isn't optional for places like Toronto, York region or other larger cities where there's a dire need for housing.

Mr. Percy Hatfield: You also talk about cash-in-lieu and you mention that in Toronto, under the Planning Act, money has been taken—\$136 million, whatever you mentioned—for libraries, parks, public gardens, street-scape improvements and so on. Are you suggesting those amenities be set aside and they concentrate only on affordable housing in Toronto?

Ms. Dyanoosh Youssefi: In terms of what we're planning for the future, what we should focus on?

Mr. Percy Hatfield: Yes.

Ms. Dyanoosh Youssefi: No. I think you cannot have vibrant communities—if you build affordable housing but you don't have libraries and parks and seniors' centres, it's not a community. I'm not saying that you

need one or the other. I think the context in which we raised that issue was in the context of section 37 and whether or not it has been a useful tool in building affordable housing, and it hasn't because so little of it goes to building affordable housing. Section 37 has been used more often for building a playground or a statue, and it's not a solution to inclusionary zoning, and we're—

Mr. Percy Hatfield: You want affordable housing in all neighbourhoods. One of the possibilities is taking affordable housing off-site, doing it over here as opposed to in the proposed condo complex or housing complex. Do you think it should be on-site or off-site if they do inclusionary zoning?

Ms. Dyanoosh Youssefi: I think that in reality, a variety of housing will be needed. Our position is that integrated living is better. If we—

The Chair (Mr. Peter Tabuns): And you're out of time with this person. I need to go to Mr. Rinaldi.

Mr. Lou Rinaldi: Well, thank you so much for being here. You've been cut off a number of times. You've got so much to say, which is good. Thanks for your presentation, by the way. It was very concise and to the point.

I'm going to follow up a little bit on Mr. Hatfield's question. Maybe you can expand a little bit more. One of the goals of Bill 7 that we're debating or talking about is to provide local service managers with more flexibility in administering and delivering social housing in their respective communities. For example, in a way it allows municipalities the flexibility to set up inclusionary zoning in their own communities. Are you concerned about that with regard to accessibility if you just allow the municipalities to make those decisions on their own?

Ms. Dyanoosh Youssefi: Accessibility in terms of for people with disabilities?

Mr. Lou Rinaldi: Yes.

Ms. Dyanoosh Youssefi: We have the Ontario—I'm not sure if—

Mr. Lou Rinaldi: The accessibility act.

Ms. Dyanoosh Youssefi: Yes, the disabilities act, which requires new developments to ensure that. If we have the proper mechanisms set in place to follow up and make sure that new buildings are accessible, it shouldn't be a problem.

Mr. Lou Rinaldi: Organizations like yours, and there are a number in the province—are you in a position to take on the responsibility of administering social housing at whatever time and at whatever level?

Ms. Dyanoosh Youssefi: Us?

Mr. Lou Rinaldi: Yes.

Ms. Dyanoosh Youssefi: God, no. We're a volunteer-run organization. Everybody has other jobs that they're doing. I should say that we started in ward 16 of Toronto, which is one of the most affluent neighbourhoods in the country. I think that's important to know, that despite the affluence that people have, we largely advocate for inclusive communities. But our organization doesn't have that kind of capacity. We have no paid staff.

Mr. Lou Rinaldi: We've also heard from developers. They feel that we're maybe going too far in respect to our expectation from the developer. What's your perspective on that?

Ms. Dyanoosh Youssefi: I believe that we are all responsible for building our communities: citizens through their engagement and through paying taxes, government through their leadership and businesses through social responsibility.

As I said before to one of the questions that was posed earlier, I have not seen the numbers that would convince me that there's no room for developers to budge on this. I have not seen the numbers that would tell me, "You know what? We're going to go under if we do this." They are here because Toronto is a growing city and there is a continued need for building.

We cannot say, "Go ahead and build. Take the land and build, but only build for people who are able to pay you a certain amount of money and leave everybody else by the wayside." Our position is that there is a social responsibility.

The Chair (Mr. Peter Tabuns): With that, I'm sorry to say you're out of time. Thank you very much for your presentation.

Ms. Dyanoosh Youssefi: Thank you for your time.

REAL PROPERTY ASSOCIATION OF CANADA

The Chair (Mr. Peter Tabuns): Our next presenter: the Real Property Association of Canada, Mr. Brooks Barnett.

Mr. Barnett, I'm sure as you've heard, you have up to 10 minutes to present. If you would start off by introducing yourself so Hansard gets it right.

Mr. Brooks Barnett: Sure. I'll try to actually be under the 10 minutes. As mentioned, Mr. Chair, my name is Brooks Barnett. I'm the manager of government relations and policy at the Real Property Association of Canada. REALpac, as we're known, is Canada's senior national industry association for owners and investors in commercial real estate. Our members include publicly traded real estate companies, investment trusts, private companies, pension funds, banks and life insurance companies, all with considerable assets in Ontario.

REALpac, for some time, has been actively following the ongoing public debate around inclusionary zoning in Ontario and how that relates to the long-term affordable housing strategy. As many of our constituent members are involved in the development of multi-family real estate, they have a vested interest in ensuring that any policies are designed fairly and encourage the economic competitiveness of the real estate industry in Ontario. It's in that spirit that I share our comments on Bill 7 this evening.

It's generally recognized that Ontario municipalities are under various financial constraints which affect their ability to provide vital housing for residents. These same

municipal governments frequently point to a need for further powers to provide affordable housing and related supports.

REALpac believes that the government's policy goal to provide more affordable housing opportunities in Ontario is commendable. There are ways, however, to incentivize the development and the building of affordable housing units within the existing policy tool kit without having to establish new rules or policies. We believe that the government should take a deeper look at development and land use planning policy and find ways to encourage affordable housing from within that existing policy context.

Additionally, incentives can be offered to support further affordable housing in Ontario. We urge you to look at those. For example, we are convinced that gains could be made by allowing density bonusing, transferable development rights, reduced development charges and more flexible zoning designations for willing market participants.

