



Ontario
Home Builders'
Association

Inclusionary Zoning Submission
Environmental Registry #: 013-1977

- BILD
- Bluewater
- Brantford
- Chatham-Kent
- Cornwall
- Greater Dufferin
- Durham Region
- Grey-Bruce
- Guelph & District
- Haldimand-Norfolk
- Haliburton County
- Hamilton-Halton
- Kingston-Frontenac
- Lanark-Leeds
- London
- Niagara
- North Bay & District
- Greater Ottawa
- Oxford County
- Peterborough & The Kawarthas
- Quinte
- Sarnia-Lambton
- Simcoe County
- St. Thomas-Elgin
- Stratford & Area
- Sudbury & District
- Thunder Bay
- Waterloo Region
- Windsor Essex



Submitted to: Hon. Peter Milczyn
Minister of Housing
February 1, 2018



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Home Builders'
Association

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Ministry of Municipal Affairs and Housing
Provincial Planning Policy Branch
777 Bay Street, Floor 13
Toronto, ON M5G 2E5

Re: Proposed regulation under the Planning Act related to inclusionary zoning (EBR 013-1977)

The Ontario Home Builders' Association (OHBA) are pleased to provide the provincial government with our submission responding to the EBR 013-1977 posting regarding a proposed regulation under the *Planning Act* related to inclusionary zoning. OHBA represents 4,000 member companies organized into a network of 29 local associations across the province. In an effort to work collaboratively with the province, OHBA and our largest local association BILD, took a proactive public policy approach towards achieving a "partnership model" for inclusionary zoning when legislation was initially proposed that would work effectively for government, the private sector and most importantly for those in need to safe, secure and affordable housing. It is essential to note that OHBA, our local associations and our members greatly support the need to find an appropriate solution to the lack of affordable housing. The health, prosperity and quality of life in our cities depends on access to quality housing for households of all income levels.

With a regulation under the *Planning Act* now proposed, we have an opportunity to finalize an inclusionary zoning framework that will leverage planning and financial tools to support the creation of government mandated affordable housing units without significantly compromising the health and affordability of the broader housing market. OHBA is generally supportive of the partnership approach and framework proposed, but cautions that a 50/50 split would have better ensured that private sector market projects would remain economically viable for our members to effectively deliver units through an inclusionary zoning framework.

Access to housing is part of a healthy and civil society. Public bodies, the non-profit sector and the development industry each have an important role to play to improve access to housing. However, there is no such thing as free affordable housing provided out of thin air. New affordable housing has a very real cost to build and deliver. 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 essential to achieving success with this initiative. OHBA appreciates the opportunity to present our views and recommendations to the government on the proposed regulatory framework, which is a reaction to the current housing market conditions in some urban centres. We are hopeful that these recommendations will assist and inform the Province to finalize a strong regulatory framework for inclusionary zoning based on a partnership model.

In jurisdictions where inclusionary zoning policies have been implemented, such as those in the United States, they are most effective in high growth areas with measures, incentives and supports that ensure feasibility and share the costs through a partnership framework. A July 2016 study, *The Economics of Inclusionary Development* by the Urban Land Institute and the Terwilliger Center for Housing found that almost all 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.

“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. Individually and in combination these incentives can substantially enhance the feasibility of development projects affected by an IZ policy.”

In the jurisdictions where inclusionary zoning has been effective, a partnership model has been observed and there has generally been a strong housing market. OHBA supports a ‘partnership’ framework in which the private sector accepts responsibility to make affordable housing available within new buildings on the principle that the assistance required to achieve affordability remains an equal split responsibility between the public and private sector.

OHBA reminds the government that, former Housing Minister Ted McMeekin stated in the Legislative Assembly in 2016 about inclusionary zoning that:

“it works by partnering together with our municipalities and the private sector and not-for-profits, to try to encourage, incent and plan for the provision of social and affordable housing... We’re meeting with our partners. We’re going to come up with something very comprehensive, and it’s going to work.” “that’s why we’re developing a broader set of legislative changes that will go beyond inclusionary zoning. That’s why we want to talk to our partners, because, believe it or not, the development industry and our municipalities and some of my colleagues in this House have got some great ideas that need to be rolled into that legislation.”

