

INCREMENTAL INCLUSION:

Exploring Inclusionary Zoning in Winnipeg, Canada

by

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IN WINNIPEG, CANADA**



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ABSTRACT

In Winnipeg, and across Canada, there is a strong need for more affordable housing, and the potential for new and creative responses from municipalities. Inclusionary zoning is one such tool, which can mandate or incentivize the inclusion of affordable housing in new residential developments. Drawing on existing literature and interviews with planners, politicians, and housing advocates, this research explores the potential for inclusionary zoning in Winnipeg. Findings show the concept of incrementalism can inform Winnipeg's implementation of the policy, drawing on how other slower-growth cities implement the tool and considering Winnipeg's political environment. Further consultation, an analysis of development, and an economic feasibility study are needed to explore these incremental possibilities in the local market. This research has also pointed to the need to further understand local housing needs and evaluate the use of existing policies, such as tax increment financing, to inform a made-in-Winnipeg incremental inclusionary policy.

Keywords: inclusionary zoning, affordable housing, municipal housing policy, residential development, urban planning

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LIST OF ACRONYMS

CCPA	Canadian Centre for Policy Alternatives
CHRA	Canada Housing and Renewal Association
CMHC	Canada Mortgage and Housing Corporation
IZ	Inclusionary zoning
TIF	Tax increment financing

CHAPTER ONE: INTRODUCTION

1.1 Research Problem & Purpose

Canada, like many other parts of the world, is facing “a severe shortage of decent quality, affordable housing” (Brandon & Silver, 2015, p.1). While this is “not a new phenomenon” (Carver, 1948, p.122), the housing needs of Canadians have changed over the last number of decades and are intricately shaped by government policies and interventions, or lack thereof. Canada Mortgage and Housing Corporation (CMHC) defines housing as affordable when a household can pay 30% or less of total household income on all shelter costs (CMHC, 2017a). In Winnipeg in 2016, 21% of residents (or 64,375 households) spent more than 30% of their income on shelter costs (Statistics Canada, 2017). The incidence of unaffordability is higher for renters, as 39.5% of renters are spending more than 30%. Additionally at least 1,500 people are experiencing homelessness in the city (Winnipeg Street Census, 2018). Clearly, there is a need for more affordable housing in Winnipeg.

Winnipeg’s official community plan, *Our Winnipeg*, commits to ensuring the city “remains livable, desirable, and *affordable* in the future” (City of Winnipeg, 2011a, p.25, emphasis added). Through planning and policies like *Our Winnipeg*, the City is intimately involved in housing production. It affects supply and demand through planning processes and service provision, and has access to a variety of tools that can influence affordable housing (Maes Nino & Ring, 2015). In 2013, the Province of Manitoba passed legislation that would

enable inclusionary zoning, a municipal tool which capitalizes on private sector development to include affordable housing whenever, and wherever, residential development occurs (Drdla, 2016; Mandelker, 2012, p.386). Inclusionary zoning mandates or incentivizes a certain percentage of affordable housing to be included in new residential developments. This research explores this newly enabled tool with the intention of identifying key considerations for its implementation in Winnipeg.

Additionally, in Winnipeg, housing and poverty are intricately connected along neighbourhood lines, leading many to call Winnipeg a “segregated” city (Silver, 2011, p.115). When compared to other municipalities in Canada, Winnipeg is identified as having a higher concentration of poverty (Bunting, Walks, & Fillion, 2004; Stranger-Ross & Ross, 2012). It is also recognized that government policy intervention can help alleviate these circumstances of concentrated urban poverty (Stranger-Ross & Ross, 2012). Inclusionary zoning may be a tool that can help to alleviate some of these issues, increase integration, and the economic and social well-being of the city’s residents.

1.2 Key Research Questions

Q1 What are local actors’ perspectives on the strengths and barriers associated with inclusionary zoning for the Winnipeg context?

Q2 What key planning issues are potentially involved in implementing inclusionary zoning in Winnipeg?

1.3 Context: Housing in Winnipeg & Affordable Housing Need

There is a strong need for affordable housing in Winnipeg and it is an issue that will likely only continue to grow. Canada has developed the indicator of core housing need that indicate three issues of housing: affordability (households can pay 30% or less of household income on shelter costs), adequacy (conditions not in need of major repair), and suitability (enough bedrooms for household size) (CMHC, 2017a). In 2016, 12.1% of all households in Winnipeg are reported as being in core housing need (Statistics Canada, 2017). This is up, from 2011 when 10.3% of households reported core need – not to mention the increase in population over this time, so the numbers have been growing. Looking just at housing affordability, 21% of Winnipeg residents (64,375 households) were spending more than 30% of their income on shelter costs in 2016 (Statistics Canada, 2017). This rate is much higher when analyzing only renters, as 39.5% of renters are spending more than 30% of their income on housing, and renters typically have incomes much lower than owners. Additionally, the most recent Street Census reported there were (at least) 1,500 people experiencing homelessness (Winnipeg Street Census, 2018). On a provincial level, it has been estimated that if housing trends continued as they have been, it will take 57 years for core housing needs in Manitoba to disappear (Cooper & Skelton, 2015).

Winnipeg's population is growing and is expected to continue to grow at an average of 1.2% between 2015 and 2040 (Bougas, 2015). The demographic make-up of the city is also changing, with the largest growth in populations most in need of lower-income housing,

including single-parent households, Indigenous people and newcomers to Canada (Brandon, 2015). Additionally, most migration to Winnipeg is by those under the age of 30, and along with the aging baby boomer population, demand for multi-family housing is only expected grow (CMHC, 2015). In 2017, the number of new housing units being constructed increased by almost 50% over the previous year, resulting in approximately 5,000 new housing starts that year. (This increase was, in part, predicted by projects being pushed through before the City of Winnipeg's new impact fees would have come into effect) (CMHC, 2017c). This growth in housing starts is expected to continue, waning slightly in 2018, but growing again in 2019, with each year seeing an average of approximately 4,000 new units (CMHC, 2017c). Winnipeg is growing.

The rental vacancy rates in Winnipeg are sitting relatively stable at 2.8%, and rents have continued to rise every year, with the average two-bedroom renting for approximately \$1068/month in 2016 (CMHC, 2017c). The cost of purchasing a home in the city has also risen 103% from 1999 to 2015 (CBC News, 2016). The cost of purchasing a home is expected to continue to increase, despite stricter mortgage requirements nationally (CMHC, 2017c). In 2016, the average existing home in Winnipeg sold for \$284, 610 (CMHC, 2017c). While 95% of Canada's housing market exists in the private market, approximately 8% of Manitoba's population relies on social housing (Zon, 2015, p.4). The Province of Manitoba recently reported that there were 3,981 people on the waiting list to get into social housing (Grabish, 2018).

While Winnipeg has long been dominated by the “availability of cheap land for suburban sprawl and massive subsidies in the form of free municipal infrastructure, encourag[ing] single-family suburban sprawl” (Brandon, 2015, p.29), development may be changing. With the introduction of new development impact, or growth, fees in 2016 (despite a pending court case *against* them), and the expansion of rapid transit networks along with higher density development around them, Winnipeg may be at the cusp of an evolving housing and development market (Keele, 2017; Winnipeg Transit, 2016). What will come from all these changes is unknown, however, there may be a unique opportunity for the City to explore a new response to address the housing needs of lower-income residents, while engaging, and not damaging, the local development industry. While Winnipeg is still considered a slower growth city, it is growing at a stable rate, and “Winnipeg’s problem is not slow growth, but mismanagement of growth” (Leo & Anderson, 183). Based on the enabling legislation at the provincial level, the City now has the potential to implement inclusionary zoning, which could see new communities grow while incorporating a more diverse array of Winnipeggers’ needs. It can help Winnipeg “capitalize on growth while making sure our city stays livable, affordable and desirable” (City of Winnipeg, 2011b, p.2). Ultimately, consultations with the local development industry and housing advocates must be conducted to explore the potential concerns and challenges. This research is the first step in informing this process.

CHAPTER TWO: RESEARCH METHODS

2.1 Introduction

This practicum research aimed to explore if, and how, inclusionary zoning could play a role in Winnipeg's response to affordable housing. The research involved a literature review and semi-structured interviews to explore the following research questions:

Q1 What are local actors' perspectives on the strengths and barriers associated with inclusionary zoning for the Winnipeg context?

Q2 What key planning issues are potentially involved in implementing inclusionary zoning in Winnipeg?

2.2 Literature Review

The literature review sets the context of my practicum research within the larger body of knowledge to date. A literature review can be a form of research in and of itself, as existing literature is explored through a specific framework, applying a new lens to past work (Rocco & Plakhotnik, 2009, p. 127). I reviewed literature on inclusionary zoning and brought in relevant information through the lenses of the Winnipeg context and my research questions. The literature review served as the foundation to my research. Finally, the literature review allowed me to present knowledge and research from elsewhere and demonstrate the apparent gap in research (Rocco & Plakhotnik, 2009, p. 123). There is a gap in research on inclusionary zoning

in the Canadian context, as well as in a smaller and slower-growth municipality such as Winnipeg. This research begins to close this gap.

2.3 Semi-structured Interviews

The research intended to gauge “examinations of feelings or attitudes” (Gray, 2014, p. 362) from local actors on inclusionary zoning. In this light, semi-structured interviews presented the best opportunity to allow for engagement with these actors. They allowed for a more in-depth discussion with local stakeholders to explore findings from other municipalities, but also the potential opportunities and challenges for application in Winnipeg. The benefit of semi-structured interviews is that they allow for additional questions to be included that were not anticipated, but arise from the conversations (Gray, 2014, p. 385). I conducted interviews in a guided conversation style, which allowed for interviewees to respond to my questions, while bringing up other themes they felt were important to the topic. The semi-structured interviews explored both research questions (What are local actors’ perspectives on the strengths and barriers associated with inclusionary zoning for the Winnipeg context?; and What key planning issues are potentially involved in implementing inclusionary zoning in Winnipeg?). Findings from these interviews were contextualized within existing research. In this way, the interviews and literature review inter-weaved, as I explored the research questions.

While there are benefits to semi-structured interviews for a practicum such as this, there are also drawbacks to this method – in particular, issues around validity, reliability and bias

(Gray, 2014, p.388). Validity was strengthened using an interview guide that was developed through findings in the literature, and with the intention to explore the research. Another issue with validity is the potential for findings from this study to be generalized elsewhere (Gray, 2014, p.388). While this practicum explores the specific Winnipeg context, the political and development industry in Winnipeg is similar to many other cities. There may be general lessons for similar cities – most particularly, slower-growth cities. My goal in this research has been to develop a preliminary understanding of concerns from stakeholders in key sectors related to inclusionary zoning. In this way, each sector will clearly hold their own biases, but it is these biases that my research is intended to explore. Exploring feedback from different perspectives helps balance and contextualize these biases and serves as a foundation for research triangulation.

2.4 Research Process

For this practicum, I conducted nine individual semi-structured interviews with stakeholders from each of the following groups:

1. Housing advocates (1)
2. Social planners (1)
3. City planners (3)
4. City councillors (2)
5. City employees (1)
6. Manitoba Housing representatives (1)

All interviews were conducted in person and were approximately 30-60 minutes in length. Prior to the interviews, I provided all interviewees with a written summary of what inclusionary zoning is, how it can be implemented, and learnings from experiences elsewhere. This was helpful and acted as an additional guide to conversations, with interviewees responding to the summary, in addition to my questions. See Appendix I & II for a copy of the interview guide and the research background shared with interviewees.

Interviewees were identified with support from my advisory committee and their combined knowledge of the Winnipeg planning and housing sectors. All interviewees were contacted to participate by email, following proper ethics protocols, as approved through the University of Manitoba Joint-Faculty Research Ethics Board (JFREB).

2.5 Ethics

Ethics for this practicum was reviewed and approved by the JFREB, as required. I completed the course on Research Ethics through the Government of Canada's Tri-Council Policy Statement (TCPS) Tutorial and ensured that I carefully followed ethical considerations in the research. My certificate of completion of the TCPS Tutorial is included in Appendix III. These considerations included ensuring "free, informed and ongoing consent" (Panel on Research Ethics, 2014). I followed this protocol by informing interviewees that participation was voluntary, that they could withdraw at any point, and would be anonymous, identified only by the job title they indicated on the consent form. All interviewees who participated signed a

written consent form, indicating their consent, agreement to be recorded (or not), and their right to remain anonymous. See Appendix IV for a copy of the consent form provided to participants.

2.6 Process of Analysis

In order to explore research findings, I transcribed all interviews and used content analysis through an interpretive approach. Drawing on Berg (2007), this qualitative and interpretive approach involved “developing ideas about the information found in the various categories, patterns that are emerging, and meanings that seem to be conveyed” (p.308). I coded interviews with Nvivo software, and used both deductive and inductive approaches to explore themes that emerged. This inductive/deductive process may also be referred to as joint coding, which has been said to be a “more honest way to present findings and analysis” (Berg, p.322) It was deductive, as I used categories that presented themselves in the literature review, particularly around considerations for inclusionary zoning policies. These included themes such as a mandatory or voluntary policy, incentives, where to apply it, and affordability terms. I also had initially thought about themes around threshold size and percentage requirements, though these did not arise in the analysis. Themes were also pulled directly from the interview questions, particularly ones that helped set the context – affordable housing definition, need, and the role of both the City in housing, and the private sector. And finally, other themes predicted from the literature included barriers to policy development and political will.

As Berg (2007) indicates, drawing on inductive themes helps to ground theory and findings within existing literature while remaining open to new themes that can arise (p.312). While I had an initial list of deductive themes, I also immersed my analysis of the transcripts to identify themes that were meaningful in light of the research questions. From this process arose themes relevant specifically to Winnipeg, such as impact fees, and tax increment financing. Once a long a list of themes was developed, and all interviews were coded, I began to explore partnerships and connections between themes, and looked for overlap. Some themes were condensed into 'child' themes, while other themes were combined into one theme, and some larger ones broken down. The final list of themes is represented in Chapter Four: Findings, and grouped into three sections – context, process, and policy design.

Finally, this practicum research is only one part of the work I have done on inclusionary zoning over the same time period. This practicum research builds on an additional research project I conducted through a paid contract with the Canadian Centre for Policy Alternatives (CCPA) Manitoba, and financial support from End Homelessness Winnipeg and Mitacs Canada. Both projects were conducted over the same year (between May 2017 and August 2018). Comparisons and distinctions between the two projects are outlined in Table I below. Briefly, the CCPA contract involved exploring inclusionary zoning in two American cities (Boulder, Colorado and Baltimore, Maryland), conducting interviews with inclusionary zoning experts from Canada and the US, and speaking to members of Winnipeg's development industry (Rappaport, 2018).