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REALPAC believes that housing supply is constrained by very slow development approvals, increasing fees and charges, and more and more planning demands and controls. Development charges, section 37 extractions, building permit fees, parks levies, parking cash-in-lieu and mandatory art contributions all push up the cost and risk of development in this province and, as a result, housing prices and rents will continue to skyrocket. The old approval model contributes to Ontario's affordable housing issues and, members, needs a complete overhaul.

We believe that policymakers should be mindful of the following considerations with respect to inclusionary zoning: It may lead to a lack of fairness for residential developers. It may affect the affordability of housing generally; and other strategies can be far more effective in creating affordable housing.

Many members of the commercial real estate industry consider these policies to be inherently unfair for residential developers as they would be expected to pay for the entire cost of affordable housing in those same developments affected by the policy itself. The province of Ontario does not compel grocery stores to subsidize grocery costs for lower-income shoppers. It is unrealistic, therefore, to expect that multi-residential housing providers will bear the cost of additional housing units without any concessions in return or housing cost increases.

REALPAC and our member companies believe that the implementation of inclusionary zoning policies in Ontario without complementary incentives may jeopardize the affordability of Ontario's new housing stock in the near future and work at cross-purposes with the intended goal of the Long-Term Affordable Housing Strategy itself.

Inclusionary zoning policies will likely add significant cost-per-square-foot pressures that will affect more marginal markets in Ontario, the very ones where affordable housing starts would be most advantageous.

Inclusionary zoning is effectively a tax on new housing to pay for subsidized housing. When a tax is imposed on a commodity, prices go up on that commodity, less of it gets made, or both. It is as simple as that. Developers will pay the initial cost of building the low-income units, but evidence shows that homebuyers will ultimately pay for it.

The National Center for Smart Growth Research and Education studied inclusionary zoning in 2008 and found that cities that adopted inclusionary zoning saw housing prices increase roughly 2% to 3% faster than cities that don't adopt such policies. We believe that in Ontario's highest-value real estate markets, an inclusionary zoning policy will likely lead to a situation in which homebuyers will face increasing barriers to home ownership. I'll mention also that this will be extremely punitive for those getting into the market as well.

Therefore, we would recommend that the province take the following approach to affordable housing in Ontario: (1) improve responsiveness of the planning and development process; and (2) leverage existing planning and development tools and incentives to create the housing you seek.

Ontario's municipal and provincial development processes are onerous, time-consuming and costly. As they stand, they make building affordable housing both unprofitable and impractical for our industry. The system can be amended in such a way as to make the building of affordable housing practical and profitable for developers while achieving your intended outcome. For instance, the development approval process can be fast-tracked in scenarios where developers have voluntarily provided affordable housing units in their development; and we should build more housing intensification in key residential areas.

We believe that many potential incentives can be found within the existing policy toolkit, and we should be looking at those. In many scenarios, these tools decrease the overall cost of development and allow developers to include a mix of affordable housing units while still generating the profit that they seek. Some of these incentives may include the waiver of section 37 charges when affordable housing units are built voluntarily; reduced parking requirements; and the deferring of development application fees in their entirety.

We would ask that the legislation include provisions that would incorporate an incentive-based mechanism as part of any inclusionary zoning policy implementation.

We would also recommend that the province convene a working group comprised of industry and academic leaders to properly determine how inclusionary zoning can be implemented in Ontario.

I'll close, members, by saying that Ontario need not invent the affordable housing wheel. A strong mix of incentives and planning system improvements can help build homes for Ontarians who are waiting for them, and waiting for them urgently.

I welcome any questions that you may have.

The Chair (Mr. Peter Tabuns): Thank you very much. We go first to Mr. Hatfield.

Mr. Percy Hatfield: Thank you for coming in. Whoever gave you the idea that inclusionary zoning would come in without any compensatory incentives?

Mr. Brooks Barnett: I don't believe that that was ever floated as an eventuality. I merely suggest that without those things, this policy will be hard to chew.

Mr. Percy Hatfield: Well, yes. That's why all we've talked about here are partnerships. You can't do it on your own. Nobody said they're going to stick it to you guys or anybody else.

I'm just confused why you think we need an elite working group to tell the rest of us what you would accept under inclusionary zoning. Where'd you come up with that?

Mr. Brooks Barnett: I think the point with the working group, and I think it's a point that was echoed by several other delegations hopefully this morning, was that a working group could probably study this issue and find what the actual impact on the housing market in Ontario would be once these policies are included.

No two markets are alike. Unfortunately, there is a lack of detailed knowledge as to how this will impact home prices in the long run. It's something that I think a working group of academics should probably look at.

Mr. Percy Hatfield: The academics we heard from said there was absolutely no evidence, despite what you suggest, that housing prices would be impacted by inclusionary zoning. There's no evidence anywhere in North America.

Mr. Brooks Barnett: I'd be happy to share what we have—

Mr. Percy Hatfield: Please.

Mr. Brooks Barnett: Sure.

Mr. Percy Hatfield: In writing, tomorrow.

Mr. Brooks Barnett: Sure.

Mr. Percy Hatfield: Thank you—with the entire committee.

Mr. Brooks Barnett: I have the submission here in case we'd like to circulate that at some point. But, sure, I'd be happy to share that with the committee.

The Chair (Mr. Peter Tabuns): Okay. Thank you very much, Mr. Hatfield.

We go to the government: Mr. Anderson.

Mr. Granville Anderson: Hi, Mr. Barnett. How are you?

Mr. Brooks Barnett: It's nice to see you. How are you?

Mr. Granville Anderson: Good to see you again.

Mr. Brooks Barnett: Nice to see you.

Mr. Granville Anderson: All right. Thanks for being here and thanks for the presentation that you made.

