

Appendix III – Administering Affordable Housing Units Secured by Local Municipalities Through Inclusionary Zoning and Other Mechanisms

Tenure Arrangement	General Considerations	Delivery Mode Considerations	Affordability Duration Considerations
<p><b>1. Rental Units located within Purpose-built rental developments</b></p>	<ul style="list-style-type: none"> <li>NBLC study indicates that these units will represent a small proportion of IZ supply.</li> <li>Between 2006 and 2020, purpose-built rental unit supply grew by 1,600 units in Peel (CMHC).</li> </ul>	<ul style="list-style-type: none"> <li>Tenants work directly with property owner potentially through referral by public agency.</li> <li>Highly similar to existing Service Manager practice where developer owns the units and manages tenants with a referral agreement.</li> </ul>	<ul style="list-style-type: none"> <li>Duration of affordability could be limited if operating costs increase beyond the ability to raise rents.</li> <li>Operating subsidy or other supports may be required to ensure long-term affordability</li> </ul>
<p><b>2. Rental Units in Condominium developments</b></p>	<ul style="list-style-type: none"> <li>Condominium developers generally do not maintain an ongoing relationship with buildings after project completion.</li> <li>Developers may be able to collaborate with third-parties to achieve success with these types of units and house their clients (<i>e.g.</i>, Artscape securing units for artists), especially if they have independent funding.</li> </ul>	<ul style="list-style-type: none"> <li>Tenants access a rental unit inside an ownership building through a third party.</li> <li>(Condominium) developer may own the unit and a third-party leases unit via commercial head lease, manages tenancies, and assumes responsibility for tenant associated risks.</li> <li>Tenants could be referred by a public agency, or, through the third-party (<i>e.g.</i>, Artscape that might prioritize artists).</li> </ul>	<ul style="list-style-type: none"> <li>Operating subsidy or other supports may be required to ensure long-term affordability as operational costs, including maintenance fees, begin to exceed the affordable rent.</li> </ul>

Appendix III – Administering Affordable Housing Units Secured by Local Municipalities Through Inclusionary Zoning and Other Mechanisms

<p><b>3. Ownership condominium units in Condominium developments</b></p>	<ul style="list-style-type: none"> <li>• Condominium ownership developments are likely be predominant.</li> <li>• Resale-regulated ownership is an innovative, alternative ownership option as price increases are generally regulated to inflation, plus cost of renovations.</li> <li>• Households trade the ability to accrue market returns for affordability and greater security of tenure than rental.</li> </ul>	<ul style="list-style-type: none"> <li>• Price regulated ownership where sale price is controlled with a restricted covenant to ensure long term affordability.</li> <li>• Owner-occupant purchases directly from the builder with referral from public agency to assure accountability, manage demand, and ensure equitable access.</li> </ul>	<ul style="list-style-type: none"> <li>• Units could be affordable for the very long-term.</li> <li>• Long-term building needs would be addressed through maintenance fees</li> <li>• Other IZ jurisdictions find households will accept controls on resale prices if there is security of tenure, the ability to recoup the costs of investments made to their homes.</li> <li>• Increase in maintenance fees can make units less affordable for purchasers over time. Cambridge, Massachusetts limits maintenance fee increases.</li> </ul>
--	--	---	---