Table 1: Comparison of CCPA and Practicum Research

	CCPA Contract	Practicum Research
Research Questions	<p>To what extent has inclusionary zoning (IZ) been used elsewhere to address affordable housing needs?</p> <p>What lessons can Winnipeg learn from these IZ cases? What are key considerations for application in Winnipeg?</p>	<p>What are local actors' perspectives on the strengths and barriers associated with inclusionary zoning (IZ) for the Winnipeg context?</p> <p>What key planning issues are potentially involved in implementing IZ in Winnipeg?</p>
Methodology & Sources	<p>Interviews with two American municipalities who have implemented IZ (Boulder, CO & Baltimore, MD); interviews with IZ experts in North America; interviews with Winnipeg developers.</p>	<p>Interviews with local stakeholders – planners, politicians, advocates.</p>

While the two projects were separate, the work was done for both simultaneously, and the literature review for both projects, specifically, is similar, as there is only a limited amount of literature on inclusionary zoning to draw from. I began conducting interviews for my practicum research prior to the CCPA project, but continued with interviews *following* the conclusion of my CCPA research. In this way, the projects interweaved and what I was learning in one, informed the other. The CCPA research pointed me in the direction of American organizations and literature that focused specifically on inclusionary zoning in slower-growth cities, which helped to frame my analysis of my practicum research. Had I not been working on the CCPA project, I am not sure I would have come across these additional sources that helped frame my analysis of findings in this project. The two works, together, hopefully inform Winnipeg's future consideration of inclusionary zoning.

2.7 Biases & Limitations

I am lifelong Winnipegger and have spent most of my adult life engaged in, and advocating for, social justice and progressive causes. This experience supported my initial draw to the topic of affordable housing, and specifically, how inclusionary zoning could be an important tool for Winnipeg. Included in this bias was an initial presupposition that private developers *should* include affordable housing in developments. Through spending the last year and half studying this topic, I plunged deep into the intricacies of the policy tool, and then back up to reality of exploring what's necessary – and relevant – to share in this practicum report.

Throughout this process, my perspective shifted to understanding, better, the reality and economics of development, and the challenges faced by the private development industry.

While this was not originally what I expected, this only piqued my interest further in the topic.

My limitations in this project is that it is a Master's practicum – I could not plunge as deeply as I wanted into the topic and feel that as a result, the findings only scratch the surface of what's possible in Winnipeg in terms of inclusionary zoning. Most specifically, a further economic feasibility study of the potential for inclusionary zoning in different Winnipeg development scenarios is needed. This study would look at the costs of including different amounts of affordable housing in development scenarios – an analysis that this qualitative research does not explore, but is relevant to exploring the potential of inclusionary zoning in Winnipeg. As mentioned above, I conducted a similar project for CCPA during this same time period which connected with local private developers. Because of this, my practicum research

did not engage with private developers and so, it lacks this perspective. This practicum draws upon the published CCPA research to help address this gap (Rappaport, 2018).

CHAPTER THREE: LITERATURE REVIEW

3.1 Introduction: Poverty, Housing, and Inclusionary Zoning

The history of Winnipeg's neighbourhood development has, and continues to be, shaped by segregation (Silver, 2010, p.115). This segregated city is seen in areas of concentrated and racialized poverty, emphasizing the important connection between planning, neighbourhood development and the need for affordable housing. When compared to other municipalities in Canada, Winnipeg has a higher concentration of poverty (Bunting et al., 2004; Stranger-Ross & Ross, 2012); additionally, Winnipeg's housing stock is the oldest and in greatest need of repair when compared to other Canadian cities (Distasio, 2003). In this way, Winnipeg may be seen as similar to cities in the United States, where there is substantial evidence on the presence of spatial concentration of "the new poverty" (Bunting et al., 2004; Silver, 2011; Wilson, 1987). Throughout much of the 20th century, poverty was largely viewed as a result of personal characteristics that led to an inability to secure employment (Bunting et al., 2004). In contrast, this "new poverty" is shaped by economic, demographic, and policy change, all of which have "profoundly affected the articulation of poverty and housing affordability" (Bunting et al., 2004, p.364). Across the United States, cities facing this "new poverty" have been exploring responses to affordable housing.

One such tool available to municipalities is inclusionary zoning, which has been used by hundreds of cities in the United States to stimulate affordable housing production. Inclusionary zoning (IZ) is a municipal policy which outlines a certain percentage of new residential units be

created as affordable (Mandelker, 2012, p.386). Inclusionary zoning can be mandatory or voluntary, implemented in certain areas or across a whole city, and developers are often provided with cost-offsets or incentivizes to develop the housing (Gladki & Pomeroy, 2007; Mah, 2009; Mandelker, 2012). It is a tool that can increase affordable housing supply, and can be tailored to respond to local need.

3.2 Affordable Housing: A Definition

Definitions of affordable housing often look at the relationship between income and housing costs. Housing is most often the largest expenditure for a household, therefore, living in unaffordable housing can affect an individual or family's ability to afford other basic needs, including healthy food, childcare, and transportation, and these needs can be forfeited in exchange for remaining in their housing. A common definition of affordable housing is that households can spend 30% or less of before-tax household income on shelter costs, including rent or mortgage payments, utilities, insurance or property taxes, etc. (CMHC, 2016a). Social housing is a *form* of affordable housing managed by government or non-profit agencies. In Manitoba, social housing provides rental housing to individuals and families with rents set at a ratio geared to income (also known as rent-geared-to-income or RGI housing) (CMHC, 2017a; Manitoba Housing, 2018b). While social housing has long been the conventional way to provide affordable housing in Canada, it is only one type and there are other ways to provide affordable housing through government, non-profit, and private sectors. To explore the range of affordable housing supports from the public, a housing continuum is often used which shows

the potential responses as they move from non-market responses to market responses, as shown in Figure I below (CMHC, 2010, p.1).

Figure I: Housing Continuum



While the housing continuum is useful for showing the range of housing supports available to be provided by a public actor, it is challenging in that it positions home-ownership as the ultimate goal. It also posits that one can, and should, transition in a linear line from relying on non-market housing supports into independent homeownership in the private market. In reality, living in any form of housing, as long as it fits one’s needs and lifestyle can, and should, be the housing goals we work towards. While homeownership might be the goal for some, living in social housing or cooperative housing for one’s lifetime is an equally valuable goal. In this vein, when cities and other levels of government consider housing policy, the goals should be to support an individual’s or family’s desires and needs, not to help one transition from non-market into private homeownership. Policy responses must explore a range of supports along the housing continuum.

Inclusionary zoning can be used to create any type of housing on this continuum and the goals for production would need to be directed and written into the policy’s development. Across the United States, however, inclusionary zoning has most often been used to create housing geared to moderate, or middle-income households – so, affordable rental or

homeownership (Drdla, 2016; Gladki & Pomeroy, 2007). In most American cities with inclusionary zoning, affordability requirements are set at a limit that creates housing affordable to households that make a defined percentage of that area's median income. In this way, housing prices are still tied to income, but aim to produce housing for a targeted income group in the city. Often policies are producing housing to those making between 50% of an area's median income (AMI), and up to 120% AMI – depending where the need is in the city, and what the private market will not provide on its own (Thaden & Wang, 2017). Meanwhile, the small number of Canadian cities that have used inclusionary projects on more case-by-case basis, they have integrated social housing into market-rate developments by relying on support from other levels of government (Drdla, 2016; Mah, 2009)

The City of Winnipeg uses two definitions of affordable housing, one for ownership and rental housing, as outlined in its Housing Policy. Affordable ownership is when total shelter costs are 30% or less than the top of the second income quintile; median market rent is used for the definition of affordable rental housing (City of Winnipeg, 2013, p.2). Provincial legislation that has enabled inclusionary zoning in Manitoba dictates that cities may only adopt the policy, if "if a definition of "affordable housing", or the manner for determining if housing is affordable housing, is prescribed in the by-law" (Government of Manitoba, 2018a).

3.3 Brief History of Canadian Housing Policy

Housing has generally been thought of as integral part of economic policy, increasing jobs and the financial well-being for Canadians, as well as the Canadian economy (Carter & Polevychok,

2004). Government policy to address affordable housing has been focused on filling the gap between what the market provides and what Canadians can afford to pay (Zon, 2015). The federal government has played a role in housing for Canadians since the 1940s through a variety of programs and policies. These policies have aimed to support national goals, and have ranged from directly building subsidized housing, to economic incentives for the private sector, or insuring Canadians' mortgage payments. Starting in the 1940s, the federal government played a role in providing housing to low-income and vulnerable Canadians through public, or social housing (Gaetz, Gulliver, & Richter, 2014, p. 25). While only 5% of Canadians currently live in public housing, from 1946 until the early 1990s, the government developed over 600,000 housing units, not including on-reserve housing (Canada Housing and Renewal Association [CHRA], 2014, p. 1). From the 1960s, and up to the 1980s, Canada was thought to have one of "the more comprehensive social housing programs in the world, addressing a range of housing needs and accommodating many types of low- and moderate-income households" (Carter & Polevychok, 2004, p. 3). In the 1980s, in response to fiscal constraints, the federal government began slowly disinvesting in social housing and cancelled programs that incentivized private sector rental housing construction (Crook, 1998). In 1993, the federal government pulled out of social housing completely and devolved control of public housing to the provinces and territories. Despite this abrupt end, the federal government maintains its commitment to funding the existing operating agreements developed during this time – all of which are set to expire by 2038 (Gaetz et al., 2014, p. 25; Government of Canada, 2016).

“Modest re-engagement” (Suttor, 2016, p.151) on the part of the federal government in affordable housing was seen in the 2000s with the development of the Affordable Housing Initiative, later renamed Innovation in Affordable Housing (IAH) (CMHC, 2017b). IAH is now committed to increasing the supply of affordable housing, preserving and renovating the existing stock, and improving general housing affordability for Canadians. Programs through IAH require matching funds from the provinces and territories (CMHC, 2017b). In 2016, the federal government announced the creation of a National Housing Strategy (NHS), a ten-year, \$40-billion plan to respond to housing needs in Canada. The NHS aims to “re-engag[e] in affordable housing and [bring] together the public, private, and non-profit sectors to ensure more Canadians have a place to call home” (Government of Canada, 2018).

While a variety of federal and provincial programs have assisted in many Canadians to be housed, enter into homeownership, or live in subsidized or supportive housing, in the last couple of decades, there has been a massive growth in homelessness, increased housing unaffordability across Canadian cities, and a severe reduction in purpose-built rental housing (Hulchanski, 2006; Gaetz et al., 2014; Pomeroy, 2015). That said, a “silver lining” of the devolution of housing from the federal government is that the diversity of actors playing roles in the provision of housing providers has increased, now including provincial and local governments, community and non-profit organizations, and the private sector (Carter & Polevychok, 2004).

3.4 Municipal Role in Housing

Despite the fact that affordable housing has historically been provided by federal or provincial governments, municipalities have a range of tools available to respond to affordable housing needs, and are, in fact, more connected to the local housing market, when compared to other levels of government. Municipalities have a direct stake in housing production, on both the supply and demand side; they enact zoning by-laws that limit what type of housing can be built where new communities will be located and what they will look like, strongly influencing housing choice and supply. Additionally, they are responsible for the development or provision of basic and soft services that ultimately increase the value of a neighbourhood, and thus affect house prices and local demand.

Since the devolution of housing in the 1990s, each province and territory has adopted its own approach to managing affordable and public housing. The Province of Manitoba has maintained most of the control of social housing programming and provision, but Winnipeg still, can, and does, play a role. The City of Winnipeg adopted its first Housing Policy in 1999 with an emphasis on neighbourhood renewal, and to build stability in older neighbourhoods (Maes Nino & Ring, 2015). In 2013, the City released a new Housing Policy with a stated objective of establishing “a sufficient supply of affordable, adequate and suitable housing throughout the City that meets the needs of the population of Winnipeg” (City of Winnipeg, 2013, p. 2). As mentioned previously, the City has its own definition of affordable housing for both ownership and rental in this policy. Additionally, the policy states that “affordable housing may be built with the assistance of capital grants, [but] it would not require ongoing operating

subsidies” (City of Winnipeg, 2013, p.2). This definition maintains the historic relationship in which the federal or provincial government is responsible for ongoing funding of low-income housing not produced through market forces, while the City’s role is in “municipal planning by-laws that regulate land use and building form, and programs to encourage development that supports and maintains the housing stock in Winnipeg” (City of Winnipeg, 2013, p.1). Winnipeg’s official community plan, *Our Winnipeg*, also commits to ensuring the city “remains livable, desirable, and affordable in the future” (City of Winnipeg, 2011a, p.25).

Generally, municipalities and their planning departments have access to regulatory, fiscal, financial, and institutional tools for affordable housing (Maes Nino & Ring, 2015; Starr & Pacini, 2001; Tsenkova & Witwer, 2011). In their analysis of municipal instruments to support private sector provision of affordable and rental housing in Alberta, Tsenkova and Witwer (2011) developed an analytical framework that explores the housing relationship between municipal policy and the private sector, focused on four areas: fiscal, financial, regulatory and institutional. In an environmental scan of municipal role in affordable housing in Ontario, Starr and Pacini (2001), outline a list that also includes tools that would work outside a relationship with the private sector, including research, advocacy, supporting community partnerships, direct provision and other administrative tools. Finally, Maes Nino and Ring (2015) explore the roles municipalities in Canada play regarding affordable housing, and look at direct provision, as well as the fiscal, regulatory, or planning tools, such as the development of official community plans, secondary plans, or housing polices. An adaptation of Tsenkova and Witwer’s (2011) framework, drawing from Starr and Pacini (2001) and Maes Nino and Ring (2015) is included in Table II below. This table summarizes the types of tools available to

municipalities that will have some effect on private development. This table is followed by an outline of how Winnipeg uses each of the categories of tools.

Table II: Municipal Tools for the Private Sector to Support Affordable Housing

Category	Explanation
Regulatory	Accommodations through zoning by-laws or adjusted by-laws based on housing agreements, and general planning documents to support affordable housing provision. These can include tools such as inclusionary zoning, density bonuses, the allowance of secondary suites, reduced parking requirements, etc.
Fiscal	Can include direct or indirect expenditures through grants, subsidies, tax incentives, or land donations.
Institutional	The development of bodies that become arms-length or independent from the city, and administers government funds autonomously. Examples could include land trusts or housing organizations.

When compared to other municipalities in Canada, Winnipeg appears to use a very minimal number of regulatory tools: one, the allowance of smaller lots for development, and two, secondary suites permitted as a conditional use (City of Winnipeg, 2017; Maes Nino & Ring, 2015). Winnipeg also uses fiscal tools such as tax incentives or tax increment financing, housing grants, and the provision of city-owned land at a reduced rate or free for affordable housing (Maes Nino & Ring, 2015). Winnipeg operated the Downtown Rental Development Grant Program, through Tax Increment Financing (TIF), which essentially provided a property tax reduction, to rental projects in the Downtown that included a minimum of 10% affordable units for at least five years (City of Winnipeg, 2014). The City also operates the Housing Rehabilitation Investment Reserve (HRIR) that distributes funds to programs that address housing needs in the city’s core areas, primarily through Neighbourhood Renewal Corporations (Cooper, 2011). Finally, within the institutional category, there is the Winnipeg Housing

Rehabilitation Corporation (WHRC), a non-profit that develops, manages and renovates affordable housing. WHRC operates arms-length from the City, but the board of directors includes City Councillor representation (WHRC, 2011).