To continue on what Mr. Hatfield has said, inclusionary zoning doesn't mean that developers are going to subsidize prices. My understanding is that there will be units geared for people with lower incomes. So these would be specifically built units to meet the demand and

be within the means of those individuals. It's not that they're going to subsidize units for people with lower incomes. I don't understand how that would impact developers.

Mr. Brooks Barnett: Sure. The point is that when you have units that are to be provided to the market within a building, let's just say, where there are regular condos for sale, if that were what the building would be, the price on those condos would escalate, is the view of the industry. As a result, it would be somewhat of a subsidy as the price would cover a free commodity that would be provided to the market.

Mr. Granville Anderson: Do you have any suggestions? There is a housing crisis for low-income people. What would your suggestions be? I've heard presenters discuss the partnership model. What's your feeling and—

Mr. Brooks Barnett: I think in an ideal model, there would be legislation that would compel municipalities to properly zone neighbourhoods so that, if there were to be an influx of new units provided for the purpose of affordable housing, there would be zoning amendments that would match so that further density could lead to a situation where there would be more provided at market value to the market itself. It isn't inclusionary zoning that's the issue. Without any incentives or without the proper trade-offs, it would be very difficult to, I guess, put this to the industry.

Fundamentally, the problem is that municipalities, especially the city of Toronto, have under-zoned lands to the point where there is a significant upzoning required to be able to put in enough affordable housing to make this profitable for a developer. In a hot market, if I were going to put a building in Yorkville in Toronto, inclusionary zoning is palatable and it can be stomached. But in a more marginalized market, without proper concessions, it would be very difficult to stomach that.

Mr. Granville Anderson: I've heard that municipalities want to be able to use section 37 and inclusionary zoning at the same time. Any thoughts on that?

Mr. Brooks Barnett: No double-dipping. I think that in a situation where council can extract section 37 money and also impose any sort of inclusionary zoning would be an unfair double burden, especially at a time when councillors already have the ability to provide—

The Chair (Mr. Peter Tabuns): I'm afraid you're out of time. We'll have to leave this questioner.

We go to the opposition. Mr. Hardeman.

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Mr. Ernie Hardeman: Thank you very much for your presentation. We've heard in a number of presentations that, as Mr. Hatfield suggested, there's no evidence that the price will go up. The explanation we heard from one presenter this afternoon was that building more economically on the land will reduce the ability to make money, so that will reduce the price of the land for the seller of the land, and that's how we're going to make the houses cheaper.

Could you comment on that? We know that one of the major costs of building, particularly in Toronto, is the

cost of the land. Do you see a possibility that the people that you're representing here today would be liable to build less because of this inclusionary zoning?

Mr. Brooks Barnett: Yes. I think fundamentally, the point is that if I'm developing any piece of property—take the city of Toronto, for example—there are a number of factors that are going to influence how I'm going to basically develop anything. At the end of the day, this is a potential burden that could be, with concessions or with incentives, reduced to the point where it's not cumbersome at all.

To your question, there are a number of fees, charges and regulations that exist in the development community. At the end of the process, because they are so cumbersome, the appetite to put in affordable housing units within a building is significantly lower than it would be because of these fees. If there were a break on something like property taxes, or development fees, or charges, or even the application costs, there's a little bit more in the kitty for a developer to then say, "Well, there's some money here already. I'm clearly getting what I want out of the project. I'm fine with it."

To look at the planning system as it's set up right now and identify ways to change it efficiently might actually lead to more of an appetite on the part of developers. I think that that would be job one.

Mr. Ernie Hardeman: They say time is money. Can you tell me on average how long it takes to get an application from the time I buy the piece of property to the time I can build a high-rise on it in Toronto?

Mr. Brooks Barnett: We've studied this in 10 major markets in Canada. You're sometimes looking at years. I decide I want to put up a building, and it might actually be, at the end of the timeline, years later. It's that cumbersome. For a mid-rise building, we're looking at 12 months-plus just in the development, approval and negotiation phase. It's not the right way to have a development system in Ontario.

Mr. Ernie Hardeman: So you're suggesting that's one way we can do it, to make housing more affordable by improving that process.

Mr. Brooks Barnett: And cut down some of those costs.

Mr. Ernie Hardeman: Okay.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Hardeman. Thank you very much for your presentation this evening.

CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

The Chair (Mr. Peter Tabuns): The next presenters are the Co-operative Housing Federation of Canada, Ontario region: Harvey Cooper. Hi, Harvey. I think you know the drill. You have up to 10 minutes. If you'd introduce yourself for Hansard so you're properly recorded.

Mr. Harvey Cooper: Co-operative Housing Federation of Canada, Ontario region is pleased to speak to Bill

7, the Promoting Affordable Housing Act. We are the umbrella organization for 550 independent housing co-ops in Ontario, home to some 125,000 people throughout the province. Housing co-ops are found in nearly every riding in Ontario, with many of them in urban centres.

While there are a number of changes to the legislation proposed by the bill, we will focus our remarks today on the inclusionary zoning provisions, as we see this as the most significant change contemplated by this act.

As housing providers, our members see every day the impact an affordable home can have on the lives of those in need. A safe, secure home is the foundation on which we build our lives. With an affordable home, we can raise a family. We can find and we can keep work. We can invest in training and hopefully have enough money left over to put food on the table.

We have long advocated for the province to give the municipalities the right to enact inclusionary zoning bylaws in their communities. We support the legislation for a number of reasons. First of all, as you've heard today, it's a proven tool that has increased the availability of affordable housing for low- and modest-income households in literally hundreds of communities around the world, but particularly in the United States. It supports healthier, more inclusive communities, and we also see the potential to actually build some non-profits and housing co-ops through the bill.

For too many families and individuals in the province, finding an affordable home has become next to impossible. The growing cost of housing and the long municipal wait-lists for assisted housing, particularly in Toronto but in other cities as well—it's well documented, and I'm sure you've heard about it all day long. Given the challenges of the lack of housing that Ontarians can afford, we urge the province to give municipalities the flexibility to create rules that will support the development of affordable rental housing, specifically through inclusionary zoning.

