

Key part of Ontario's housing plan slammed as 'giving in' to developers

Proposed rules require only 5 to 10% of new homes, condos to be priced below market rates

By Mike Crawley, [CBC News](#) Posted: Jan 23, 2018 5:41 PM ET Last Updated: Jan 23, 2018 5:41 PM ET

Proposed new rules that are supposed to help rein in the high price of housing in Ontario's expensive cities are being criticized as too weak to have much impact.

The provincial government is giving municipalities the power to force developers to price some units in new housing projects below market rates. But with the proposed details of the plan now up for public review, critics are calling it deeply flawed.

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Their chief concern is that the plan would demand a maximum of 10 per cent of units in each development be sold as affordable housing, and in lower-density areas the mandate would be just five per cent.

"They absolutely gave in to developers," said Virginia Vaithilingam, an activist in Mississauga with the social justice group ACORN Canada.

"A good plan would build thousands of units. This one is not going to do that," said Geordie Dent, executive director of the Federation of Metro Tenants' Associations.

The province's proposed regulations would allow cities to mandate a planning tool called "inclusionary zoning," a system used in many major U.S. cities to create a mix of below-market-price homes or condominiums in new developments.

"Inclusionary zoning just allows the city to tell a developer, 'Look, if you want to build this, you're also going to have to include affordable units,'" said Dent in an interview Tuesday with CBC Toronto. "It makes developers take a little bit of their millions in profit and make less in order to build affordable units."

Several city councils in Ontario, including Toronto, Ottawa and Hamilton, have been calling on the government to give them this power. The Wynne Liberals promised last year to follow through.

Cities to foot 40% of cost

The proposed rules would require cities to reimburse developers 40 per cent of the difference between the sale price of the affordable homes and the market rate.

"Municipalities are cash-strapped; they can't afford that," said New Democrat MPP Peter Tabuns in an interview Tuesday. He called the government's plan "totally inadequate. It might look good on paper but it won't do anything for the housing crisis."

Developers wanted to see the cost burden of building the below-market units split 50-50 with the cities.

"Affordable housing doesn't come out of thin air; someone needs to pay for it," said Joe Vaccaro, CEO of the Ontario Home Builders' Association, which represents housing and condo developers in the province.

The industry argues that mandating too many below-market units in new developments would force up the price of homes on sale at the market rate.

"The number of affordable housing units that some groups are advocating for can only be created through a government-funded building program," said Vaccaro in an email to CBC Toronto.

On Tuesday, about 30 tenants and activists gathered outside Housing Minister Peter Milczyn's office to protest against the proposed rules. Some carried placards saying "Liberals In Bed With Developers" and "Affordable Housing Now."

"We are focused on increasing the supply of housing that is affordable in Ontario," said Milczyn's spokesman Matt Ostergard in a statement. "We are encouraged by the energetic response to our ongoing consultation around inclusionary zoning regulations and look forward to hearing feedback from stakeholders across the province."

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The [proposals](#) are open for public comment until Feb. 1.

The average price of all homes (condos, townhomes and houses) sold in the Greater Toronto Area in the final month of 2017 was \$735,021. That is down 20 per cent from the peak of more than \$918,000 in April, when the Liberals [announced](#) their Fair Housing Plan, and is almost the same as the average home price one year earlier.

However, the average condominium price in the GTA in December, \$503,968, is up 14 per cent from the price a year ago.

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