OHBA agrees with former Minister McMeekin that inclusionary zoning is all about partnerships and while we are disappointed that the province has proposed a 40/60 partnership rather than a 50/50 even partnership, we believe that the spirit of former Minister McMeekin’s words have been achieved in the regulatory proposal that has been brought forward by the provincial government. OHBA is therefore generally supportive of the proposed framework and has the following specific comments and recommendations to improve the proposed regulation:

1 Prescribed Official Plan Policies

The province has proposed that zoning by-laws giving effect to inclusionary zoning policies could only apply to developments or redevelopments that propose no less than twenty residential units. OHBA had previously recommended that the Province should recognize that the proportion of affordable housing units in small and mid-sized projects will be economically challenging, and that administratively it will be less-than ideal to have very small volumes of government required affordable inclusionary zoning units scattered among many projects. While the province has recognized this concern under the proposed framework, OHBA notes that in our 2016 submission the industry recommended that the provincial regulation should establish a minimum threshold of 100 units. OHBA appreciates that a minimum threshold has been proposed, but recommends that the province amend the proposed regulation with a higher target to reduce the administrative burden and protect economic viability.

OHBA is generally supportive of the other proposed regulatory requirements prescribed in Official Plan policies, including: identify locations and areas in the municipality that may be appropriate for inclusionary zoning by-laws; identify the range of household incomes for which inclusionary zoning by-laws could provide for affordable housing units; and identify an approach to setting an average market price for each proposed unit type that may be required to be provided as affordable housing units in an inclusionary zoning by-law. OHBA also supports clarification that the average market price may vary across different locations within the municipality. The average market price should be updated annually to reflect changing market conditions.

2. Municipal Assessment Report

OHBA is generally supportive of the proposed provisions required for a Municipal Assessment Report. This is a critical component of essential data collection to support the adoption of Official Plan policies authorizing inclusionary zoning. A key component of a municipal assessment report will be [Sec 2(b)] information, including any documentation, relating to an analysis of the average market price for each proposed unit type that may be required to be provided as affordable housing units, taking into consideration location within the municipality. This is a critical step to ensure a fair and equitable division of costs between the public and private sectors through a partnership model.

If inclusionary zoning is to become an effective policy, 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. The municipal assessment report should provide for clear and consistent definitions and data that is publicly accessible utilizing the best available data resources.

3. Provisions Required in Inclusionary Zoning By-Laws

Unit Set Aside (Sec A):

OHBA is supportive of the unit set aside provisions in the proposed regulation of five percent, unless the development is proposed to be located in a high-density transit-station area identified in an official plan, which would not exceed ten percent. OHBA seeks clarification and recommends that for municipalities within the Greater Golden Horseshoe that the 10 percent unit set aside provision in a high-density transit station area be directly linked to and correspond with *Major Transit Station Areas* that are required by the *Growth Plan, 2017* to be delineated within municipal Official Plans. This would create greater certainty for all stakeholders with respect to inclusionary zoning policies through clear delineated boundaries mapped into Official Plans. OHBA recommends subsection (iii) be clarified to add that the definition of total GFA does not include any non-residential use GFA within mix-used projects.

Affordability Period (Sec B):

The proposed regulation will require municipalities to ensure that units provided through inclusionary zoning by-laws are maintained as affordable over time. In OHBA's 2016 submission, OHBA recommended that the 'affordability period' be prescribed in regulation to a maximum of 20 years. The proposed regulation [Sec 3(b)(i)] however requires a longer affordability period (minimum 20 years and maximum 30 years). OHBA continues to support our 20 year recommendation as the appropriate affordability period. A longer affordability period could undermine the economic viability of projects and place new affordable units at risk of not being built. OHBA is generally supportive of this proposed framework. OHBA is also generally supportive of [Sec 3(b)(ii)] setting out the price and sale provisions through [Sec 3(d)(ii) and [Sec 4(iii)] in the 10 years following the initial affordability period in clause [3(b)(i)].

Measures and Incentives (Sec C):

Conceptually, inclusionary zoning is a planning tool that has worked in some cities in the United States primarily because of the supporting mechanisms, such as as-of-right zoning permissions, tax credits and other incentives. It has worked in cities where inclusionary zoning policies have been supported by financial incentives including state and federal funding as well as municipal offsets. This is why this particular section of the proposed regulation is so critical

to creating an inclusionary zoning framework that can successfully deliver affordable units, while not compromising the economic viability of the market units.

A July 2016 study, *The Economics of Inclusionary Development* by the Urban Land Institute and the Terwilliger Center for Housing stated:

“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.”