I think we have to be clear: Inclusionary zoning on its own is not going to fix Ontario's housing shortage, but it has actually got a very solid track record of producing workforce housing in 500 jurisdictions in the United States. We strongly believe that the government, the private sector, co-ops and non-profits have all got a role to play in this partnership, and if implemented properly, inclusionary zoning has great potential to increase the availability of below-market-rate rental and affordable owner options, and frankly, hopefully, in some of the more expensive areas. I think it's in these very markets that it's particularly challenging to build housing that's actually affordable for the majority of Ontario's workforce.

While we strongly support inclusionary zoning, we recommend that all parties support some amendments to the bill for its success. Particularly, we recommend that both off-site development and money in lieu of affordable housing units are allowed, at the discretion of the municipality, where a net social benefit can be identified;

and that all reference to section 37 of the Planning Act be removed.

When we talk about off-site development and money-in-lieu, the intention of inclusionary zoning is to create inclusive communities and neighbourhoods. In most cases, this probably can be achieved by including the units in a new building. However, there are going to be a number of cases where the ongoing costs of providing affordable housing, particularly in some of these expensive new developments, are absolutely prohibitive, and they would significantly limit the affordability of the units that you're providing.

In those cases, we feel the public good would be much better served if, at the discretion of the municipality, the inclusionary zoning units were developed as a stand-alone building off-site, but within a reasonable distance from the original project. The stand-alone building then should be able to either offer more units of affordable housing or homes that are more deeply affordable than what would have been possible from that project on-site. For co-operative housing providers, an off-site stand-alone building in many cases would be much more preferable to us than a few scattered units in a luxury condo.

There are a number of examples of this across the province, using section 37. I'll just give you one: Charles Hastings Housing Co-op is a 91-unit building right downtown in Toronto. It was built in 1983 by a private developer in conjunction with the Co-operative Housing Federation of Toronto. Building the co-op was part of the developer's section 37 requirement; he was building an adjacent condominium. If you look at these two buildings, from the outside, the co-op clearly mirrors the original condo, but on the inside it's very different. The co-op was able to specify the unit layouts and the fittings; they're much more appropriate and they're much more modest for their community. For the past 33 years, that co-op has created an inclusive and mixed-income community in the heart of Toronto.

Allowing off-site development where developers can contribute either money in lieu, or flexible off-site rules, would be particularly beneficial if it allowed co-ops and non-profits to build some of the larger, inclusive communities.

We're also concerned that rental housing developed through inclusionary zoning may be of too small a scale to make it financially sustainable. Ontario's Long-Term Affordable Housing Strategy update, released in the spring, highlighted some of those very problems encountered by the existing small housing providers. Providers that are too small are vulnerable to cash flow issues. They can have vacancy loss. They can struggle trying to get properly paid management. They may not be able to withstand unforeseen expenses.

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I think that it's important that the province enable municipalities to find ways to actually increase the scale of affordable rental communities built through this IZ program, using off-site—and again, put some bookends

around the cash requirements, that they have to go, over a certain time, to affordable housing projects.

On section 37: We're advocating that the province remove all reference to section 37 of the Planning Act from this bill. It allows the local community to benefit from a new development and is an important part of making residential developments that break from the traditional height and density in a community more desirable currently to those residents. With inclusionary zoning, sure, it's a significant public benefit, but it does not offer the same tangible advantage to the existing neighbours, who are already well housed and will be disrupted by construction and increased density.

We are very concerned that the bill, as it is currently written, is putting inclusionary zoning in direct competition with section 37, and it may prevent some municipalities—I think you've already heard—from adopting inclusionary zoning altogether. Our experience at the municipal level over many, many years is that if it's a battle locally between parks and affordable housing, housing rarely wins.

We understand that the section 37 restriction in the bill is to prevent municipalities using increased density to offset a developer's inclusionary zoning requirements—and you heard from the last speaker—and then going back to the developer to seek the additional benefits. Some perhaps see this as double-dipping, but we don't. We think that the provision in this bill actually unfairly targets section 37. There are a number of ways that the municipality can make the units provided through this program more affordable. These include waiving or lowering development fees, reducing parking requirements, lessening the tax abatements, providing density bonuses, so on and so forth. You've heard them all.

Section 37 is just one of those potential offsets. It should be up to the municipality to determine what compensations may be appropriate in the community.

A little bit about regulations: I think that a great deal of nuance of the inclusionary zoning legislation will actually be decided in regulation. We feel that this is appropriate. In the United States, it's common for the rules around inclusionary zoning to be adjusted a few years after they've been introduced to reflect the changing housing market and experience.

Regulation is far easier to change than legislation, so we are encouraged by the province's approach. However, we have a few recommendations that we hope are part of the regulations: We support the principle of municipal discretion; we hope that you also set at least a 30-year affordability requirement; and also allow non-profits and housing co-ops to be exempt from these provisions.

A guiding principle for the enactment of successful inclusionary zoning should be to enable the municipalities to develop a program that reflects their local market—

The Chair (Mr. Peter Tabuns): Mr. Cooper, you're out of time, I'm sorry to say.

Mr. Harvey Cooper: Okay, thank you. I look forward to any questions.

The Chair (Mr. Peter Tabuns): We'll go first to the government: Mr. Dong.

Mr. Han Dong: Good evening, Mr. Cooper. Thank you very much for the presentation.

Do you see a role for your organization to play? We've heard from the developers about their interest in building off-site, and I also heard, in your comments, support for building off-site. Do you see that your organization has a role to play in some of these projects?

Mr. Harvey Cooper: Thank you very much for the question, Mr. Dong, and absolutely. Certainly, if this act comes into force and municipalities pass regulations, I think that a number of them, including some of the major cities like Toronto, as some of them have done in the past under section 37, are going to be looking to non-profit groups and co-operative groups to partner with, particularly if they've managed to put together maybe a portfolio of 15 units here, 30 units there. That's why we recommend the off-site or the cash-in-lieu, because then you could have a standalone project of 50 units.

