

May 30, 2022

To:  
Planning and Development Committee Chair  
Councillor George Carlson  
Mississauga Civic Centre  
300 City Centre Drive  
Mississauga, ON L5B 3C1

Dear Members of the Planning and Development Committee,

**RE: Inclusionary Zoning for Affordable Housing – Draft Official Plan Amendment and Zoning Framework**

I am writing on behalf of the Right to Housing Peel Coalition on the matter of the City of Mississauga's proposal to move forward with an inclusionary zoning policy. We are a network of housing advocates working to advance the right to housing in the region. What brings us together is a shared belief that housing is a human right that must be advanced through legislation, funding and meaningful engagement with communities.

As reported in the Peel Regional Housing Strategy Update in 2018, 72% of low-income households in Mississauga were living in unaffordable conditions, spending over 30% of their income on housing. Approximately 43% of households in this group had to pay more than 50% of their income on housing. The problem is not just concentrated amongst low-income households. About a third of moderate-income households were also struggling with housing affordability issues. These pressures leave many residents with the difficult decision to cut spending on other necessities like food and medicine to keep a roof over their heads. The pandemic has made things worse. Many people have been unable to pay their rent in full and may face evictions from their homes.

Given how the affordability crisis can negatively affect so many lives and erode our region's social fabric, it is promising to see the City of Mississauga propose an Inclusionary Zoning policy to create more affordable housing options. By requiring developers to forgo a portion of expected profits by setting aside some units for affordable use in new construction, the policy captures a portion of land value for public benefit. This is a reasonable policy because the financial gains from development are not just a result of private finance but also public investments in infrastructure and various other amenities. Our public transit, roads, sanitation system, and schools are some examples of features that attract people to move here.

Inclusionary zoning can also mitigate price inflation arising from speculation. Large financial actors and developers have been benefiting disproportionately from urban development. Cities with significant economic potential, such as Mississauga, are attracting private investments precisely because there is an expectation that profits can be maximized rapidly, primarily through real estate. While it's good to attract investments for economic development, the problem is that a particularly conducive environment can fuel speculation. For example, large financial actors with significant capital will place expensive bids for real estate based on speculation that they will continue to reap enormous profits into the future. This artificially inflates asset prices and makes housing more unaffordable. Inclusionary

zoning signals that a cost will be imposed on such hyper-competitive activity. This usually reduces the pace of land price increases, which is otherwise a significant barrier to building affordable housing.

While adopting inclusionary zoning is a positive step, we would like to express some concerns and skepticism around elements of the policy proposed by the City of Mississauga. Notably, we see limited potential for affordable rental units to be created through this initiative. It is worrying that affordable rental housing is not prioritized, given that vacancy rates in the city have been at historical lows. Indeed, the City's Corporate Report revealed during consultations a general desire to see more affordable rental options created through the inclusionary zoning policy.

On the one hand, we understand that inclusionary zoning could disincentivize the creation of much-needed purpose-built rental units and therefore appreciate why this housing option is exempt from the proposed policy. However, as the policy applies to condo or "ownership" buildings, it could be better calibrated to increase the likelihood of creating more rental supply. Currently, developers have the option of creating ownership units or rental units in these buildings. Set aside rates for ownership units are currently a little higher than rental units but we believe the rates for the former could be higher. By incrementally but significantly adding to the requirements for ownership units, developers could indirectly be pushed to consider rental arrangements in the condo market. In fact, your own third-party study has noted how Mississauga is a relatively well-developed condominium market, and some areas could absorb a policy with set aside rates higher than 10%, the maximum threshold currently articulated in the proposal. As such, we urge the City to reconsider the feasibility of more stringent standards.

We are also skeptical about whether the undefined discount on set aside rates in return for deeply affordable options will be effective. There is little evidence that voluntary and incentive-based arrangements generate meaningful impact.

Of particular concern are the requirements with the periods of affordability. For ownership options under consideration, units must remain affordable for either 50 years or an alarming two years after which the property can be sold. Adding a short-term option effectively renders the entire intent of this policy – to create affordable housing and mitigate speculation – void. The short-term option will likely be preferred for those making purchases for investment purposes. If the City aims to create long-term affordable living options for its residents, we propose scrapping this option altogether.

We are also ambivalent about the 25-year affordability period required for rental options. On the one hand, there is some evidence that after this period the affordable stock will be lost, as has been the case in cities like Chicago. The City of Toronto implicitly has acknowledged this risk by instituting mandates for affordability that would last effectively into perpetuity. Still, given our proposal to place more onerous conditions on ownership options to consider rentals more seriously, this requirement should be reviewed in the coming years.

There are some elements of the policy that hold promise. The definition of affordability as the lesser of an income or market-based measure embeds a degree of flexibility to adapt to changing socio-economic conditions. The requirement that the mix of affordable suites also reflects the market rate options enhances inclusivity. However, these elements won't make a significant difference if the details around aspects such as set aside rates and affordability periods are not adjusted appropriately.

We are also aware that inclusionary zoning is just one of the tools available to the City and the Region to create more affordable rental options. We are especially keen to see the City consider options such as donating land to community housing providers and increasing financing to create deeply affordable housing options. These are the housing options that will benefit residents living on lower incomes most significantly.

We encourage the committee to think about inclusionary zoning and its broader menu of policy options through a rights-based perspective. This means prioritizing the needs of those most impacted by the housing affordability crisis and allocating the maximum available resources to solve this crisis.

Thank you for considering our recommendations. We look forward to providing our housing expertise and welcome further discussions.

Sincerely,

Sean Keddy on behalf of the Right to Housing Peel Region

*Right to Housing Peel steering committee organizations:*

Sean Keddy, Centre for Equality Rights in Accommodation (CERA)

Christy Upshall, Our Place Peel

Daphna Nussbaum, Peel Alliance to End Homelessness (PAEH)

Effat Ghassemi, Newcomer Centre of Peel

Janet Dankwa, Housing Advocate

Maëlis Barre, University of Toronto Mississauga Campus Student Union

Norma English, North Peel and Dufferin Community Legal Services (NPDCLS)

Rosalea Thompson, Mississauga Community Legal Services