Specific to the “measures and incentives” in the proposed regulation, OHBA is concerned with respect to [Sec 3(c)(i)] where a development on land subject to a community planning permit system (CPPS), no measures or incentives would be required to be provided. OHBA recommends that within a CPPS framework appropriate offsets should be built right into the CPPS framework (i.e. automatic density bonus, reduced parking and reduce planning fees, DCs etc).

OHBA is supportive of [Sec 3(c)(ii)] that where a development is not on land subject to a CPPS, the measures and incentives would be a financial contribution paid by the municipality to the development. This proposed framework establishes a partnership model that is similar to jurisdictions in the United States that have successfully adopted inclusionary zoning policies that actually produce affordable housing units. In determining the level of assistance through measures and incentives required for ‘affordable ownership’ units, the market value of the ‘affordable units’ would be determined and the difference between market value and affordable value should be offset by municipal and/or provincial financial tools. A July 2016 study, *The Economics of Inclusionary Development* by the Urban Land Institute and the Terwilliger Center for Housing, found that in 500 cities and counties in 27 states that have adopted inclusionary zoning policies, which are commonly referred to by inclusionary zoning advocates, that;

“...most policies provide incentives to encourage developer participation or to offset the impacts of mandatory policies. Common incentives include some combination of direct subsidies, tax abatements, density bonuses and reduced parking requirements.”

OHBA is also generally supportive of the framework in [Sec 3(c)(iii)] of “measures and incentives” to establish a calculation of the financial contribution. OHBA is however disappointed that the province has proposed a 40/60 split rather than an equal 50/50 partnership between the public and private sector. OHBA recognizes that the offsets will have different values and that the affordability quantum will vary by jurisdiction, but we believe that any partnership should be an equal partnership. Therefore, OHBA continues to strongly recommend that a true partnership model should be based on a fair and equal division of the costs associated with delivering affordable units.

OHBA is supportive of [Sec 3(c)(iv)] that lists the options to satisfy a financial contribution (waiver or reduction of planning application fees; reduced parking requirement; exemption of cash-in-lieu of parkland dedication fees; and/or an exemption in development charges). OHBA does however have concerns with [Sec 3(c)(iv)(2)] with respect to utilizing parking requirements as an offset given that the provincial government’s Climate Change Action Plan (“Strengthen climate change policies in the municipal land-use planning process”, Sec 1.4 “Eliminate Parking Requirements”) to eliminate parking requirements. OHBA recommends that the proposed regulation include a sunset clause for utilizing parking requirements as an offset to coincide with the CCAP commitment to eliminate municipal parking requirements within 5-years.

OHBA supports a partnership model in which municipalities, the Province and the private sector all have a shared responsibility, with an operating role from the non-profit sector. An inclusionary zoning framework based on a partnership model should protect economic viability of market units while effectively and efficiently delivering affordable units.

Quote by Michael Shapcott, formerly with the Wellesley Institute and former co-chair of the Housing Network of Ontario on March 24, 2011 at the Standing Committee on Justice Policy (Bill 140)

“We’ve also developed case studies of inclusionary housing policies that are successfully used in hundreds of US cities. One of the keys—and this addresses specifically the issue that the home builders raise—is that of course you don’t want to have

a mechanism that actually takes the profit out of home development, because then there won't be home development. What you do is develop a mechanism that ensures the developers make a profit—and the US ones do—and at the same time ensures a healthy mix of housing.”

OHBA is supportive of [Sec 3(c)(v)] that a financial contribution could not be satisfied through an increase in height or density. Through the Provincial Policy Statement, the Greenbelt, the Growth Plan for the Greater Golden Horseshoe, Metrolinx Regional Transportation Plan and numerous other initiatives and policies implemented by the provincial government over the last several years, there are clearly defined goals and objectives related to environmental sustainability, intensification, climate change and expectations for a denser more compact urban form. OHBA recognizes that density bonusing has been advanced as a fair ‘trade-off’ by some stakeholders for the provision of affordable housing units. However, inclusionary zoning policies based on density bonusing would suggest that in order to achieve the desired urban forms and densities outlined by provincial policy, new development should cover the costs of an affordable housing subsidy to ‘unlock’ the very densities provincial policy is designed to achieve .