Inclusionary Zoning (IZ) is one potential regulatory tool available to municipalities and is “the most prevalent of the regulatory initiatives used by US municipalities to stimulate the creation of affordable housing” (Starr & Pacini, 2001, p.24). In 2013, the Province of Manitoba passed legislation that allows for municipalities to develop inclusionary zoning by-laws. Below a definition, history and considerations for implementation of inclusionary zoning is explored, drawing on existing literature.

3.5 Inclusionary Zoning: An Introduction

Inclusionary zoning (IZ) is a way of harnessing private developers to provide affordable housing in new residential developments (Mandelker, 2012, p.386). The policy requires or incentivizes developers to set aside a certain percentage of residential units as affordable. Inclusionary zoning can be mandatory or voluntary and developers are often provided with cost-offsets or incentives to participate (Gladki & Pomeroy, 2007; Mah, 2009; Mandelker, 2012).

A Note on Terminology

In the literature, the terms ‘inclusionary housing’ (or ‘inclusionary policies’) and ‘inclusionary zoning’ are often used interchangeably, yet there are differences with both. ‘Inclusionary housing’ or ‘inclusionary policies’ most likely refer to programs where

the inclusion of affordable housing is voluntary or decided on a case-by-case basis, through negotiations, housing agreements, or incentives. 'Inclusionary zoning' is implemented through a municipality's zoning regulations and mandates the inclusion of affordable housing in certain developments, though incentives or cost-offsets can also be provided (Drdla, 2016; Gladki & Pomeroy, 2007; Mah, 2009). While the literature looks at both types of policies and the ways they are enacted across the world, and the findings discussed here will draw on both types, I will use the term inclusionary zoning (IZ) throughout.

Inclusionary zoning has the benefit of producing mixed-income neighbourhoods, often with little government funding or subsidies. It has been shown to provide housing for moderate-to-lower income households who are priced out of the conventional market, but not eligible for subsidized housing (Drdla, 2016). IZ differs greatly from more traditional means of producing affordable housing in Canada which have relied heavily on government subsidies and have been administered by the federal or provincial government. IZ capitalizes on where housing is being developed by the private sector, ensuring that affordable housing is included in all areas of the city (Drdla, 2016; Gladki & Pomeroy, 2007; Mah, 2009). It has been shown to be most successful when there is strong political support, program flexibility, and when integrated with other planning tools and housing policies (Calavita & Grimes, 1998; Mandelker, 2012; Tsenkova & Witwer, 2011).

Despite its potential success, IZ also has the challenge of relying on the private market for development, therefore is most successful in high growth areas with a strong housing

market (Drdla, 2016; Tsenkova & Witwer, 2011). It has also been shown to be *most* successful at producing housing just below market rate, therefore not for those most in need (Drdla, 2016; Gladki & Pomeroy, 2007). That said, it has the potential to produce housing along a continuum of affordability and target a population traditionally left out of other programs and policies. Additionally, when inclusionary housing policies have been enacted in Canadian cities, they have tended to focus on producing rent-gear-to-income or social housing units, by drawing on additional funding from other levels of government (Mah, 2009; Mah & Hackworth, 2011). Finally, IZ can face considerable resistance from the development industry and ample consultation and negotiation prior to implementation is critical. This is particularly pertinent in a city like Winnipeg, a slower growing city, and one considered to have a stable and affordable housing market (CMHC, 2018).

3.6 History of Inclusionary Zoning

IZ has been successfully used across the United States, Western Europe and Australia. Inclusionary *policies* have also been used by Canadian municipalities on a case-by-case basis, not through zoning by-laws, which can also provide context for application in Canada (Mah, 2009; Mah & Hackworth, 2011; Tsenkova & Witwer, 2011). IZ was first introduced in the United States in early 1970s, and as its name might suggest, was developed to respond to *exclusionary* housing policies, which prevented certain types of housing in certain areas to limit access to housing for particular groups – mostly preventing African Americans in new suburban neighbourhoods. In the civil-rights era of the 1960s, this relationship between land-use

regulations and racial segregation was recognized and IZ was introduced as a tool for racial and economic integration (Calavita & Grimes, 1998; Calavita & Mallach, 2010). IZ was seen as a way to “open up the suburbs” for lower-income individuals and provide housing choice, and along with that, opportunities to access education, jobs, other services formerly not open to minorities through land-use regulations (Calavita & Grimes, 1998, p. 152). It also developed in conjunction with the rise of the environmental movement and concerns about urban sprawl, the introduction of development fees to cover the costs of growth, rising house prices and a decrease in federal funding for housing programs (Calavita & Grimes, 1998; Calavita & Mallach, 2010).

Since the 1970s, IZ has been adopted and is now used by over 800 jurisdictions across the US (Thaden & Wang, 2017). Developed, first, to produce affordable and mixed-income housing in new suburban developments, it is now used in major urban centres including Washington, Boston, San Francisco, Chicago, Denver, Baltimore, San Diego and others (Calavita & Mallach, 2009; Drdla, 2016). More and more, slower growing cities are also exploring IZ as a tool to respond to growing unaffordability in these traditionally affordable cities, such as Pittsburgh, Detroit, and Minneapolis/St.Paul (Hauswald, 2017). While data on the US programs is not very well tracked, it is estimated these policies have created 173,707 units of housing, and raised an additional \$1.7 billion, through fees collected in lieu of building units (which has been used to create or preserve additional units) (Thaden & Wang, 2017). It is predicted that these numbers represent a substantial *underestimate* of the impact of inclusionary policies across the US, because of a lack of reliable data from existing programs.

3.7 Inclusionary Housing in Canada

Some Canadian municipalities have also enacted inclusionary *policies*, but no mandatory inclusionary zoning exists in a Canadian city. As the power for planning authorities for municipalities in Canada are determined through provincial or territorial legislation, and generally, they do not have the power to mandate the creation of particular types of housing, there must legislative change to *enable* a tool like inclusionary zoning (Drdla, 2016). In 2013, Manitoba became the first province to pass this enabling legislation, while Ontario has since followed suit (Inclusionary Housing Canada, 2014).

Voluntary inclusionary policies have been used in several cities including Toronto, Montreal and municipalities in Metro Vancouver (Drdla, 2016; Gladki & Pomeroy, 2007; Mah, 2009; Mah & Hackworth, 2011). In general, these policies apply to large sites (200 or more housing units) and are triggered with rezoning processes, density-bonusing, or developer agreements (Drdla, 2016). These policies differ from inclusionary zoning in the US, as they have focused primarily on producing social housing, drawing – and relying – on funding from higher levels of government to support it (Mah, 2009; Mah & Hackworth, 2011). This difference also means these policies often partner with another level of government or non-profit to actually build or develop the affordable housing, while private developers simply set-aside space in their developments for the housing (Drdla, 2016).

In Vancouver, the inclusionary policy, also known as the “20% Policy” (Drdla, 2016, p. 30) gains regulatory and legal support from the Vancouver Charter which explicitly allows the City of Vancouver to permit higher density in exchange for affordable housing, as well as

negotiate with developers seeking rezoning (Mah, 2009, p. 27). While not explicitly mandated, developers know they will not get approvals for projects if they do not comply by including 20% affordable housing (Mah, 2009, p. 27). The policy generally results in the private developer providing *land* for the development of subsidized housing, and relies on higher levels of government to fund the development of affordable housing on these lands. Developers can also pay cash-in-lieu of providing the land – something that is particularly suggested when there is not funding from other levels government to actually develop the affordable housing.

Montreal also has a successful voluntary inclusionary strategy, “which conflicts with US literature that questions the effectiveness of voluntary programs” (Mah, 2009, p.34). Montreal’s policy is triggered by density bonusing or rezoning in sites larger than 200 units, and aims to include 30% affordable – 15% social, 15% affordable rental or ownership. While voluntary, most sites developable in Montreal will require rezoning, opening an opportunity to negotiate with the developer to achieve the affordable units. Similar to Vancouver, the policy depends on funding from higher levels of government, and housing is often developed or managed by a non-profit or co-op group.

Finally, Toronto’s large site policy functions as a density bonus and applies to sites greater than 5 hectares, though, as of 2016, had only been used once (Drdla, 2016, p.32). The Province of Ontario has since approved inclusionary zoning legislation, though it is being criticized as too restrictive and not letting municipalities set their own guidelines (Barth, 2018). The small experience of inclusionary *housing* in Canada shows that there are ways to

implement the tool relevant to the local context, including within legislative constraints. The following section identifies some of these considerations in policy design.

3.8 Implementation of Inclusionary Zoning

IZ is enacted differently in each location, speaking both to its ability to respond to unique local needs, but also the complicated nature of implementation. There are a number of key aspects to consider, and the success of a program relies on these key points. These aspects of policy design are shown in Figure II, visualized in a honeycomb shape pointing to interrelated nature of each aspect of the policy.

Figure II: Considerations for Policy Design



Each consideration outlined in Figure II above must be researched and decided upon through its own analysis, but they come together to form the policy as a whole. Below, each of these considerations is discussed in more detail.

3.8.i Mandatory or voluntary

Inclusionary zoning can be mandated by a municipality, or it can be voluntary with incentives offered to developers to participate. In a mandatory program, all residential developments of a minimum size must include a defined number of affordable units. In a voluntary program, a range of incentives can be offered to developers to *encourage* the inclusion of affordable units. In both mandatory or voluntary programs, cost-offsets can be provided (discussed below). Additionally, there is an option of a mandatory program only in sites that require rezoning (such as former industrial lands rezoned for residential, subdivisions, or up-zoning areas) (Drdla, 2016; Mandelker, 2012). Calavita and Mallach (2009) have argued incorporating IZ into rezoning is a way to integrate affordable housing production into local planning processes, and recapture the increase in land value that comes with rezoning, as a way to achieve social benefit.

3.8.ii Threshold size and focus

IZ will often apply to a minimum size of development. Additionally, a municipality can decide if IZ applies to single-family or multi-family, new development or infill/rehabilitation, and which tenure to focus on – rental or ownership (Drdla, 2016; Gladki & Pomeroy, 2007; Mandelker,

2012). Some cities are also exploring policies that apply only in particular neighbourhoods, a change seen in policies developed after 2007 (Thaden & Wang, 2017). Cities with mixed markets, in particular, are applying the policy only in the 'hotter' housing market areas of town, while other cities have mandated the inclusion of affordable housing only on government-owned lands or government-funded projects (Reyes, 2018; Rappaport, 2018).

3.8.iii The set-aside requirement & target population

The percentage of units that must be created as part of IZ policies should be carefully considered. Typically, US programs have focused on 6-20% (Thaden & Wang, 2017). The set-aside requirement is key to affecting both how much housing can be produced and the economic feasibility of projects. Additionally, the income groups to be targeted through the new housing must be considered. In US projects, they may focus on low- to moderate-income households, and target populations with a certain percentage of an area's median income (AMI) – somewhere between 50% and 120% AMI. This draws on the Department of Housing & Urban Development's (HUD) income definitions which are tied to AMI. According to HUD, those earning 50% AMI are considered to be "very low-income"; those earning less than 80% AMI are "low income" (HUD, 2018). A program can also include a mix in the set-aside requirement, such as 10% low-income or subsidized units and 10% moderate-income units (Drdla, 2016; Gladki & Pomeroy, 2007; Mah, 2009). A municipality must set its own goals and definitions of affordability.

3.8.iv Length of affordability term

Considering how long units must be kept as affordable will help ensure affordability over the long-term, rather than risk losing units as soon as they are resold or re-rented. Municipalities have set affordable requirements anywhere from 10-30 years, or up to 99 years, or in perpetuity (Drdla, 2016; Mah, 2009). The vast majority of US policies (90%) ensure housing is kept affordable for *at least* 30 years (Thaden & Wang, 2017).

3.8.v Developer incentives/cost-offsets

The range of incentives or cost-offsets for developers is crucial to success. According to Thaden and Wang's (2017) study of American IZ programs, the most common incentives include density bonuses (used in 78% of programs examined); zoning variances, such as parking reduction or alternative building design (44%); and fee waivers or reductions (37%). Other incentives can include fast-tracking permitting, direct public subsidy or tax increment financing (TIF). While most programs only offered one incentive (32%), others offered anywhere from two up to five different cost-offset options.

The incentives must be tailored to work in the local context and provide enough cost-savings for developers to ensure the feasibility of the project. The incentives must also work in practice, not just in theory. For example, if a density bonus will result in considerable neighbourhood resistance, and therefore is not actually achievable, it will not offer a realistic cost-offset in practice (Armstrong et. al, 2008).

3.8.vi Alternatives to on-site construction

Some IZ programs offer an option to pay cash-in-lieu of building units on-site, or allow for off-site development in cases where on-site development would not be ideal (due to low transit services, lack of space, etc.). It has been found that if a fee option is offered, developers will always opt for this as a way to reduce risk. But, there are criticisms of whether enough cash-in-lieu is ever collected to actually build affordable units, given the large costs already going into developments for market-rate units which makes the affordable units feasible. Most municipalities are now limiting cash-in-lieu options (Drdla, 2016; Thaden & Wang, 2017). In contrast, some municipalities have found that collecting fees in lieu of units can help them actually achieve more housing, by capitalizing on other funding sources (Rappaport, 2018). The flexibility of cash-in-lieu also allows a municipality to deliver on housing that is not being provided by the market, such as seniors housing or housing for extremely-low income populations. It has also been suggested that in slower-growth cities, more flexibility to comply with the policy, including the option to pay cash-in-lieu can work to the advantage of these localities (Reyes, 2018).

3.8.vii Administration

All of the above aspects must be incorporated into the design of a policy, which then must be administered by a particular body. This body, whether a department of a municipality, arms-length independent entity, or connected to another affordable housing management agency (non-profit or private), which will be responsible for administering and monitoring an IZ

program (Jacobus, 2007). Administration has been identified as an overlooked aspect of policy development, and many jurisdictions adopted IZ so with the expectation that housing would be produced by the private sector, and therefore, require little public involvement (Jacobus, 2007; Mah, 2009). In reality, “inclusionary housing programs, like any other housing program, require a certain level of ongoing administration and oversight in order to effectively produce and preserve affordable housing opportunities” (Jacobus, 2007, p.1). Administration of IZ can involve: monitoring the actual production of units; ensuring pricing meets affordability definitions; marketing the sale or rent of affordable units; selecting tenants or buyers and monitoring resale/rental; and tracking the number of units produced over-time (Jacobus, 2007; Mah, 2009). Developing a policy with intentions of how it will be administered, and by whom, will be crucial for success.