We're actually hoping to see some development of the non-profit and the co-op world come out of this bill.

Mr. Han Dong: Great. How would your organization partner up with municipalities to encourage inclusionary zoning?

Mr. Harvey Cooper: Well, certainly, I think we've been a strong advocate for this legislation for many years, but on the ground, as I mentioned in the beginning, we have 550 housing co-operatives throughout the province. We've provided, as an umbrella organization, support to groups that used to develop co-operative housing; some of those folks are still around. But the programs have been a lot more modest than they were years ago, so I think it's a chicken-and-egg argument. If programs are in existence, I think housing co-ops are a model that works well: mixed-income communities with the residents in control of their housing. We enthusiastically look forward to being part of the solution of whatever new units might get built under this.

Mr. Han Dong: Just quickly, affordable housing: Some see it as for low-income or moderate-income families. What are your thoughts on that?

Mr. Harvey Cooper: Well, I think this program is targeted to the current investment in affordable housing program, which targets units to 65% to 80% of CMHC average rents. That doesn't get down to people who are on Ontario Works or ODSP.

I see inclusionary zoning more as workforce housing. If you want to get down to those lower-income levels, I think you would have to top it up with rent supplements or housing allowances.

Mr. Han Dong: Thank you.

The Chair (Mr. Peter Tabuns): Thank you, Mr. Dong. We go to the official opposition: Mr. Coe.

Mr. Lorne Coe: Thank you, Mr. Cooper. You showed a lot of patience waiting.

Mr. Harvey Cooper: No; my pleasure.

Mr. Lorne Coe: I'm on the part of your paper on page 6 that's the paragraph that starts with, "Notwithstanding

municipal discretion, the province should set a minimum affordability period for inclusionary zoning units of 30 years....” It’s an interesting comment because it mirrors exactly what the practice is in the city of Chicago, but they have another added feature to it, and I’d like to get your opinion for it, if you would.

Mr. Harvey Cooper: Sure.

Mr. Lorne Coe: During that time, the 30 years, the unit can only be rented or sold at the originally established price plus a percentage of market appreciation. Buyers can’t turn around and flip the units at the market price. Do you think that’s an added provision that should be included in this particular legislation?

Mr. Harvey Cooper: I don’t know all the details, but by the sounds of it, it protects against speculative gains. So yes, Mr. Coe, I think that’s something that should be seriously looked at.

I guess the other piece I would weigh in on—because I’ve heard a lot of discussion today around the costs and who’s paying. Not to pre-empt a future question, but maybe I’ll make a couple of comments there because I think it also relates to that provision.

We should step back when we’re looking at this in terms of public policy and who pays and who gains. I’ve heard a number of comments around the unit holders or the developers needing to pay a toll because there’s a cost there. But when we look at those unit holders, when they’re going to get a mortgage for their unit, they are publicly backed by the Canada Mortgage and Housing Corp., by the taxpayer who’s mitigating the risk—80% of residential mortgages, hundreds of billions of dollars. When they pay their property taxes, again, they’re much lower than the multi-residential rate, a public policy benefit, and eventually—that’s why I love why you raised that point—when they sell their unit, they don’t pay any capital gains tax, where some jurisdictions do.

What we don’t have at the moment is a level playing field for those who are on the rental side compared to those on the ownership side. I think one of the ways, perhaps, of at least making some small, incremental improvements is the provision you cited.

Mr. Lorne Coe: Thank you very much. To my colleague, please, Chair?

The Chair (Mr. Peter Tabuns): Mr. Hardeman.

Mr. Ernie Hardeman: Yes, just one quick question. The question from the government side was: What do you see as the co-operative housing involved with this? Unless we have the cash-in-lieu or the off-site development, how would the co-operative ever get into the co-operative housing in a stand-alone unit?

Mr. Harvey Cooper: It’s a very good question, Mr. Hardeman, and that’s why we’re advocating for those provisions in the bill. We’ve had some examples where we get 10 units or we get 15 units, and it’s difficult to create an inclusive community when you’ve got 15 units in a 500-unit condo building—

The Chair (Mr. Peter Tabuns): We’re out of time for this questioner. We go to Mr. Hatfield.

Mr. Percy Hatfield: Thank you for being here, Mr. Cooper. If you look around the room, members of the committee—most of them—have either been councillors, regional councillors, reeves, mayors; even a warden thrown in. I think I could speak for them all when I say that municipal politicians know their community better than provincial politicians. So municipal politicians would know, I would argue, whether a cash-in-lieu option is preferable, versus an inclusionary zoning option. This bill, as it’s presented, makes it an either/or proposition, as opposed to having flexibility and giving municipalities the option. Would you agree with me—and why would that be—that municipalities should, as a senior, mature order of government, have that option?

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Mr. Harvey Cooper: I agree, as we mentioned in our submission and in my remarks.

I suspect that the concern the province has is maybe the money doesn’t get spent on affordable housing, or the project is supposed to be in Toronto but it’s way off 30 kilometres away. Well, maybe put some bookends in there. But leave it to the municipality to ensure that the housing actually gets built.

The way it’s structured now, as Mr. Hatfield has mentioned, I think the legislation is going to be a tough ride, particularly in the municipalities that are more likely to implement this. You heard from the city of Toronto this morning.

Maybe put, as I said, in regulation that in an in-lieu offset, the money has to be spent on affordable housing—I think everybody hopefully would agree to that; that’s quite reasonable—or that if it’s an off-site, it has got to be built within some proximity that’s not 100 kilometres away. In that way, I think you’re using the experience that has been used in many other jurisdictions where they’ve tried this out and found the most successful path.

Mr. Percy Hatfield: So here’s a softball I expect you to hit out of the park.