Furthermore, rather than encouraging intensification through appropriate as-of-right zoning, OHBA is concerned that inclusionary zoning policies tied to a density bonus would only encourage municipalities to continue to intentionally ‘under-zone’ lands so as to create restrictions on densities that can only be ‘unlocked’ through negotiation in exchange for housing units. OHBA believes that such a density bonusing tool would work at cross purposes with provincial policies for modern zoning standards that encourage compact, complete communities and appropriate intensification. Therefore OHBA supports the proposed regulatory framework that financial contributions could NOT be satisfied through increases in height or density.

Price (Sec D):

OHBA is generally supportive of [Sec (3)(d)] “price” in the proposed regulation, that the price of the affordable unit within the affordability period be determined by the by-law and beyond that time at the market rate. OHBA cautions that inclusionary zoning will not be a panacea to solve housing affordability challenges for all income groups or people/families with special needs. Typically, inclusionary zoning programs in other jurisdictions have not been able to address “deep affordability” and have been targeted for what the British often refer to as “gap housing”. OHBA believes that the price points of a well-designed inclusionary zoning by-law will be well positioned to address the “gap” band of housing just below market housing under an inclusionary zoning framework.

Quote Neil Hetherington former Chair of Habitat for Humanity Toronto on March 31, 2011 (Bill 140):

“On the inclusionary zoning, we would simply ask that the committee carefully examine whether or not adding a small number of units is going to be a tax on the other units within that new development, thereby squeezing out the middle ground. There are good models in the States where that has worked effectively and there are models where it hasn't worked.”

OHBA believes that the Province should establish broad parameters to determine price (such as maximums or minimums) by establishing who inclusionary zoning is for and how it is defined (as noted in the above section). Once these broad parameters are established through the provincial regulation there should be a degree of municipal flexibility to tailor the program to suit local municipal needs. Again, OHBA supports limited flexibility for municipalities to determine price insofar as they are appropriately matched by offsets and supports within a partnership model.

4. Provisions Required in Inclusionary Zoning Agreements

Share of Proceeds Related to Equity

OHBA is generally supportive of [Sec 4(i)] that during the affordability period referred to in clause 2(b)(i) above, the owner of the affordable housing unit and the municipality would share, on a basis as determined by by-law, in the proceeds related to the equity of an affordable housing unit, if any, that may arise from the sale of an affordable housing unit. OHBA is also generally supportive of the ten-year schedule outlined in [Sec 4(ii)] that during the ten (10) year period referred to in clause 2(b)(ii) above, the owner of the affordable housing unit and the municipality would share in the proceeds related to the equity of an affordable housing unit, if any, that may arise from the first sale within the ten (10) year period.

OHBA is also supportive of [Sec 4(iii)] that there would be no share in the proceeds related to the equity of an affordable housing unit between the municipality and the owner for any sale after the first sale and [Sec 4(iv)] that “equity” and “proceeds related to the equity” means the difference between the price at which the owner paid for the purchase of the affordable housing unit and the price at which the owner sold the affordable housing unit, less any remaining mortgage payments owed by the owner at the time of the sale, and less all reasonable costs related to the sale.

OHBA noted in our 2016 submission that depending on the structure of ownership and how equity is designed for the owner, a program could have progressive or regressive financial outcomes. OHBA further noted that the challenge to avoid windfall profits for the final owner if and when the affordability period concludes. OHBA is supportive of an ownership structure (as proposed in Section 4) that allows the affordable unit owner to retain and build a *share* of the growth in equity over time, thereby allowing some long-term benefits to owner. This would ideally lead to these individuals being able to move into market housing at some point in the future. However, it is important that a careful balance is struck to maintain affordability over an extended period of time. OHBA is supportive of the provisions in Section 4 of the proposed regulation to share the proceeds related to the equity of an affordable unit after the projected affordability period concludes.

5. Reporting by Council of a Municipality

OHBA is generally supportive of the “reporting by council of a municipality” requirements outlined in Section 5 of the proposed regulation. It is important that an inclusionary zoning framework be transparent by requiring municipalities who pass an inclusionary zoning by-law to establish a procedure for monitoring the affordable housing units and ensuring affordability over the defined control period. Reporting on units and ensuring affordability over the control period (with a requirement that measures, incentives, offsets and/or supports be appropriately tied to the control period) is critical to ensure both accountability and transparency.

6. Restrictions on Off-Site

In OHBA’s 2016 submission, we noted our concern that through the (at the time proposed) legislation, Schedule 4, which amends the *Planning Act* would not authorize municipalities to allow units to be built on off-site lands. While the Province had 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 won’t always work. As such, OHBA recommended an alternative to deliver the affordable density in another project within the same ward.