3.8.viii A return to the honeycomb

Each consideration outlined in Figure II (p.30) must be researched and decided upon through its own analysis, but come together to form a policy as a whole. This is represented in the interrelated parts of the honeycomb – all which also relate to one another. For example, the target population of affordability will affect what incentives or cost-offsets are required, and all be affected by administration. For this reason, administration is at the core of an IZ policy, directing, affecting, and monitoring all other aspects. Finally, the central ring of a honeycomb is visualized in Figure II, but there can be additional – and endless – connections that inform IZ, including considerations of political will, local housing need, the local market, etc. These can all

add additional pieces to the honeycomb. Many of these additional considerations are discussed in Chapter Four: Findings, and summarized again in Chapter Five: Synthesis, when exploring Winnipeg's potential implementation of IZ.

3.9 Benefits & Challenges of Inclusionary Zoning

The success of IZ programs depends on how all the above considerations are implemented. Generally, though, IZ has the potential to lead to social inclusion and create affordable housing throughout a city. IZ, in the US, has produced affordable housing without major financial subsidies from government, relying almost exclusively upon the cost write-downs achieved through the municipal regulatory controls over development. In other words, these programs do not compete with conventional housing programs that depend on scarce funding resources and therefore, *can* be more financially sustainable (Armstrong et. al, 2008). A carefully considered equation should be developed that compares cost-offsets with the potential profit losses to developers to achieve the affordable housing goals (Stockton et.al, 2016; Sturtevant, 2016). Because IZ can open up neighbourhoods previously unaffordable to the target populations, it can also result in increased access to schools and neighbourhood amenities, which can have additional positive impacts on these individuals and families (Schwartz et. al, 2012). Finally, as inclusionary zoning can mandate affordable housing in all areas of the city, it can have the added benefit of limiting Not-In-My-Back-Yard (NIMBY) resistance that can often terminate affordable housing projects (Tsenkova & Witwer, 2011; Wiener & Brandy, 2007).

Most US programs have focused on helping working families be able to enter the

housing market – a population that falls into a gap between market housing and social housing. Nevertheless, there are ways of adjusting and designing a program to provide rental or social housing, and the small number of policies in Canadian cities exemplify this (Drdla, 2016; Gladki & Pomeroy, 2007; Mah, 2009; Mah & Hackworth, 2011). Similarly, a study of IZ programs in small towns and rural areas of California also found these areas have also focused on producing housing for low- and very-low- income households, as opposed to moderate-income households (Wiener & Brandy, 2007). Finally, some IZ programs can be set up to accept land or cash in lieu of building units on-site, and while there are criticisms of land or cash-in-lieu, these are funds can be used to address additional housing goals, and combined with other government funds to create deeper affordability, or social housing. However enacted, IZ serves as just one piece of a larger, coordinated housing and planning strategy to respond to the needs of a local municipality.

Despite the benefits of IZ, there are also a number of challenges and criticisms. One limitation is the dependence on growth for affordable housing production. While municipalities with high growth are able to generate more affordable housing than those with lower growth, it does not mean IZ will not work in low-growth communities, but rather production will be more limited (Drdla, 2016; Tsenkova & Witwer, 2011). Alternatively, IZ can be applied specifically to areas with high-demand, subject to rising prices and unaffordability, or where there has been significant public investment, such as in the case of areas surrounding new transit infrastructure projects. Another approach could be the application of IZ in projects requiring rezoning, “thus treating it explicitly as a vehicle for recapturing public benefit” (Calavita & Mallach, 2009, p.15).

There are also criticisms of IZ, particularly from the development and construction industry, grounded in the question of, who pays for the affordable housing produced from the policy? There is a general concern the costs of affordable housing produced through IZ will be paid for by developers or passed on to the new homeowners buying market-rate homes (Altus Clayton, 2008; Armstrong et. al, 2008; Calavita & Mallach, 2009; Wiener & Brandy, 2007). Despite this criticism, it has been argued extensively through the literature that IZ does not substantially affect house prices or construction, if at all (Armstrong et. al, 2008; Calavita & Mallach, 2009; Schuetz et al., 2011). In studies where it has been correlated with a slight increase in home prices, such as in suburban Boston, the rise is modest and is likely more correlated with the effectiveness of cost-offsets provided, rather than IZ in and of itself (Armstrong et. al, 2008). Areas that experienced a small effect on the housing market are also areas widely known to have highly restrictive regulatory environments for housing production, and IZ is only one policy that may have affected prices (Schuetz et al., 2011). Ultimately, “the most highly regarded empirical research suggests that inclusionary housing programs can produce affordable housing and do not lead to significant declines in overall housing production or to increases in market-rate prices” (Sturtevant, 2016, p.1). Calavita and Mallach (2009) have identified that the costs of IZ are passed back to the original landowners, as the purchase price offered for land is calculated based on how much profit a developer can expect to make – with the inclusion of affordable housing. Alternatively, costs can be absorbed in a planning processes, such as in up-zoning proposals:

When land use intensities change and land values increase as the result of public action, [inclusionary zoning] can become an integral part of the local land use planning and development process, rather than being superimposed on a pre-existing

framework. Thus, [inclusionary zoning] can become an instrument to recapture the land value increment associated with the government action of rezoning or land use changes. (Calavita & Mallach, 2009, p.20)

Finally, planning regulations and actions will always have an effect on land values, whether positive or negative, and government intervention will always have some stake in affecting the market (Gladki & Pomroy, 2007). In this vein, IZ is no different, and policies can be developed to maximize social benefit or a particular policy goal (Tsenkova & Witwer, 2011). The crucial piece to ensuring a policy does not affect or damage local development is crafting a policy designed specifically for the local market. Particularly, incentives or cost-offsets designed for the local context can result in the policy having a neutral – or even positive – impact on development (Calavita & Mallach, 2009).

3.10 Conclusion

Inclusionary zoning has proven to be a successful and prevalent policy tool to achieve affordable housing in municipalities across the United States. In Canada, there has been little application of, and scant research on, inclusionary zoning, and that which has been conducted has focused on larger urban centres (Drdla, 2006; Gladki & Pomroy, 2007; Mah, 2009; Mah & Hackworth, 2011; Tsenkova & Witwer, 2011). In 2013, Manitoba became the first province to enact enabling legislation for IZ, but no research has been done on how this might be implemented in municipalities in the province. This research focuses on Winnipeg, exploring the application of inclusionary zoning in a smaller and slower-growth municipality, and in a city already resistant to increased development control (Keele, 2017). As the literature indicates,

considering the intricacies of policy design for the local context is crucial. This research provides one step in exploring planning considerations for the policy in the local context.

CHAPTER FOUR: FINDINGS

4.1 Introduction

This chapter presents key themes that arose from this practicum research. Interviewees, generally, seemed interested in the policy, but raised a number of concerns, potential barriers to implementation, and key points that would have to be considered in any policy development. Key themes from the research are summarized in three parts below: Context, Process, and Policy Design. The Context section encompasses themes that spoke to the current situation of affordable housing and/or the existing role of the City of Winnipeg and private sector, while the latter two sections speak more to inclusionary zoning, itself. The Process section encompasses themes regarding the *development* of a potential inclusionary zoning policy – considerations for political process and potential barriers to development. The final section, Policy Design, encompasses themes that spoke to details in the crafting a policy. This final section draws from key aspects that were identified in the literature as considerations for an IZ policy (Section 3.8).

4.2 Key Themes: Context

4.2.i Affordable Housing Definition & Need

To start off interviews from a similar place of understanding, participants were asked how they define affordable housing. There were a number of different responses, but generally, people

were in agreement that it differed from social (or subsidized housing) and was geared to more moderate-income households. Some identified what the City and Province's current definitions were for affordable housing – geared to the top of the second income decile. Many also identified that the definition of affordable housing should be tied to income and spoke to gearing housing affordable to those making minimum wage, or the 30% of income definition used by CMHC.

Finally, a few mentioned the concern that there were a number of definitions of affordable housing but there was the issue that these definitions did not always meet the needs of the population. Both city councillors made the point that the City's definition of affordable housing does not respond to those in the greatest need:

The thing is, it says affordable, but it's really not... it's not social housing, it's just more reasonably priced that somebody might be able to afford. But it's really not affordable in the sense of social housing – and the housing crisis issue we're dealing with. (City Councillor 1)

Like, we have many places that are affordable, but they're not really affordable. So, to me, if we're getting into that, it would have to be making sure it benefits some of our most vulnerable people. (City Councillor 2)

While affordable housing is often differentiated from social housing – the latter of which is most often geared to the most vulnerable – these points to make reference to the fact that the definition of affordable may not actually meet the needs of the population they aim to serve, even if those populations are not the most vulnerable in society, but still in need of housing supports.

Despite differing ideas of what affordable housing is, all were in agreement that there was a need for more affordable housing in Winnipeg. Unfortunately, many mentioned that there was not enough data to show what types of housing are needed. When asked if there was enough affordable housing, one planner replied, “No, absolutely not. But, here’s the problem, we don’t know. We have no idea.” (Planner 2). A couple of interviewees pointed out the City is currently undertaking a housing needs assessment that will hopefully answer more of these questions.

The Housing Advocate I interviewed worked directly with people trying to secure housing, and mentioned they know the needs, anecdotally. They spoke specifically to the need for larger housing types, and pointed out that while rental vacancy rates, overall, are stable, when looking at larger suites at affordable rates, “there was, like, four vacant units of four bedrooms or more for low-income families” (Housing Advocate). The Social Planner referenced recent reports that predicted the number of housing units needed, pointing out that approximately 3,800 units are needed just to respond to those experiencing homelessness (Kotyk, 2018, p.2). Without knowing more data, others spoke, generally, to the importance housing along a continuum of need.

When asked about where affordable housing is needed, people did not mention specific geographic locations, but some spoke to the need to be located near transit and services. In contrast, others spoke simply to the need for more housing to increase choice, not necessarily geared to certain locations:

One thing we take away from people living in poverty, is the ability to choose. They cannot choose. And that's a huge issue for those families, and they cannot decide where they live. And that's a basic concern – where do I want to raise my kids? What schools do I want my kids to go to? So we have to make sure they have the choice within our whole city, and it's not just one area. (City Councillor 2)

The context for the current affordable housing need and definition of affordable housing is important when developing a potential inclusionary zoning policy, as such a policy must respond to local need. The theme outlined above show the challenge of an affordable housing definition that is not geared to where the needs are, but also a lack of understanding of what needs actually exist in Winnipeg. Integrating these concerns into a potential inclusionary zoning policy will be discussed further in Chapter Five: Synthesis of Findings.

4.2.ii The Role of the City of Winnipeg in Affordable Housing

Also important to context is the current and potential role for the City of Winnipeg in affordable housing. When interviewees were asked what role the City is playing, or could be playing in terms of affordable housing, most identified the City's role as a "regulatory role, as a management role" (Civic Employee). This is congruent with the legal framework, pointing out research participants understood the role the City can play in terms of housing. Some planners saw the role the City plays in regulating land as an important tool to creating complete communities, in which affordable housing must be integrated:

We are regulating the future neighbourhoods and we don't want to create neighbourhoods where it's all just rich people, or all poor people. We need

neighbourhoods that are complete – we use that ‘complete communities.’ I mean, what is a functioning neighbourhood, if people can’t live there? And a lot of the newer neighbourhoods that are being designed, or a lot of the more desirable places, they have a lot of jobs that are really low-paying, where those people can’t live in those neighbourhoods. So that doesn’t work. (Planner 2)

Others criticized the City of Winnipeg for not doing enough in terms of affordable housing. This was mentioned in contrast to what other cities in Canada do, or by noting Winnipeg was not using the tools available to full advantage. The Housing Advocate pointed out the City’s Housing Policy & Implementation Plan “it just hasn’t implemented... So, we would call for them to just implement the plan you’ve already created, but include with that, a more robust strategy to contribute to the supply of social and affordable housing.” Planner 1 criticized the City for often “passing the buck” to the Province, but emphasized the City’s role is to regulate land, primarily for housing, “so it doesn’t make sense... to say, ‘we’re not in charge of affordable housing,’ when [they] are actually the penultimate authority on whether a house gets built” (Planner 1). Others acknowledged the City is beginning to do more, “becoming more active again, in Winnipeg, with respect to affordable housing” (Manitoba Housing Representative).

Planner 2 spoke to the additional role the City can play in gathering data, as is being done with the current housing needs assessment. Finally, interviewees spoke to a number of existing programs, including the Downtown Rental TIF, Housing Improvement Zones, the Winnipeg Housing Rehabilitation Corporation, and policies such as Our Winnipeg, Complete Communities, and the Housing Policy (all discussed in Chapter Three: Literature Review). This

research identified two new affordable housing programs at the municipal level. The first was recently approved and involves the City selling off city-owned properties at half their assessed value in a specific area – the William Whyte neighbourhood – to non-profits looking to develop affordable housing (Botelho-Urbanski, 2018). This policy is a pilot, with the potential to expand to other areas. A number of interviewees mentioned a second policy in the works but could not expand on details, while it is currently under development. Generally, they described it as a program that:

“might focus on regional corridors where there’s good transit service and have an affordability requirement. And the whole focus is on trying to get affordability built in. And then it can partner up with other programs that might exist, perhaps through the NHS, where they would bring in the social housing component” (Councillor 1).

This program may incorporate the use of tax increment financing (TIF) or some other incentive to encourage the inclusion of affordable housing.

Finally, when discussing the roles for the City, many spoke to the importance of partnerships with the Province. Partnerships with the Province were important, particularly, because of the lack of financial and human resources at the City:

The City, we’re somewhat cautious that we don’t take on obligations that are beyond our jurisdiction, and perhaps, beyond our capacity. The Province has substantially more money than we do... (Civic Employee)

From the Province’s perspective, too, “in a new environment with a National Housing Strategy, the direction that Manitoba Housing is going in, partnerships are going to be key” (Manitoba Housing Representative).

This research has shown there is an identified role for the City to play in terms of housing. Despite a lack of finances and other capacity barriers, the City can still play a valuable role in developing the regulatory framework for creating affordable housing. A number of existing housing policies and programs were mentioned, as well as new pilot projects that show an increasingly active municipal role in housing. Finally, interviewees emphasized that a partnership with the Province of Manitoba may be crucial to help the City deliver on need.

4.2.iii The Role of the Private Sector in Affordable Housing

As inclusionary zoning mandates or incentivizes the private sector to include affordable units in their developments, it is crucial to understand the current role the private sector plays in affordable housing, but also what participants believed it could be. The role of the private sector in affordable housing provision is so foreign to Winnipeg, that when interviewees were asked what the private sector's role was, almost all started their response with a chuckle. Ultimately, respondents suggested that the role of the private sector was to respond to programs or incentives, rather than playing an active role in pushing for affordable housing. Planner 3 indicated "if the City and the Province paved the way, opened the door, then the private sector should jump through the door." This speaks to the need for the City to create the environment that might incent or mandate the private sector to play a role – essentially, how inclusionary policies function. City Councillor 1 emphasized this point, stating "if we just leave it to the market and we don't do anything, we're not going to get affordable housing. I mean, that's what's happening. That's the problem." Many mentioned the profit-driven nature

presents real obstacles to them playing a more direct role because “it’s not profitable to provide affordable housing and that doesn’t really fit the private sector model” (Housing Advocate).