Mr. Harvey Cooper: He might not give me time, I suspect.

The Chair (Mr. Peter Tabuns): So true.

Mr. Percy Hatfield: If you’re going to build off-site, should you do it in a co-op fashion, as opposed to affordable housing alone?

Mr. Harvey Cooper: Of course, we like to see a mix of housing, and part of that mix we hope is a good, healthy contingent of co-operative housing.

Mr. Percy Hatfield: Thank you, sir.

The Chair (Mr. Peter Tabuns): Thank you, Harvey.

Mr. Harvey Cooper: I didn’t use all my time.

The Chair (Mr. Peter Tabuns): That’s all right.

HABITAT FOR HUMANITY CANADA

The Chair (Mr. Peter Tabuns): Next presenter: Habitat for Humanity Canada, Ene Underwood, chief executive officer.

Ms. Underwood, as you may have heard, you have up to 10 minutes to present, and then it's three minutes of questions from each party. If you would start by introducing yourself.

Ms. Ene Underwood: Great. Proud resident of Toronto–Danforth, Ene Underwood, CEO of Habitat for Humanity Greater Toronto Area. As such, I run one of 26 Habitat for Humanity affiliates in the province of Ontario and one of about 56 across Canada.

Regardless of where we build in Ontario, in Canada or around the world, Habitat for Humanity, as you likely know, brings communities and volunteers together to help families build strength, stability and independence through affordable home ownership. One aspect of Habitat for Humanity that is not as well understood is how we make home ownership affordable for working low-income families. The way we do that, in brief, is that in addition to being an affordable home builder, we are also the holder of the mortgage.

We have a very unique Habitat for Humanity mortgage model, which enables affordability through two main mechanisms. The first is that we ask of homeowners 500 hours of their time in lieu of a cash down payment. Then, the mortgage itself is a zero-interest mortgage with a fixed term, and the payments are calibrated every year so that the household is never paying more than 30% of their income on their shelter costs.

We provided a submission to Bill 7, and I've made copies to hand around. I'm not going to go into detail of what's in that submission, although I'm happy to talk about it. Instead, recognizing that it's late and a long day for you, I want to focus on two recommendations in particular—all that revolve around the theme of sustainability.

To do so, I want to start by talking about people. My guess, as I look around the room, is that 25 years from now, most of us will be retired. But 25 years from now, in that time between now and 25 years hence, the population of this province will grow to 18 million people, a growth of four million from today.

Let's think of that number when we think of housing: four million. The vast majority of that growth will occur here in the GTA, an area that is already experiencing an unprecedented increase in real estate values, and at a time when affordable housing waits are in excess of seven years.

The reason I share that with you is, let's be frank: The need for affordable housing is not going away. We will not eradicate homelessness. We will not eradicate poverty housing. What will change is the unprecedented level of government attention to this matter of affordable housing that's in play today. Over time, other governments and other economic dynamics will come and go, and other things will take centre stage.

The reason that I'm homing in on that is because what you have before you today in Bill 7 is a moment in time when six acts, all relating to housing, are open. It's creating an opportunity for putting in place solutions that won't eliminate housing issues but can change the

magnitude of them. The themes around those changes that will change the magnitude 25 years hence are the attention today on changes that promote sustainability and long-term impact.

For this, you need to look for policy changes that do one or both of two things: The first is support housing solutions that enable individuals and families to eventually move out of the affordable housing spectrum and be able to participate in market housing and provide relief for that upward population growth; but the second is making sure there is a continuous pool of resources to fund future housing needs.

With that in mind, the two recommendations I want to flag are, first of all, the recommendation that we have about exempting affordable housing providers from inclusionary zoning. As you know, the work that we're doing today at Habitat and other organizations, like Options for Homes, Trillium and many others, is already delivering on what we're trying to achieve more of through inclusionary zoning. What we're doing, as I said, is providing a time-limited hand up to enable families and households to access market housing and eventually move away from their reliance on social supports.

There's a risk, from our perspective, of unintended consequences for our programs if the provisions that are being developed to apply to market-based housing providers are applied to us. If we end up becoming less productive, we end up delivering fewer solutions and less relief from the upward population growth.

The second recommendation I want to home in on relates to relief for affordable housing providers from the various fees: section 37 requirements, parkland dedications, development charges etc. Here, we are talking about more than one act.

As non-profit providers, many people don't realize we are subject to the same suite of government fees and taxes as for-profit providers of market housing. The weight of those fees undermines our capacity to deliver the community benefit of affordable housing, and from our perspective, it's counterintuitive to have non-profit providers paying the financial costs of section 37 benefits—parkland dedications, development charges etc.—when what that's doing is reducing the rate at which we can deliver the community infrastructure of affordable housing.

A key point here is that governments face two options for how you can create that relief. The first and arguably easiest is to exempt affordable housing providers from those fees. That would certainly address part of sustainability. That would address reducing our cash costs up front, enabling us to do more with the resources we have today.

But I would suggest that there is an alternative and potentially more powerful solution, and that is to defer the fees—again, these are things that can be done in the Development Charges Act—defer the fees, and require that those deferred payments be paid back in a 20-year period and put in an affordable housing reserve fund managed by the municipality. In practical terms, you

could set that up as a second mortgage on the property, and then it comes back to the municipality.

What it would mean is that the homes that are being built today are creating a continuous stream of resources across this province to address affordable housing needs long into the future, whether we are here to make decisions or not.

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At the end of a very long day, as I said, I'm happy to speak to any of the details around inclusionary zoning itself, but I really wanted to stress this notion: How do we make today's solutions create sustainability down the road?

Over to you.

The Chair (Mr. Peter Tabuns): Okay. We go first to the official opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation, and thank you very much for what Habitat for Humanity does, not only in my community but around the province. You do a great job.