OHBA notes that on December 6, 2016 in the Legislative Assembly Minister Chris Ballard stated:

“Bill 7 would originally have prohibited inclusionary zoning units from being constructed in a different location from the proposed development. Throughout the consultations and in the committee process, we heard from all sides that while this was a step in the right direction, it wasn’t practical in all cases; for instance, small-scale developments. As a result, we’re proposing an amendment that would allow municipalities to permit construction of off-site inclusionary zoning units, subject to criteria that may be set out in regulation. This would provide greater flexibility in delivering affordable housing units to communities.”

OHBA recognizes why the Province was initially cautious of such an approach since the overarching goal is to be inclusive of a variety of socio-economic backgrounds. OHBA does however note that there are circumstances in which affordable inclusionary zoning units may not be appropriate in a development and place the homeowners that qualify to live in certain developments at an economic disadvantage. OHBA is therefore supportive of the legislative amendments in Bill 7 to permit the use of off-site units subject to the regulation. Furthermore, OHBA is supportive of Sec 6 “Restrictions on off-site” of the proposed regulation, with the exception of subsection C which requires that the off-site units be ready for occupancy no later than 36 months after the transfer of the affordable units from the proposed principal development. OHBA notes that large residential projects can be challenging to bring to fruition with uncertain timelines and recommends this provision be amended and extended to 48 months.

OHBA is supportive of the balance of proposed regulatory requirements in Section 6 regarding proximity, zoning for inclusionary housing, 50 percent cap on inclusionary units and not counting offsite units towards satisfaction of any inclusionary zoning requirements to which the offsite development would otherwise be subject to.

7. Restrictions on use of s. 37

OHBA is generally supportive of restrictions on use of s. 37 proposed in Section 7 of the regulation. OHBA supports [Sec 7(a)] that the affordable housing units or the GFA proposed to be occupied by the affordable housing units, could not be used to determine community benefits under s. 37. OHBA also supports [Sec 7 (b)] that s. 37 would not apply where a development with inclusionary zoning is proposed to be located on lands within an area where a community planning permit system is in effect. It is important that municipalities not be permitted to “double dip” by securing additional community benefits through s. 37 being levied on government mandated affordable housing units.

8. Developments or Redevelopments

OHBA is supportive of [Sec 8(a)] that exempts applications that propose purpose-built rental units from being subject to inclusionary zoning. OHBA further supports [Sec 8(b)] that exempts non-profit housing providers from being subject to inclusionary zoning.

Transitional matters are a key aspect of the proposed regulation to not disrupt applications currently in process from being subject to new requirements. It is important to provide a time period for municipalities to consult and adopt local inclusionary zoning by-laws and ensure that applications in process are not adversely impacted by an evolving

regulatory landscape. In OHBA's 2016 submission we recommended that a transition period should apply for complete applications, whereby these applications would be grandfathered, as of the effective date of the municipal by-law. OHBA is therefore generally supportive of [Sec 8(c)] of the proposed regulation that an application for a building permit, development permit or community planning permit, or site plan approval for a development or redevelopment was made before the day that an inclusionary zoning by-law was passed that applies to the area in which the development or redevelopment proposes to be built.

9. Community Planning Permit System

OHBA is generally supportive of Section 9 that proposes that O. Reg. 173/16, "Community Planning Permits", would be amended to permit inclusionary zoning to be implemented within a community planning permit system. OHBA however reiterates our recommendation from Section 5, that offsets be built into a CPPS such as an automatic density bonus and/or parking requirement reductions and/or other offsets.

Other Considerations

Provincial Government Leadership:

OHBA notes that the approach to require government mandated affordable units is downloading a portion of the responsibility for constructing new affordable units onto the private sector. The province must set a strong example but including affordable housing within any provincially let projects or RFPs by provincial agencies (i.e. that sale of surplus lands or partnerships through agencies such as Metrolinx). OHBA encourages the province to continue to consider surplus lands owned by the province or any of its agencies, boards or commissions for strategic partnerships with the private sector to build more affordable housing. Furthermore, as part of a partnership model, OHBA continues to recommend relief on the provincial land transfer tax for projects that include government mandated affordable housing through inclusionary zoning by-laws.