This research has pointed to an additional role the sector can play: providing expertise to inform a policy. In conversation with the Manitoba Housing (MH) Representative, they provided insight from a recent experience as the developer of the Waverley West area in Winnipeg. MH has been aiming to include a certain percentage of affordable housing in recent multi-family rentals being developed in the Bridgwater Trails neighbourhood. At the outset of this development, MH issued a call for developments, with the clause to include 20% affordable housing. Over four years, they saw no responses to the call and as a result, held consultations with the development industry to understand why. Based on these consultations, the MH Representative indicates what they believe is needed:

Certainly, what’s currently required is you need to provide some type of incentive to get the private sector at the table. So, in this case, in Bridgwater, the private sector proponents purchased the land at market-value from Manitoba Housing, and then Manitoba Housing provided a subsidy for the affordable units. In this case, we designated 20% had to be affordable, and we were prepared to provide these private sector developers with a subsidy in order to maintain those affordable rates over a ten-year period.

The experience of MH in Bridgwater has shown, that given the profit-motivated nature of the private sector, they do not, and perhaps cannot, take a more active role in providing affordable housing. This necessitates stronger legislated direction or incentives from the public sector to encourage or mandate the private sector to play more of a role – in a way that is feasible. In

order to explore what this mandate or incentive might look like requires open communication and consultation between the industry and public sector.

4.2.iv Summary

The themes discussed here highlight the roles for the City and private sector to play in the provision of affordable housing. These findings show the context for inclusionary zoning is supported – as the roles for each sector are in line with the perceptions of the policy: the role for the City is to develop the regulatory framework that can incentivize or mandate affordable housing, and for the private sector to inform and respond to such regulations. It has also been acknowledged that the City of Winnipeg is playing an increasingly active role in terms of housing, but not yet doing enough. This research affirms the strong need for affordable housing in Winnipeg, but also identifies the need to further understand exactly what type of housing is needed, and how much. This corresponds to a definition of affordable housing in Winnipeg that encompasses this need.

4.3 Key Themes: Process

This section explores themes that relate to the process of developing an inclusionary zoning policy, including what further research is needed, political will and processes, including necessary collaboration and strategies. In many ways this section outlines the barriers needed to be overcome in implementing a policy.

4.3.i The Need for More Research

As was discussed in the section above, a number of interviewees spoke to the need for more research to adequately understand the affordable housing needs in Winnipeg. Interviewees also mentioned the City does not know the capacity of existing infrastructure in the city. This requires a deeper understanding of where 'hard' infrastructure (sewage, water) can accommodate new development, a particular issue in existing neighbourhoods. This is important for considering a policy that could stimulate development – particularly in existing areas:

We can encourage housing development in various places, but the question, then, is whether the current sewer, and water, and other services will actually accommodate that development. And, oddly enough, we don't have a comprehensive map of the city to do that. So just like talking about encouraging development along regional mixed-use corridors, that's fine, as long as it doesn't cost the City billions to update additional infrastructure to add that one building. (Civic Employee)

The financial state of the City is also a challenge, mentioned earlier, as it prevents the City from playing a more direct role in housing provision.

Additionally, one planner pointed out that the City does not fully understand the economics of a policy like inclusionary zoning, nor how the housing market operates, generally. They questioned whether the City would have the capacity to develop a policy that took these factors into consideration:

I don't think our city has the intellectual fortitude to do it, to be honest with you. Like, I do believe there is a real dearth of policy capacity in our city. And this is a very complicated economic issue...I don't believe they understand the market overall

throughout the rest of the city... like how do you embark on this and what are all the unintended consequences, right? And that's about understanding the market holistically which I don't think anyone fully does. (Planner 1)

Understanding all these issues in greater depth requires the City's commitment to actually explore them.

4.3.ii Political Will

It has been identified in the past that "the only barrier to inclusionary zoning is political will" (Maes Nino & Ring, 2015, p. 172). While this research has identified a number of additional barriers – many of which are discussed in this section – it has also confirmed the need for political will. But, this research has also identified an increased political appetite for addressing affordable housing.

Councillor 2 noted a change in City Council, where they are now "overwhelmingly ... hearing, 'Yeah, we do need affordable housing, it is an issue.' So, I do see there's a shift and change." The Civic Employee also believes that with the current council, "There has been an appetite for something like inclusionary zoning. [But] there is some confusion as to what that is, and what that means." Greater support for affordable housing can also be seen in the two new policies recently adopted and under-development (discussed in the Context section), as well as the City conducted a housing needs assessment. One interviewee mentioned that it was

Council who requested an affordable housing program, but administration advocated for first conducting a needs assessment, to tailor such a program.

Others pointed out that the political will is just not quite there for something like inclusionary zoning. Councillor 1 indicated that “it’s like rolling a rock up a hill just to get [housing] policies in place.” Planner 2, similarly commented that the invitation to explore inclusionary zoning is there. In 2013, the Province put the ball in the City’s court by enabling it, “and so far, the City is like, well I don’t know, I’ll just leave that ball where it is.” (Planner 2) Ultimately, any political will depend on the upcoming civic election in Fall 2018.

This research also pointed out that key to political support will involve building public support through education and consultation. The Social Planner mentioned that to gain public support, affordable housing needs to be de-stigmatized. Another spoke to the importance of universalizing the issue:

You know, it’s your aging parents, right? It’s your kid, who now needs 20% down [payment] and you know has to be able to stress-test at 5% and whatever these new [mortgage] rules are. Let’s have a real dialogue about it. Because part of the problem is people think affordable housing, it has a stigma attached to it. (Planner 1)

Finally, it was brought up that it may not be the best political environment to explore a policy like inclusionary zoning, given the City’s recent introduction of impact fees. Winnipeg recently introduced fees to help pay for the costs and impact of residential development in New Communities and Emerging Communities – areas defined by Our Winnipeg (City of Winnipeg, 2018; City of Winnipeg, 2011a). Since the introduction of these fees, and at the time of writing

this research, the City is facing a legal challenge from the development industry against them (Keele, 2017; UDI, 2017). This experience points to a contested time in the relationship between the City and developers.

4.3.iii Collaboration with Development Industry

Often a major barrier to developing an IZ policy in a city is resistance from the development community (Tsenkova & Witwer, 2011). This research has revealed this will surely be a challenge in Winnipeg, and especially at this given time. Every single interviewee mentioned the recent introduction of impact fees, and particularly how the implementation process points to a challenging relationship between the City and development industry:

... it was the way they implemented it that created comeback. I know, first-hand, that the development community is open to growth fees and doesn't disagree with the idea of growth fees. But, it was the way it was mandated, that was disagreeable and created the conflict. (Planner 3)

While the development of any policy should always include consultation with stakeholders, engaging the development industry in an IZ policy, now, more than ever, is crucial. All interviewees remarked that "consultation and communication between all relevant parties would be critical" (Manitoba Housing).

It was also acknowledged by many that this communication should be a two-way street. While the City did not properly consult the development community in imposing these fees,

some interviewees put the onus on developers to come to the table and share expertise in informing an IZ policy:

So I think it's working with the development industry to understand what their financials are, what the numbers are. Because they always say they can, or they can't, do something, but we don't see their *pro formas*. (Planner 2)

Having developers at the table is important for designing a policy that fits within the local market, as developers hold expertise on the economics and feasibility of development projects. It's crucial, then, to have developers inform the policy:

Because, I don't think the City really fundamentally knows the answer to [what incentives are required]. Because what that requires to answer that is to look inside the books of the Qualicos and the Ladcors, and Genstars to really know – by and large they're all private companies – to know if in fact, that's true, if you'd have to give them any kind of incentive to do it.... (Planner 1)

Planner 3 noted that a policy will never succeed without a proper process, and in order to bring developers in, they must be engaged at the outset to develop a policy grounded in data and economics of local projects:

I think developers are generally open to innovation, and to change, but not without proper due diligence. All of the sophisticated, long-term, sizeable developers are exactly that. So, if they're presented with some data and due diligence that requires them to think, they do. It's just more if you come at it, like a should, normative philosophical point of view, it's never going to work. (Planner 3)

Engaging the development industry is always a key piece of developing an inclusionary policy that works in the local context (Mah, 2009). In Winnipeg, with the current state of relationship between the City and development, this will be ever more pertinent.

4.3.iv Incrementalism

Within the discussion of political process, interviewees alluded to the concept of *incrementalism* and the slow pace of change in Winnipeg. Many interviewees thought that “a mandatory inclusionary housing policy seems really out of reach” (Housing Advocate) and that a gradual implementation would be more possible. One planner noted that this is just how change happens in Winnipeg:

You have to start it slow and incremental and get some acceptance. I hate to say it as a planner, this incremental, but in a city like Winnipeg, sometimes I think it’s the only way. You have to start slow, show it’s not the end of the world. (Planner 2)

This incrementalism was emphasized by discussing how past policies were changed or enacted. Planner 2 noted how secondary suites have now entered the zoning code; when they were first introduced people responded, “ooh its going to be this crazy thing... So, five years later, there’s like 30 built... hardly any, but nobody really cares” (Planner 2). After realizing there was relatively little resistance, the City changed the public approval process, making it easier to implement them (only requiring a public hearing if people spoke up against it in response to the public notice). Given that secondary suites seem substantially less controversial than inclusionary zoning, this is surely an experience to learn from.

Another planner spoke to changes in approvals for suburban developments, in that they now require multi-family housing. Whereas up until the 2000s, there was never any requirements for this:

Well, I think to some degree, development's a bit like water. It'll just sort of flow where it's allowed to... [The City has now] said, you have to have this much multi-family, so they've already sort of proven that you can push the development community to be more progressive without necessarily giving away the farm. (Planner 1)

Exploring how to slowly implement IZ may be the way to ensure a policy gains public and political support, and slowly adjust to the local context. This draws on planning literature that outlines how incrementalism can be a way to develop policy, particularly on complex issues where stakeholders hold diverse perspectives (Lindholm, 1959). Other research on inclusionary zoning in slower-growth cities also show that phasing in a policy can be a way to introduce it in these cities, and expand it when the market allows (Rappaport, 2018; Reyes, 2018).

4.3.v The Need for a Coordinated Strategy

The final theme identified in the process of IZ development is the need for a coordinated strategy – to development, generally, and affordable housing. Any IZ policy will always only be one aspect if a municipality wants to successfully address affordable housing. The Housing Advocate also pushed to develop a wider strategy on how the City will respond to affordable housing, and if IZ is implemented, ensuring it is only be one piece of a more coordinated effort that includes a focus on the most vulnerable. The Civic Employee also echoed the need for a more coordinated strategy, and outlined that with the City's Housing Policy:

we created an implementation plan, but not a housing a strategy, not a housing development strategy. I think one of our opportunities this time around [in the five-year review of the policy] is to look at exactly that, and set some targets that could support

something like implementation of inclusionary zoning, or other incentives, the other side – carrots and sticks – to make those things happen.

Similarly, this research has pointed to the need for a more coordinated strategy in planning and housing development, generally, of which affordable housing is only one part.

Planner 1 emphasized that policies are often implemented in an *ad hoc* manner:

I feel so many of these policies are so disconnected, right, I just feel there is no clear connection – we are really working our butts off to get these projects [built], and to a large extent, the governments are – quote unquote – subsidizing them. But they're not looking at the system holistically and saying, well why am I subsidizing them? Maybe need I need to control the overall supply slightly differently and certainly where we're entitling certain land to be built.

A City Councillor emphasized that developing a more coordinated strategy to housing development can help the City achieve broader goals around a sustainable city:

What we really need to focus on is incentivizing where we want the housing to go and coming up with programs and mechanisms to encourage that, so that's it's not only the affordable housing being built, but our other goals of building a sustainable city, having a more stable tax base to support the services people need, because we have density where there's transportation and existing services, and all that. (Councillor 1)

Incorporating a wider response to housing and development will be further discussed in Chapter Five: Synthesis of Findings. What follows, below, is a more detailed discussion of considerations in designing an IZ policy in Winnipeg.

4.3.vi Summary

This section on the process of implementing inclusionary zoning has outlined a number of barriers, as well as opportunities for inclusionary zoning in Winnipeg. This research has identified that the current political environment is more favourable to affordable housing policy than it has been in the past, but the City's current relationship with the development industry, lack of knowledge on key aspects of development, and within an election year, the potential for inclusionary zoning is still unknown. Finally, the lack of coordination in Winnipeg to housing development, policy, and planning presents a barrier, but also an opportunity to direct development – with affordable housing – more pointedly to achieve stated goals of “complete communities” and “a sustainable city” (City of Winnipeg, 2011a, p. 2-3).

4.4 Key Themes: Policy Design

This final section outlines themes that arose in this research that specifically address considerations in designing an inclusionary zoning policy in Winnipeg. These themes correspond to considerations that were discussed in Section 3.8: Implementation of Inclusionary Zoning, as outlined from existing literature. Not all aspects discussed in Section 3.8 are included here, as only the themes that arose from the research are discussed. These include considerations of a mandatory or voluntary policy, incentives or cost-offsets, length of affordability terms, and the focus for a potential policy.

A Note on Confusing Terminology

These themes are primary features in designing an IZ policy, but it is important to note there was confusion in interviewees' responses as to what inclusionary zoning actually is. A primary feature in designing an IZ program is whether it is mandatory or voluntary. In both mandatory and voluntary programs, incentives or cost-offsets are often provided to developers. It was apparent in this research that some interviewees saw a mandatory policy as one that did not have incentives, or cost-offsets attached to it, while a voluntary policy did. It is important to note that it is in this light that comments from interviewees are framed.

This confusion in inclusionary zoning definitions was seen in the discussion by many interviewees of Winnipeg's tax increment financing (TIF) Program. Winnipeg's Downtown Rental TIF essentially provides a tax reduction to new rental projects Downtown that include a minimum of 10% affordable units for at least five years (City of Winnipeg, 2014). In many ways, then, the TIF program functions as a voluntary inclusionary policy, applied only in a specific zone – Downtown. But, it was clear it was not considered in this way, as it was discussed in contrast to IZ. Interviewees made reference to the carrot or stick metaphor – where IZ is the 'stick,' and other programs like TIF or density bonuses are 'carrots':

No, I mean, for the TIFs program in the Downtown, there's no requirement. Where, if we had IZ implemented for Downtown, then anyone who builds would not have that option. So, to me... my understanding has always been [IZ is] the stick – the regulatory environment that requires it, where something like density bonusing is the carrot, or the incentive to encourage it. (Civic Employee)

While it is true that *inclusionary zoning* often refers to the regulations, implemented through zoning by-laws that require developers to include affordable housing, the literature on the topic examines policies that are both mandatory and voluntary. Mandated policies across a jurisdiction are most common, but voluntary policies make up approximately 30% of policies in the United States (Thaden & Wang, 2017, p.37).