In the big picture of your two recommendations, I see a bit of an adjustment problem. Obviously the debate that we've had all day about section 37 and inclusionary zoning is that the bill doesn't allow both; it allows one or the other. Presently, you're covered by one, so your suggestion is for not-for-profits or Habitat for Humanity to have neither one anymore.

I know the bills are open for discussion and so forth, but how would we sell that to the municipalities that want both, and then say that the answer is, "We're not going to give you both on the one, but we're going to give you zero on the other"? In fact, even the income tax isn't allowed—

Ms. Ene Underwood: Yes, fair question.

Mr. Ernie Hardeman: How do we justify that? Obviously the section 37 charges that are on any other housing are going to be passed on to the customer. If we give that to you, the savings will be passed on to the customer. Your customer, your person, is already getting the better of the deals, and now they're going to get an even better deal, based on the others. So what's the justification of doing that?

Ms. Ene Underwood: There are a couple of nuances in here that are really important. Let's talk about what the customer gets. Habitat for Humanity's model and the other ownership models are similar. What that benefit is actually doing is decreasing the cash cost to build the home.

We sell our homes at Habitat for Humanity at full market value; it's the mortgage that is making them affordable for the homeowners. That notion when I talk about if you exempt it—yes, it sets up as a second mortgage for the homeowner, and it then would come back to us, because we've incurred the full value. If you exempt it, it comes back to us, so Habitat will put the money back to work.

The deferral, though, creates that benefit of coming back to the municipality. Back to how you sell it to the municipalities: I think you sell it to the municipalities by

talking about two things. Number one is that the percentage of contributions from the non-profits to those development charges and parkland dedication is noise on the wire; it is not material. But point number two is what is needed down the road. Where will the funds come from to be investing in affordable housing down the road?

I think that's the power of "defer" versus "exempt." "Exempt" feels like a giveaway. As I said, it's not; we'll put it to work again. But intuitively, people think that somehow, someone is getting a free deal. "Deferral" says that we recognize that the issues we have today will be with us years down the road, and let's make decisions today that set us up to be able to respond.

The Chair (Mr. Peter Tabuns): And we're out of time for this questioner. Mr. Hatfield?

Mr. Percy Hatfield: Great presentation, thank you. How many units does Habitat have in greater Toronto?

Ms. Ene Underwood: "Not enough" is the answer. We've built 335 in our history in the area that my affiliate serves. Across the province, I think the number is 1,000-ish.

I think anyone can hear those numbers and say, "Well, that's not big enough," so the conversations today are very much about how we make these numbers be bigger.

Mr. Percy Hatfield: To that point, rather than being exempted totally in this, what if some of the cash-in-lieu money that was collected was given to Habitat for Humanity to create new housing?

Ms. Ene Underwood: In the submission we did in August, we recommended—number one, we are in support of cash-in-lieu for similar reasons you'll have heard all day, and we would recommend that cash-in-lieu goes into a municipal affordable housing fund. If the municipality thinks that a Habitat project should benefit, then they can make that decision. If what they really need is a housing shelter, then they can make that decision.

Mr. Percy Hatfield: Yes, I mean—I don't know. It just makes sense to me, I guess.

I've hit a wall. All right. Thank you.

Ms. Ene Underwood: Thank you. Half of our costs of delivering Habitat for Humanity homes, here or anywhere in the province—25% to 27% are government fees and another 25% are land. If we can find a way to have that 27% deferred, that enables us to do more today.

Mr. Percy Hatfield: The fees were where I was supposed to go, and I didn't. When I was on city council in Windsor, we always waived the development fees. We didn't charge Habitat for any of the fees when they came in. Is that what happens here as well?

Ms. Ene Underwood: It's highly variable. That's not the case in Toronto. We have 14 different municipalities in the area I serve, so I could rhyme off 14 different solutions. It's the reason that we're recommending—you have the capability of making a change in the Development Charges Act, so that when I'm advocating with my 14 municipalities, it can be about other things. It can be about land. It can be about how fast we're getting approved. It can be about a partnership with a private

developer that's going to make sense, as opposed to one-off, having all this wheeling and dealing for different arrangements.

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Peter Tabuns): Thank you. We go to the government: Mr. Anderson.

Mr. Granville Anderson: Hi. Thank you for your presentation and for being here this late in the day.

Ms. Ene Underwood: Same to you.

Mr. Granville Anderson: And thank you for the work you do. While I was at the school board in Peterborough, I participated in building a home there, and that was really my first foray into knowing what you guys do. I can't say enough about the valuable work you provide.

A few months ago—is Oshawa your area?

Ms. Ene Underwood: Sorry?

Mr. Granville Anderson: Oshawa.

Ms. Ene Underwood: No.

Mr. Granville Anderson: Okay. I partook in a subdivision there that was being built.

Ms. Ene Underwood: Yes, at CentreTowne.

Mr. Granville Anderson: I just went to speak to them; I didn't actually do any physical work. It was all women, about 30 women in pink outfits, and they were building.

They had a unit that was two years old, and it had appreciated by over \$100,000 because it's an area that's booming and growing. So I ask the question: Suppose the owner decides to sell. Does he or she walk away with all that profit? More to what Mr. Coe was asking earlier—they weren't able to provide him with an answer for that. I was thinking that maybe no, that money should be reinvested into building more homes. Do you have any thoughts around that?

Ms. Ene Underwood: Absolutely. We spend a lot of time talking about this. In the affiliate that I'm part of, which is York region, Brampton, Caledon and Toronto, our solution to that is equity sharing. You heard about the first two parts of the model, the down payment and then the way that we calculate the payments, but we have a fixed 20-year mortgage because we say we're a hand up, not a handout. We say that 20 years is the length of time to raise a family, so that's how long the hand up lasts.

At the end of that 20-year period—or before, if the family chooses to sell before—we have an equity-sharing formula. If the family has paid off two thirds of the original value of the home, they now own two thirds of the value when they're selling out and they owe Habitat the remaining one third. So if it has appreciated in the way you have said, Habitat will get back the value of that appreciation that the family themselves have not yet invested in.