If the provincial government or municipalities want a large scale affordable housing program designed to build thousands and thousands of new units on an annual basis, they will have to dedicate significant financial resources to do to. As OHBA has stated on many occasions, new affordable housing units are not free and governments at all levels must play a major role in supporting the construction of new affordable housing. The provincial government's treasury has greatly benefited from the housing market across the province as rising prices and high sales volumes have brought in billions of dollars in additional HST and Land Transfer Tax revenues. The 2017 Budget document itself even notes that the improvement of government revenue compared to projections in the 2016 Budget was primarily due to the strength of Ontario's housing market. Overall, HST revenue including unexpected taxes from the HST on new homes, was \$714 million higher than projected. The strength of the 2017 housing market, along with new revenue from the Foreign Buyers Tax will deliver even higher housing revenue to the provincial treasury. The 2017 Fall Fiscal Update projects \$2.87 billion in Land Transfer Tax revenue in 2017-18, which is over \$1 billion higher than what was collected just three years ago. The health of the provincial treasury is directly correlated to the strength of Ontario's housing market and it is time to reinvest back into housing. This sentiment also applies to municipal governments, such as the City of Toronto that now raises in excess of \$800 million annually from its own municipal land transfer tax which could be dedicated and reinvested back into housing.

Condo Fees, Condo Board Governance and Property Taxes:

Once a government mandated affordable housing unit through an inclusionary zoning by-law is built and ultimately occupied, OHBA believes that there must be long-term considerations and policies in place for how affordable units are treated within

a larger market housing development. The inclusionary zoning consultations led by the Ministry of Municipal Affairs and the currently proposed draft regulation leave a number of questions unanswered:

-) How will affordable units owned within the Condominium Corporations be treated from a condo board governance perspective under the Condominium Act?
-) How will condo fees covering common elements be considered for the owned affordable units within a condominium corporation?
-) Will property taxed be assessed for the owned affordable units at a market rate?

Conclusion

OHBA and our network of 29 local home builders' associations share the Province's goals regarding providing safe, healthy and affordable housing for all Ontario residents. As former Minister McMeekin noted at the Minister's Forum for Affordable Housing and the Private Sector in November 2014, "decent housing is more than shelter, it provides stability security and dignity. It plays a key role in reducing poverty and building strong communities." We couldn't say it better ourselves and we share in the goal to create the conditions through partnerships to enhance affordability while encouraging a greater diversity of housing choices across Ontario.

The residential construction industry is a crucial private sector partner in the delivery of affordable housing. Our members under an inclusionary zoning framework will be responsible for the construction and delivery of affordable housing projects and through the proposed partnership model our members will be responsible for 60 percent of the cost of government mandated inclusionary housing units. While OHBA supports the proposed partnership framework, we strongly recommend that the proposed regulation be amended to reflect an equal 50/50 partnership to better ensure overall market affordability. The proposed regulation clearly defines how our municipal partners will contribute to sharing the costs and what obligations they will have under a partnership model. OHBA is supportive of this clearly defined regulatory framework in which the development industry will provide affordable units in privately built projects in exchange for measures, incentives and offsets from our municipal partners.

OHBA is concerned that some stakeholder groups and municipalities are advocating for the proposed regulation to be gutted and that inclusionary zoning be utilized as a means to create "free affordable housing units"; however, these units are anything but free. The additional cost requirements would, in turn, be passed onto the rest of the purchasers or tenants in the residential development through higher purchase prices. Thus inclusionary zoning is a policy that without appropriate financial and planning support, creates government required affordable housing units by making the rest of the market housing units in a given project less affordable.

OHBA notes that while *some* costs may be absorbed into the price of land over time, that there is no such thing as affordable concrete, labour or cladding systems - someone always pays, and this planning tool if not implemented *fairly or equitably* is essentially a hidden tax on new home buyers that can afford the market rate. If municipalities and the Province support subsidized housing as a societal goal, then the cost should be shared by the community at large as has been proposed in the regulation.

More broadly speaking, our industry's role in delivering market housing that is affordable for most households is becoming increasingly difficult due to barriers in housing supply, approvals process, increased regulations and taxes, fees and charges. We are supportive of a broad Long-Term Affordable Housing Strategy that reduces barriers to new housing supply, expands a portable housing allowance program, permits as-of-right secondary suites and targets strategic investments to rehabilitate existing social housing stock and unlocks through provincially owned lands the potential to build new affordable housing.

OHBA has opposed inclusionary zoning in the past, but we are prepared to work with government to construct and deliver government mandated affordable housing units through an equally split partnership framework.