This points to a lack of understanding of inclusionary zoning, but also the challenge in how the literature uses the term to discuss both types. The confusion as to what inclusionary zoning actually is, framed participants responses when discussing specifics of the policy. It is in this light that interviewees provided comments on different aspects of policies, such as mandatory or voluntary, but most did not come out strongly in support of one way or the other. These comments are outlined below.

4.4.i Mandatory or Voluntary

Despite the confusion in the options for a mandatory or voluntary policy, some interviewees did reference what they thought might work in Winnipeg. The Manitoba Housing Representative commented that an incentive-based inclusionary policy would probably work better, drawing on their experience in planning for the Bridgwater Trails neighbourhood:

Well, what you'll certainly get from the private sector developers is that should be voluntary, and it should be incentivized. So, there should be an incentive attached to an affordable housing requirement. So, whether that be TIF, or maybe some parking concessions, or flexibility with regard to density, so they'll be looking for those kinds of concessions. (Manitoba Housing Representative)

They did go on to say “it’s certainly fair” to have a mandatory policy on city-owned land.

In contrast, other interviewees specifically commented that they thought a voluntary policy would not work. The Civic Employee did not believe people would take up the incentive, if it was voluntary, as “it becomes optional for the developer to say, ‘no I’m not going to take your incentive. I’m just going to build my own thing, a 100-unit apartment building, and it’s all going to be market rent’” (Civic Employee). Another planner similarly did not think voluntary incentives would work, and commented on the need for a well-researched policy, informed by a thoughtful process, but would need to be mandated:

I think you have to mandate it because those organizations that are building our new communities are large and complex, and there’s individuals in there, who would need to convince other individuals there, that this is okay, so they may need to fall back on their internal discussions of a regulation that mandates it. It wouldn’t be enough to convince one person in those organizations, you need them to be proactive within their organizations to take that conversation deeper, internally. (Planner 3)

Some literature on inclusionary zoning states a mandated policy works better, is less confusing for developers, and can produce more housing (Drdla, 2010). Others have made the argument when a policy is voluntary, but tied planning processes such as subdivision approvals that will not be granted without including affordable housing, can be “as effective” (Calavita & Grimes, 1998). While strictly incentive-based policies will likely not produce an adequate amount of affordable housing, they can provide a starting point for a municipality to explore it, and the success of any policy will depend on how it is designed.

Councillor 1 indicated that an incentive-based program could be used as a tool to support broader goals around what they want to see happen in terms of development, generally:

I would rather incentivize affordable housing where we have transit service, where we want infill to go, where we want higher density to go – where it's realistic to have higher density. I would like to see us incentivizing it, rather than saying, out in Sage Creek, we'll force you to build that. Like, I would probably agree to it, if anyone else wanted to do it, but I mean, you got to look at what makes sense in Winnipeg and where you're going to put your focus. (Councillor 1)

Overall, this research did not show strong support for either a mandatory or voluntary policy, but interviewees commented on the usefulness of each approach and what they thought what might work best. Further discussion of this aspect of the policy is discussed in Chapter Five: Synthesis of Findings, while the next section discusses the importance of local tools that incentivize, or offset costs, in including affordable housing.

4.4.ii Incentives and Cost-offsets

The next theme discusses incentives or cost-offsets that might work within the Winnipeg context. Incentives/offsets commonly offered include density bonuses, zoning variances (e.g., parking reductions), fee waivers or reductions, fast-tracking permits, and direct subsidy or tax increment financing (Thaden & Wang, 2017). In terms of this list of incentives, most did not reference any specifically, but essentially commented on the need for a subsidy: "it's just not going to happen unless there's some money" (Councillor 2). Given a lack of funds at the City,

“TIF is the big tool, let’s face it” (Councillor 1). Some mentioned exploring partnerships with the Province who could provide a larger subsidy, or buy down the units for social housing, but ultimately, many discussed the potential to use tax increment financing as a financial incentive tool.

Tax Increment Financing (TIF)

TIF was brought up a number of times throughout this research, and interviewees spoke to its current use in the Downtown, emphasizing the importance of using the tool properly, without “giving up our tax base, ...it has to make sense that it’s something that wouldn’t be happening without us” (Councillor 1). Similarly, the Civic Employee mentioned it would be valuable to have a TIF policy for the City, and spoke to the importance of research to inform how Winnipeg uses this financing tool:

Typically, TIF is used for infrastructure development to encourage development to occur in an area. [Winnipeg has] used it, quite often, to give directly to the developer, in order to encourage the affordable housing, or just housing development... one of the things we need is an ongoing, up-to-date analysis of what kind of incentives are necessary. Otherwise, it’s a bit of a guessing game. If we say we’re going to give \$20,000/door, is that enough? It might be in certain suburban areas, it might not be in Downtown. If we’re offering \$40,000 a door, that might be too much. Are we just giving money away? Would the development have occurred without it? (Civic Employee)

The Social Planner also mentioned the need for a study to calculate how much of a subsidy is needed to offset the costs of including the affordable units, and then an exploration of what might be able to cover those costs. The Social Planner also mentioned that they had thought the City has conducted an evaluation of the TIF program, but was unsure if anything has

resulted from that, or if it has been shared. It was also alluded to, by a number of interviewees, that the program under development working to incentivize affordable housing on regional corridors might use TIF as an incentive.

Finally, it was interesting to note that one planner mentioned the way we develop new communities, many incentives or subsidies are already built into these approvals:

And so, while we're incenting people to develop downtown and we're requiring affordability, we don't tend to think of the fact that when we build new freeways, you know, to Waverley West or Sage Creek or all of these types of suburban developments, you are, in fact, subsidizing them in the same way. And the people's profit margins [in those areas] are that much greater. And so, why wouldn't you, when you build that road, or sewer, or whatever the entitlements are, that you're providing to that land, give them some kind of requirement – a certain percentage of units be at median market rent? (Planner 1)

In this way, this planner is calling for a re-examination of the way we look at planning and development in Winnipeg. They point out there are a number of entitlements or 'subsidies' already granted to developments, and so requiring affordability restrictions at the same time may not be too far off base. This follows what many experts call for, when implementing an inclusionary zoning policy, to evaluate the current state of development and what can be added or removed at the same time as affordability requirement (Rappaport, 2018). This will be discussed further in Chapter Five.

4.4.iii Affordability Terms

An IZ policy always aims to create housing for a certain subset of society and dictates the length of time the housing must remain affordable. Councillor 1 identified the need to “find a mechanism that the commitment to the affordability remains and doesn’t get lost,” though did not expand on how to do this, or how long terms should be. The Civic Employee was the only other interviewee that spoke to this issue, making the point of tying affordability to rent control legislation:

There’s a rent that’s established and a landlord is restricted each year by how much they can raise rent for any tenant that’s under their regulation. So it doesn’t matter if it’s a new building or an old building, as long as that tenant is in there, they can only rate by the allowable amount. If the building is more than ...20 years old, then they are restricted, regardless of tenant. If the tenant moves out, they are still required to keep that unit at that rate and can only raise that unit by the guideline amount. If the building is less than 20 years old, then, when a tenant moves out, they can raise the rent as much as they want for the next tenant. So when you have an incentive that makes a unit affordable for ten years, then in year 11, when that tenant moves out, or as soon as that tenant moves out after 10 years, they’re going to pop the rent up, probably up to market rent. So really, what you have to do is find a way to put the restriction on rent increases for twenty years, then rent control kicks in. (Civic Employee)

It follows then, that affordability restrictions should be in place for twenty years, at which point rent control legislation will apply (see also Government of Manitoba, 2018b).

Setting affordability terms too short result in wasted efforts, as affordable units will quickly transition into market-rate, despite the large public subsidies or efforts put into them in the first place. Ensuring a longer affordability term than what is currently used in the Downtown

TIF (5 years) or even with Manitoba Housing's development in Bridgwater Trails (10 years) will be a crucial consideration in a potential IZ policy.

4.4.iv Policy Focus

The final piece that arose from interviews was where and how a policy might be applied. Often, inclusionary zoning policies are implemented across the whole city, but may only apply to certain minimum size of development, or focus on rental or ownership (Drdla, 2016; Gladki & Pomeroy, 2007; Thaden & Wang, 2017). Cities are also increasingly exploring geographic application of policies – applying only in certain areas, particularly in cities with mixed markets (Hauswald, 2017; Rappaport, 2018; Reyes, 2018).

The theme of policy focus overlaps with comments discussed previously, in Section 4.2.i where it was identified the best locations for affordable housing would be near public transit and other services. Interviewees commented, then, that an IZ policy should apply where it is most beneficial to have that housing – near services or transit:

Because it seems to me, generally speaking, if you're at a point in your life where you may not be able to afford a house, you may not be able to afford a car. So, that whole, where you do it is pretty important. And that you're not setting up a situation that is going to be harder for somebody in the long-term to manage. So, if it's not a place close to transit or to work or whatever. (Planner 1)

Beyond the seeing the importance affordable housing near transit and services, many did not agree with applying IZ only in specific areas. Councillor 1 indicated it would be a challenge, particularly if it was a mandated policy only in certain zones:

The problem with mandating it in Winnipeg's market right now, is that you know, you're sort of saying, have a free rein on the greenfield development in Waverley West, make tons of money building sprawled out, horrible, unsustainable development, but we're going to make you spend money when the market isn't actually bearing the cost, without an incentive. It's difficult to justify that, because you may not end up seeing the development.

A planner also emphasized the importance of a level playing field, referencing the criticism of how impact fees are only present in certain areas:

...that's the argument, it's not a level playing field, it's cherry picked locations, and an inability to explain why. So, I think if you picked one area, you'd get that same fairness argument, which would make implementation difficult. (Planner 3)

Councillor 2, similarly agreed that the policy should apply everywhere, in efforts to see more affordable housing throughout the city. Others, spoke to the importance of seeing affordable housing in new areas, as "we typically do not see affordable housing being built [there]" (Civic Employee). Finally, one planner emphasized the need to include it in new neighbourhoods to achieve the City's stated goals and support their investment in new areas:

Because, again, if we're allowing new areas of development and developers are profiting from it, and the City, then, has to maintain all that infrastructure and libraries, and whatever, we want to make sure that the future neighbourhoods that we're building, that there are affordable options there. I think it's insane if we don't...because of the fact that there's large developments, huge tracts of land being developed that

we're saying, affordable housing, we don't need it, or maybe the market will provide it. That's ridiculous. Why would we do that? It's dumb, it really is, it's the dumbest thing. (Planner 2)

This point references back to the earlier point on the need for a coordinated strategy to planning and housing development, one that can support the inclusion of affordable housing in a broader approach to building a sustainable city.

4.4.v Summary

This research has shown the difficulty in identifying the details of how an IZ policy might work in Winnipeg, in part because of different definitions and understanding of what inclusionary zoning is, or could be. Beyond this challenge, this research has identified that applying a mandated inclusionary policy only in certain areas of the city, would be difficult, whereas incentive-based approach in certain zones may work. It was also clear that some form of subsidy or cost-offset would be needed, and most pointed to Winnipeg's current use of TIF, despite some criticisms of this tool. Finally, one participant spoke to the importance of a policy that creates housing that is kept affordable over a longer period of time. All the themes discussed above are brought together in the following chapter, exploring what they mean for the potential of inclusionary zoning in Winnipeg.

CHAPTER FIVE: SYNTHESIS OF FINDINGS

5.1 Introduction

The previous chapter outlined the overall themes that arose from this research – organized in three parts: Context, Process, and Policy Design. This chapter summarizes these findings, synthesizing themes most relevant to the local context, and within the existing literature. This chapter brings meaning to the themes discussed previously and outlines key considerations for inclusionary zoning in Winnipeg.

A major takeaway from this research is that there is not a clear determination if inclusionary zoning is the right, or best, policy to respond to Winnipeg’s housing needs. But, there were signs that an inclusionary policy is not so foreign in the Winnipeg landscape. A number of local policies and experiences show the potential for an IZ policy in Winnipeg, following key considerations and further research to help explore its potential. These are discussed in this chapter.

Inclusionary zoning is most commonly used in fast-growth cities with stronger housing markets. These are cities that typically have the market demand to bear the costs of including affordable units, as well as the opportunity to practice stricter development and planning controls, as a result (Calavita & Mallach, 2009). Cities that are slower-growth, or with mixed markets – where pockets of the city have stronger markets, and other parts don’t – are cautiously exploring IZ policies. These are cities similar to Winnipeg, which have “traditionally

been able to offer affordable homeownership opportunities to their blue-collar resident base without any special policies” (Hauswald, 2018, p. 37). With growing unaffordability, these municipalities are turning to policies to help keep their city affordable, livable, and desirable. Often these cities conduct a feasibility study to explore what the local market can bear, in terms of inclusion requirements and associated cost-offsets, and may implement the policy differently than other cities (Hauswald, 2017; Rappaport, 2018; Reyes, 2018; Williams et. al, 2016). These methods might include a policy that applies only in certain zones, not across the city as a whole. A policy might target areas where public investment is already going, such as in or around transit investments, or in pockets of the city where stronger housing markets are present (Center for Transit-Oriented Development, 2009; Rappaport, 2018; Reyes, 2018). Some cities with markets that aren’t strong enough to bear an inclusion requirement, may have it mandated only on government-owned lands or funded projects (Detroit City Code, 2017). Some have implemented policies with more substantial public incentives or cost-offsets that work within the local market (Reyes, 2018). Despite the differing ways to explore a policy, what is common, is these slower-growth cities conduct an in-depth qualitative and quantitative analysis of residential development to understand how and where such a policy could be applied (Rappaport, 2018). This research has pointed to the strong need for such an analysis to better inform the potential of inclusionary zoning in Winnipeg, and benefit development, generally.