The issue you're raising is a really important one. It's what people are sensitive about when we talk about affordable home ownership. All of us are actively working to make sure that what we're doing is providing that step up into market ownership, but we're making sure that the public benefit comes back and, to the questions on this side, that we're reinvesting it again.

Mr. Granville Anderson: Okay. Thank you very much. I think that's it for me, unless my colleagues—do you have anything? Thank you so much.

The Chair (Mr. Peter Tabuns): Thanks very much, Ene.

Ms. Ene Underwood: Great. Thank you all.

The Chair (Mr. Peter Tabuns): Mr. Coe, you have a point of order you want to raise.

Mr. Lorne Coe: Point of order, please, Chair: I wonder if, for the committee, we could obtain a copy of the National Centre for Smart Growth study on housing market impacts of inclusionary zoning, please.

Mr. Han Dong: Which organization?

Mr. Lorne Coe: REALpac cited the report during its delegation, and I think it would be helpful just to read it.

The Chair (Mr. Peter Tabuns): There were no objections to that request to research?

Mr. Lorne Coe: Thank you.

Mr. Percy Hatfield: I'll read it, but he wants to sell the Oak Ridges moraine and the greenbelt. He wants to build houses there.

Mr. Lorne Coe: And, Chair, I cited during the course of my questioning the Urban Land Institute report on the economics of inclusionary development. It's an interesting read, if the committee members are interested.

The Chair (Mr. Peter Tabuns): Okay. Thank you, Mr. Coe.

Members of the committee, I have some information before we adjourn. Pursuant to the order of the House dated November 24, clause-by-clause consideration of Bill 7 is scheduled for Monday, December 5, 2016, from 2 p.m. to 8 p.m. The deadline for filing amendments to Bill 7 with the Clerk of the Committee is Wednesday, November 30, 2016, at 5 p.m. The Clerk will email members the contact information for legislative counsel.

Mr. Hatfield?

Mr. Percy Hatfield: Just a question on when we can expect the Hansard, even if it's a rough copy, of the delegations we heard today.

The Chair (Mr. Peter Tabuns): Mr. Clerk or Hansard, can you tell us when we would see a draft of the Hansard from today? One second, please.

Mr. Percy Hatfield: I only ask that—

The Chair (Mr. Peter Tabuns): I know; there's a lot of information.

Mr. Percy Hatfield: There's a lot of information there. We may want to put in some amendments based on the information received.

The Chair (Mr. Peter Tabuns): Mr. Clerk?

The Clerk of the Committee (Mr. Katch Koch): I think Hansard is going to try their best whenever they have to transcribe proceedings. However, priority is always given to the House, and then committee happenings would be queued up in the order that the committee took place.

Mr. Percy Hatfield: I get that. I just want to be able to make amendments based on testimony I heard today, and I didn't take down every word that was said today. I

don't want to run out of time for amendments until I read the Hansard.

The Chair (Mr. Peter Tabuns): Mr. Hatfield, I'm advised—and I think it's very good advice—that we'll make a request to expedite the provision of the draft Hansard. I can't guarantee that we'll have an expedited version, but we'll make the request. I understand the importance of having it.

Mr. Percy Hatfield: I hope it leads to hours and hours of overtime.

The Chair (Mr. Peter Tabuns): Who knows? It may. Mr. Hardeman?

Mr. Ernie Hardeman: Mr. Chair, under your direction of process, next Monday is clause-by-clause.

The Chair (Mr. Peter Tabuns): Yes.

Mr. Ernie Hardeman: Is there more to it than just starting at 2 o'clock?

The Chair (Mr. Peter Tabuns): That's a reasonable question. This is the information I've been given. Mr. Clerk, do you have further information?

The Clerk of the Committee (Mr. Katch Koch): No. It's an order of the House.

Mr. Ernie Hardeman: I know, but I want to know what the order of the House says.

The Chair (Mr. Peter Tabuns): We will read out the order of the House, because I understand the permutations that may flow from different wordings.

The Clerk of the Committee (Mr. Katch Koch): The order of the House is dated November 24, 2016. I'm going to skip some of the paragraphs. The paragraph pertaining to clause-by-clause says:

"That the Standing Committee on Social Policy meet on Monday, December 5, 2016, from 2 p.m. to 8 p.m. for the purpose of clause-by-clause consideration of Bill 7."

Further, it goes on to outline how the committee would deal with it—

The Chair (Mr. Peter Tabuns): I think you need to read that out.

The Clerk of the Committee (Mr. Katch Koch): Okay. I will read that out, then. The next paragraph goes on to say:

"That on December 5, 2016, at 4 p.m. those amendments which have not yet been moved shall be deemed to have been moved and the Chair of the Committee shall interrupt the proceedings and shall, without further debate or amendment, put every question necessary to dispose of all remaining sections of Bill 7 and any amendments thereto. At this time, the Chair shall allow one 20-minute waiting period, pursuant to standing order 129(a); and

"That the committee shall report Bill 7 to the House no later than Tuesday, December 6, 2016."

The Chair (Mr. Peter Tabuns): Mr. Hardeman?

Mr. Ernie Hardeman: On that point of order: That was my understanding of the reading, and I think it's rather important that the committee realizes that there are only two hours of debate on all the amendments. I don't know about the government—maybe they're not going to have any amendments—but I know I've got two hours' worth of debate just on the amendments from what we've heard today that I will need to be presenting on behalf of these people, and we can't do anything about it.

The Chair (Mr. Peter Tabuns): No, you're right.

Mr. Ernie Hardeman: I just want the record to show that I am concerned that they only leave two hours, and then leave four hours to put every question, which will only take about an hour.

The Chair (Mr. Peter Tabuns): I understand, Mr. Hardeman. With that, thank you for your interventions.

The committee stands adjourned.

The committee adjourned at 1934.

STANDING COMMITTEE ON SOCIAL POLICY

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