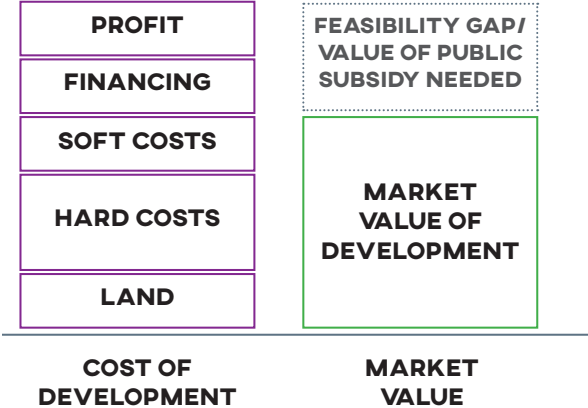
5.2 The Need for a More Coordinated Approach to Development & A Study to Inform It

The need for a more coordinated approach to development has arisen as a key issue in this research. While perhaps not a revolutionary finding, the nature of planning and development in Winnipeg currently, poses a serious obstacle to implementing inclusionary zoning successfully. One planner identified the need to direct “overall supply differently and certainly where we’re entitling certain land to be built” (Planner 1). Another indicated “it’s insane” (Planner 2) that we’re building new neighbourhoods without considering affordable options in these new areas. Similarly, a City Councillor identified they wanted to “focus on is incentivizing where we want the housing to go and coming up with programs and mechanisms to encourage that, so that’s it’s not only the affordable housing being built, but our other goals of building a sustainable city” (Councillor 1). These all point to a call for a more conscious and coordinated strategy directing development, of which affordable housing can be a key component.

Key to a coordinated strategy involves a study or analysis that looks more in depth at the current state of development. This is the same type of analysis that cities considering IZ are conducting. These studies aim to understand residential development through qualitatively engaging stakeholders, as well as a quantitative, economic feasibility study exploring development scenarios. These have recently been conducted in cities similar to Winnipeg, like Detroit, Pittsburgh, and Nashville, and have informed each locale’s adoption of inclusionary zoning adoption (Rappaport, 2018). A feasibility study would look at the costs, feasibility, and potential profits in development scenarios in different areas of a city, and within single-family

ownership development to high-rise multi-family rentals. Understanding the economics of each project helps to explore what percentage of affordable housing can be included without damaging the feasibility of the project. It helps identify the “feasibility gap,” or what levels of cost-offsets are required to support the project in moving forward, as shown in Figure III.

Figure III: Feasibility Gap (Created based on HR&A, 2016, p.17)



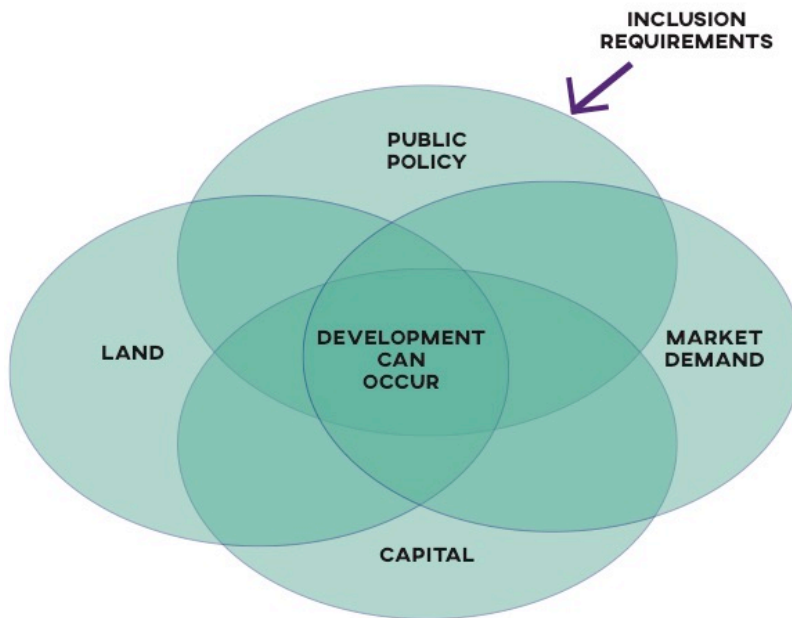
A recent study in Nashville, for example, concluded an IZ policy would not work in ownership projects because of the high and rising costs of home purchases in the city. Because of the high costs, the subsidies required to bring them down to a level of affordability would be too large for the city to be able to provide. Meanwhile, including affordable housing in rental projects, with tax abatements or housing grants for developers, would be financially feasible for both that City and developers. This study concluded that even a voluntary policy may be substantial enough to entice developers to comply with including affordable units (Fraser, 2016, p.10). Such a study is necessary in Winnipeg, but requires the City’s commitment to do so, and developers who are keen to share their expertise.

This research has, unfortunately, raised a red flag as to the limited capacity of the City to develop such a strategy and explore these necessary aspects of development. As identified earlier, there is a “real dearth of policy capacity in our city” (Planner 1), and both city councillors and employees identified a limited capacity of resources – human and financial. Other local research (Rappaport, 2018) has similarly identified a generally lack of understanding of how the housing market in Winnipeg operates, as a whole. Similarly, in speaking to the City contracting out the Housing Needs Assessment, others have identified the City “does not have the internal resources to analyze data and housing markets. This needs assessment will be a useful document, but the city needs staff who can analyze trends, implement policy and programs, measure their success, and make continuous improvements” (CCPA, 2018). This requires political commitment to increase the size and focus of the housing department within the City.

The previous discussion of how Winnipeg implemented impact fees, along with the fact TIF has been used without a real policy governing the tool, also point to two poorly developed policy tools. Impact fees, perhaps a noble and necessary planning tool for Winnipeg, were, unfortunately, put in place without adequately assessing the costs of providing services in new development, what services these fees will pay for, and without any substantial consultation (MNP, 2016). The Civic Employee, in this research, also identified there is currently no policy overseeing TIFs in Winnipeg, outlining what projects can, and should, be approved, and how much money is needed to stimulate development. They identified it’s currently “a bit of a guessing game” and questioned if they were “just giving money away? [And] would the

development have occurred without it?” (Civic Employee). It’s clear from these examples, that certain policies in Winnipeg are implemented in ad-hoc manner and lack an overall coordination. This may be driven, in part, by a lack of adequately understanding their intended – and unintended – outcomes, or not committing the human or financial resources to do so. This policy context will present a key obstacle if inclusionary zoning is explored locally. A study of local development and consultation with stakeholders can inform a more coordinated approach to development, and the policy tools that can support it. This study could explore the elements that make development feasible, as indicated in Figure IV below, and then explore the feasibility of including affordable units. Figure IV outlines there are a variety of elements that make a development project feasible or not, and the role that an inclusion requirement would play would only be one part.

Figure IV: Elements of Development (Adjusted from Williams et.al, 2016, p.1)



5.3 Local Housing Needs & Reconsidering What is “Affordable”

Another crucial element to informing an IZ policy, or even considering it, is an increased understanding of what the affordable housing needs are in Winnipeg. Existing literature on IZ has shown it is used most commonly to create ‘workforce’ housing, or housing for more moderate incomes (Drdla, 2016). Other local research has pointed out there is a lack of knowledge as to whether there is a need for this type of housing in Winnipeg, or if the need exists more exclusively in the most vulnerable populations (Rappaport, 2018). This practicum research has similarly identified that we currently don’t know where the affordable housing needs are, and therefore what policies can respond to our needs. A number of interviewees mentioned Winnipeg’s current Housing Needs Assessment, which will hopefully inform any policy development. Determining what levels of affordability are needed for Winnipeg, must also be explored in the feasibility study mentioned above, to see what levels of affordability can adequately be incorporated into existing developments.

Existing literature on inclusionary policies in Canada, have shown Canadian programs have been more likely to rely on funding partnerships with higher levels of governments to create housing with deeper affordability, which could be explored in Winnipeg (Mah, 2009; Drdla, 2016). While this is not inclusionary zoning in its most typical sense, it does present an opportunity for Winnipeg, which, as a slower-growth city may need to look differently at the ‘typical’ way the policy is enacted. In an era of National Housing Strategy, and Manitoba Housing indicating partnerships will also be key for them moving forward. The Manitoba Government has also indicated their new focus will be on smaller, more mixed income projects

in the development of new affordable housing projects (Government of Manitoba, 2017). This could present a policy opening for IZ in the local Winnipeg context – particularly if needs are shown to exist in the lowest income populations. Finally, with the City’s Housing Policy up for review this year, the time is ripe for outlining how Winnipeg can respond to affordable housing needs, while remaining within their regulatory jurisdiction, but drawing on partnerships with other levels of government.

Key to targeting affordable needs, may involve an examination of the current definition of affordable housing. While it is not a uniquely Winnipeg phenomenon to have a number of definitions of what ‘affordable’ means, this research has identified that the definitions used by the City and the Province may not actually meet the needs of those in need of affordable housing. For rental housing in Winnipeg, median market rent for a two-bedroom apartment is \$1,147, while the average, private market rent is \$1,068 (Manitoba Housing, 2018; CMHC, 2016c). In many areas of the city, average rents are much lower than city-wide median rent, with some as low as \$773/month. If a household was paying the median rent of \$1,147/month, their annual income would need to be \$45,880, or less, for this to be affordable (30% of their income) – without even taking into account utility costs which are set to rise (Kavanagh, 2018). In Manitoba, someone working a minimum wage job would only see an annual before-tax income of \$23,192 (CBC News, 2018)¹. In reality, most individuals working minimum wage do not see full-time work, and many must work multiple jobs to try and make ends meet (Fernandez et. al, 2017). Even a two-parent family, with both making minimum wage can barely

¹ With minimum wage at \$11.15/hour * 40 hours/week * 52weeks

afford the 'affordable' rental price when factoring in pay deductions and utilities. It seems like affordable housing definitions in Winnipeg may not meet income needs of the population, and with a Provincial government stepping further and further away from social housing, re-examining the definition of affordable housing may be needed (Glowacki, 2017). Once affordable housing needs are explored, a further exploration of if the local definition meets these needs should be considered.

5.4 Affordability Terms

In exploring a new (or maintained) definition of affordable housing, an increase of the length of affordability terms should also be considered. Currently, affordable housing produced through the Downtown Rental TIF, must be kept at that rate for five years, while Manitoba's Housing inclusion requirements in Bridgwater are kept for ten years. In either case, a large amount of public financing and efforts are not actually creating long-term housing, but temporary affordable units. In five or ten years, we will be in the same position – or likely, worse off – in terms of housing need, despite having spent hundreds of thousands of dollars stimulating housing. Research has shown the typical length of affordability in the majority of inclusionary programs in the United States have mechanisms to keep units affordable for at least 30 years or in perpetuity, as 90% of all policies keep units affordable for *at least* 30 years (Thaden & Wang, 2016, p.44). It was suggested by the Civic Employee, that units in Manitoba would only need to be kept affordable for twenty years, at which point rent control would apply to maintain that unit at an affordable rate.

5.5 Local Incentives: Tax Increment Financing (TIF)

Key to the (incremental) success of an IZ policy will be to design local incentives or cost-offsets that work for development, and do not damage the local market. As indicated, the literature has shown inclusionary policies will not have an effect on development, but only when incentives or off-sets are designed to fit the local context (Sturtevant, 2016; Williams et. al, 2016). To do this, developers must be at the policy drafting table, willing to share sample financial assessments and how including affordable housing may, or may not, work in different scenarios. Crucial to the success of an IZ policy in Winnipeg will be to use both the *carrots* (incentives or cost-offsets) and the *stick* (affordability requirements). It is not one or the other, as commented by some interviewees in this research.

This research has identified that tax increment financing (TIF) is “the big tool, let’s face it” (Councillor 1). While this is a tool available to Winnipeg, and we have local experience with it, there were a number of concerns in the way Winnipeg implements TIF that arose in this research. It was identified, previously, Winnipeg uses TIF much differently than other cities. In Winnipeg, we are essentially giving the funding “directly to the developer, in order to encourage the affordable housing, or just housing development” (Civic Employee). In this way, it functions more as a tax break to developers, while in other places, the increment of taxes earned by the increase in property values might be reinvested in the area, more broadly (Knight, 2012). As mentioned, there is also no policy dictating projects must build a case for the need, that the project is “in the public interest,” and if it would have happened, anyways, without a TIF (Government of Manitoba, 2009). In many other locales that use TIF, they must

pass the “‘but for’ test, where it must be determined that redevelopment of a given property would not occur if not for TIF” (Knight, 2012). By definition, TIFs are used when “economic growth in a particular geographic area would otherwise not occur” (Copping, 2015, p.1).

City Councillors and employees, alike, identified the need for a greater assessment of when, and how, we use TIFs – ensuring providing a TIF is necessary for that development to occur. Additionally, it’s important to assess this financing tool does not sacrifice too much of the tax base, particularly if there is little “public interest,” that is not even defined (Government of Manitoba, 2009). While the use of TIFs can incentivize the inclusion of affordable housing in new developments, further evaluation of this tool and developing a guiding policy must occur. This is particularly true if it will be expanded upon to incentivize affordable housing along regional corridors – or in other locations – as was hinted at by interviewees.

Finally, it must be mentioned that there may be a range of other incentives or cost-offsets that would work in the local context. Because this research did not consult with the development industry, perspectives on what tools may work have not been explored. In the accompanying research I conducted, one cost-offset that was discussed was the suggestion of a guaranteed, predictable, and simplified development approval process (Rappaport, 2018). Exploring a wider variety of incentives or cost-offsets with developers will be necessary to inform an IZ policy.

5.6 Incremental Inclusionary Policy

Any consideration of IZ, or political support for the study previously mentioned, will involve a political process. This research has shown there is political appetite to explore affordable housing, but there may not be enough political will to implement a strong policy, such as mandatory inclusionary zoning across the whole city. This research has also pointed to the idea of *incrementalism*, and the slow pace of how things change in Winnipeg. One planner indicated, to pursue policy change, “you have to start it slow, and incremental, and get some acceptance” (Planner 2). There is something to be learned from this concept of incrementalism to inform a made-in-Winnipeg IZ policy.

This concept of incrementalism is also a planning theory, popularized by Lindbolm (1959), and is grounded in the idea that policy is often formed by “continually building out from the current situation, step-by-step and by small degrees” (Lindblom, 1959, p. 81). This theory, involves “muddling through” diverse perspectives and policy options to come to decisions that can be made incrementally. Through conducting these incremental and successive changes the theory points out “policy is not made once and for all; it is made and re-made endlessly” (Lindbolm, 1959, p.86). Incrementalism also presupposes that stakeholders come to the policy-making table with “different experiences, knowledge, and values, and so with irreconcilable views of the problems” (Bevir, 2008). This is clearly the case with inclusionary zoning: the interest of private developers is in profit-generation and projects that can be economically feasible; while, public officials and affordable housing advocates have a more public interest in ensuring all Winnipeggers have access to a home they can afford to live

in – no matter the feasibility in the market. The concept of incrementalism, then, involves muddling through these diverse perspectives to inform and design a policy that can be evaluated, and then remade or expanded upon. This will involve substantial consultation with the development industry, housing advocates, and general public, and as indicated by Lindbolm (1959), the “best” policy is the one that is agreed upon by diverse stakeholders (p. 84).

In my other research on IZ in Winnipeg, the private development industry expressed concern that there had not been studies on inclusionary zoning in slow-growth markets, or places similar to Winnipeg (Rappaport, 2018). Without this research, they were unconvinced the policy would not affect local housing development or prices. This point further supports an incremental approach to policy development, preventing “serious lasting mistakes” on local development (Lindbolm, 1959, p.86).

This incremental approach to IZ might also entail a phased-in approach, as was suggested by my other research (Rappaport, 2018). In this study, expert opinions identified a phased-in approach to IZ is what many other slower-growth cities are exploring. This could involve starting with a low, mandated, inclusion requirement and moving up when the market supports it, or starting in certain zones where the housing market is stronger and then, when appropriate, applying across the whole city (Rappaport, 2018).

An easy first increment could involve the inclusion of affordable housing on government-owned lands and/or government funded projects, such as those receiving TIF or other supports. As mentioned, even cities notorious for a lack of development, such as Detroit,

have passed a mandatory inclusionary policy requiring 15-20% affordable housing in projects receiving government funds (Detroit City Code, 2017). This would be an easy first step in Winnipeg and could provide time for the City to develop administration to oversee the projects, before it is expanded wider.

Beyond government lands, this research has, unfortunately, identified a potential challenge in implementing a policy that applies only in certain geographic zones. Participants identified the benefit of affordable housing in locations such as those near transit, but also the challenge of mandating it in these locations, while giving a “free rein on the greenfield development” (Councillor 1). Similarly, a geographic application may take away the perception of “a level playing field” (Planner 3). One way to explore mandatory inclusion in some projects, but maintain a relatively level playing field, could be to tie requirements to those seeking rezoning and subdivision approvals. These requests happen in areas where there is a stronger market, as a developer has clearly identified market demand for the site, in their intentions to develop. Calavita & Mallach (2009) have identified that incorporating affordable housing into these planning approvals allow a municipality to “recapture the land value increment associated with the government action of rezoning or land use changes” (p.20). In the City of Winnipeg, rezoning and subdivision processes allow the City to enter into developer agreements, for which affordable housing can be requested – once a definition of ‘affordable’ is developed by the City (Government of Manitoba, 2018a). A challenge with this approach is that most subdivisions in Winnipeg occur in greenfield areas towards the outskirts of the city, creating affordable housing in *less* ideal locations and with limited access to transit. Despite

this challenge, increased affordable housing *throughout* the city results in increased *choice*, an important point emphasized by some participants in this research. The incremental application of IZ is clearly complicated and requires further research and consultation to explore a policy that might work locally.

Finally, an incremental approach could involve starting with a voluntary, or incentive-based policy, and moving into a mandated policy. As stated earlier, the literature is not strongly in support of a voluntary policy, indicating it can actually be more confusing for developers, and produce less housing (Drdla, 2010). But, there can be exceptions to this, as was the case in Montreal, and can provide a starting point for Winnipeg (Mah, 2009). In Nashville's economic feasibility study, it was found their market could support an inclusion policy in rental projects. While not yet tested, the study indicated "such a tool may actually be substantial enough to motivate developers even to voluntarily comply with an inclusionary zoning requirement" (Fraser, 2016, p.10).

I will also make the argument that Winnipeg already has some experience with a voluntary, geographically-based policy from which to learn and expand. The Downtown Rental TIF presents local experience in providing an incentive to developers to include affordable units, and our city has seen some projects built through this policy. Similarly, the Manitoba Housing development in Bridgwater Trails is already seeing several rental projects under construction that will include 20% affordable units. An evaluation of these projects and the much-needed feasibility study can identify learnings from these Winnipeg-made voluntary policies. These can inform future incremental, or phased-in, steps to IZ in Winnipeg.

5.7 Summary

This research has explored just the tip of the iceberg in how a policy could be implemented in Winnipeg, and much more research is needed. All interviewees recognized the need for more affordable housing – despite different definitions – and agreed a range of housing options are important for building complete communities. It was also emphasized policies that incentivize affordable housing can be integrated with how we approach and incent ‘good’ development, generally. There was certainly some interest in inclusionary zoning, but a number of key barriers were identified and specific pieces requiring more research. This involves evaluating and learning from local policies, such as TIF, the results of the City’s Housing Needs Assessment (predicted to be released in 2018 or 2019), and the policy incentivizing affordable housing in regional corridors. An incremental inclusionary policy in Winnipeg is possible, but requires further research and considerations. Addressing these involve a number of recommendations as next steps for Winnipeg, discussed in the concluding chapter.

CHAPTER SIX: CONCLUSION & RECOMMENDATIONS FOR WINNIPEG

6.1 Introduction

This research explored local considerations for inclusionary zoning in Winnipeg. Through an extensive literature review and interviews with local stakeholders, the key research questions were explored and findings have been presented in the previous chapters. This chapter returns more specifically to responding to the research questions. Following this, I offer a series of recommendations to Winnipeg stakeholders to assist in the future exploration of inclusionary zoning.

6.2 Responding to the Research Questions

This practicum research explored two key questions that help frame the context for the advent of inclusionary zoning in Winnipeg. Each question is expanded upon in what follows.

6.2.i What are local actors' perspectives on the strengths and barriers associated with inclusionary zoning for the Winnipeg context?

This research has outlined a number of strengths and barriers in a potential IZ policy for Winnipeg. The strengths – or rather, opportunities – that arose were the recognition of the need for affordable housing, and the role for Winnipeg to play in response, as well as an increased political appetite, and recognition of the importance of affordable housing in building complete communities. Key barriers arose more often in the research and included

the need for more research, resistance from the development industry, the limited capacity at the City of Winnipeg, and the need for political and public support.

Strengths

The main opportunity that arose was that interviewees unanimously recognized the need for affordable housing in Winnipeg, and that there is a role for the City of Winnipeg to play in response. Ultimately, this was not a strength around inclusionary zoning, itself, but rather an opportunity that supports a municipal response to affordable housing. It was clear interviewees believed the City of Winnipeg's role was to develop the regulatory framework that could address to affordable housing needs, and for the private sector to respond to, and inform, such regulations. This is in line with the jurisdiction of the city, and the role both sectors, generally, play in planning and development. It also supports the opportunity to develop a regulatory framework that can stimulate the creation of affordable housing, whether mandated or incentivized.

Additionally, this research has pointed out there is currently more political appetite to address affordable housing than in the past. This was further supported by a number of new policies recently approved, or under development, by the City, including one quite similar to an inclusionary policy – incentivizing affordable housing along regional corridors. While this policy is only under development and has not been approved, it clearly points to a Council and administration taking their role in affordable housing more seriously. Ultimately, in an election year, this may, or may not, continue to be the case.

Finally, this research recognizes including affordable housing in new neighbourhoods, and across the city, can benefit our city and create truly complete communities – an ultimate goal for the City of Winnipeg. While the interviewee sample is by no means a litmus test for Winnipeg, as a whole, research participants recognized providing affordable housing plays an important role in developing stronger neighbourhoods, and how planning and regulatory frameworks can support this goal.

Barriers

A number of barriers were also discussed in this research. Interviewees identified the need for more research in a number of key areas, including understanding what, and where, housing needs exist in Winnipeg, the infrastructure capacity for development in existing neighbourhoods, a greater understanding of the local housing market, and economics of development. The lack of knowledge in these areas not only identify topics for further research, but present barriers to a potential policy, as they are critical to designing a local policy.

Without understanding the housing needs, it is impossible to design a policy that will create housing needed for Winnipeggers; without knowing where new development can be accommodated in existing neighbourhoods, it will be impossible to incentivize development in certain areas, as is being explored in the regional corridor strategy. Finally, and perhaps most important with reference to inclusionary zoning, a greater understanding of the local housing market and economics of residential development is crucial, in order to test IZ's economic feasibility.

Crucial to gaining a greater understanding of development in Winnipeg involves open communication with the development industry. Most cities aiming to implement inclusionary policies face resistance from the development industry, and my research shows this will likely be the case in Winnipeg as well (Tsenkova & Witwer, 2011). This research has also highlighted this is an especially tense time between the City of Winnipeg and development industry, referencing the recent implementation of impact fees, and the legal challenge against the City. The importance of engaging the development industry and mending this relationship will be key to exploring IZ. Of course, this warrants an administration committed to developing an informed policy with “due diligence” (Planner 3), while stakeholders in the development industry are keen to come to the table.

Another barrier is the lack of capacity at the City of Winnipeg – financially, and otherwise. It has already been discussed there is limited capacity at the City, while a City Councillor also pointed out the City doesn’t have any money, “Like, we’re broke” (Councillor 1). In slower-growth cities such as Winnipeg, it is often predicted that larger public subsidies may be required to support inclusionary zoning policies (Reyes, 2018). This may prove to be a challenge in Winnipeg. Additionally, administration is often an overlooked aspect of policy development, but key to success, as policies require ongoing monitoring, administration, and evaluation (Mah, 2009). The lack of human capacity within the City’s housing department could present a challenge and greater staff resources are needed.

Finally, the need for political support, gained in part, from public support, could present a barrier, despite the aforementioned, increased political *appetite* to address affordable

housing. Whether there is public support for inclusionary zoning is completely unknown, and indeed, there is a real lack of understanding as to what this term means, as shown even within the sample from this research. As for political support to adopt an IZ policy, this too, is unknown, particularly in an election year when the political landscape may shift completely.

Summary

This research has shown there is an opportunity to explore inclusionary zoning, but a number of barriers will need to be overcome in order to develop a policy. There are also a number of planning issues involved in potentially implementing an IZ policy in Winnipeg.

6.2.ii What key planning issues are potentially involved in implementing inclusionary zoning in Winnipeg?

The key planning issues in potentially implementing inclusionary zoning in Winnipeg encompass the key considerations outlined in the previous chapter. In brief, these included the need for greater coordination in development – and a study to inform this strategy – increased understanding of local housing needs, and a new definition of affordable housing. Finally, exploring what a phased in, or incremental policy for IZ in Winnipeg might look like involves a closer examination as to what first steps might work best locally. Interviewees raised concern with a geographic application of a policy, as is often done in similar cities, and further exploration on this is needed. Alongside this, this practicum research has also identified the need to re-examine and explore how TIF is used in Winnipeg, and setting an accompanying policy, particularly if it will be expanded upon, as a tool in inclusionary zoning. Finally, any

policy that works to create affordable housing should explore setting affordability terms longer than 5-10 years, as they are currently.

All these issues require the City to commit to a study and consultation process to inform how to coordinate development more effectively across the city, all of which depends on political will and a changing City Council. This research has also identified an issue in how many policies are developed ad-hoc, without specifically exploring what the intended – or unintended – outcomes might be. It is my hope an inclusionary zoning policy in Winnipeg would not follow this same pattern. IZ has the potential to create affordable housing locally, but if designed improperly, could have negative effects on development, and leave us worse off than before.

6.3 Key Recommendations for Winnipeg

Based on the key planning issues outlined above, identified barriers, and considering local opportunities, I outline more specific lessons potentially relevant to Winnipeg's future consideration of inclusionary zoning, or related policies. While these suggestions require leadership from the City of Winnipeg, they can be advocated for, and informed by, housing advocates, researchers, planners, and the development industry. These sectors can particularly take the lead on research and advocating for the results. Recommendations, key roles, and quick wins are outlined in Table III below and expanded upon in what follows.

Table III: Outline of Recommendations, Key Roles and Quick Wins

Recommendation	Lead Roles	Support Roles	Quick Wins
Engage stakeholders and explore additional research areas	City of Winnipeg Development industry Housing advocates & researchers City planners	The general public	Map infrastructure capacity Complete Housing Needs Assessment (in process) Research projects on identified areas
Conduct an economic feasibility study	City of Winnipeg	In partnership with a consulting agency, private developers, planners, housing advocates	Dedicate a portion of the 2019 budget to explore the study
Explore a (re)definition of affordability & Lengthen affordability terms	City of Winnipeg Province of Manitoba	Affordable Housing providers, advocates	Complete and publish results of Housing Needs Assessment
Explore an incremental inclusionary policy	City of Winnipeg	Centre Venture Private developers, planners, architects Province of Manitoba	Mandatory Inclusion in Market Lands redevelopment
Evaluate the use of Tax Increment Financing (TIF) and develop a TIF policy	City of Winnipeg Province of Manitoba Development industry Housing advocates & researchers City planners Centre Venture	in partnership with an outside agency Private developers, planners,	Commit to a public evaluation of TIF

6.3.i Engage Stakeholders and Explore Additional Research Areas

Perhaps unsurprisingly, any good policy starts with proper consultation. As this research has identified, Winnipeg does not have the best track record with consultation to inform policy. While the City of Winnipeg now has an office for public engagement, there are still policies developed that are not informed by consultation. Furthermore, Winnipeg has been identified as a challenging place for development, and the development industry has called for greater collaboration, with clear, consistent formulas and plans for development (Cash, 2018; MNP, 2016; City of Winnipeg, 2018b). Both consultation with developers and additional analysis on the economics of development, are needed to inform what an inclusionary policy might look like in Winnipeg. This analysis and consultation can benefit development in Winnipeg, generally, even if it does not inform or explore an IZ policy. The stakeholder engagement process should be led by the City, but there are distinct – and active – roles for developers, housing advocates, researchers, planners, and others to play.

The development industry must come to the table and share their experience and expertise. It will not be possible to explore an inclusionary policy without this sector informing it. The industry, through bodies such as the Urban Development Industry (UDI) already consult membership on their experience in development and consistently speak openly about their challenges (Cash, 2018; MNP, 2016). This work should continue, and ideally open communication with the City can inform a more coordinated approach to development and potentially, what an inclusionary policy might look like.

As part of this engagement, there is a role for affordable housing advocates and researchers, who also have been speaking, researching, and advocating for the City to play a greater role in housing (CCPA, 2018; Make Poverty History Manitoba, 2018). These are actors who also have an in-depth understanding of the needs of Winnipeggers, and insight into gaps in what the market currently provides. This community is represented by groups such as Social Planning Council of Winnipeg, Make Poverty History, Right to Housing Coalition, and the Canadian Centre for Policy Alternatives, as well as city planners, generally. These groups must continue to publish and speak out around housing policy, as this research informs the City – and the Province – around housing need. There are particular topics identified in this research that could be explored, that do not require leadership on the part of the City. These include evaluating the current definition of ‘affordable’ housing, exploring mechanisms to ensure longer affordability terms, evaluating the use of TIF in Winnipeg, and further research on what an incremental inclusionary policy might look like – where and how it could be applied.

Stakeholder engagement can be the first step, on the part of the City to delve deeper into some of these identified gaps in knowledge. Some of the topics of exploration – identified in this research - can be quick wins to inform a more coordinated approach to development. This includes mapping infrastructure capacity in existing areas and local housing need. Other priorities involved a greater understanding of the local market and development – a bigger step that will likely require an expanded Housing Department, with increased financial and human resources. Without this, the work of this Department must continue to be contracted out.

6.3.ii Conduct an Economic Feasibility Study

As mentioned several times over, key to the consultation process is an economic feasibility study for the potential of IZ in Winnipeg. This would involve looking at recent larger, suburban developments, and smaller, infill projects – exploring the feasibility of these projects with affordability requirements. As previous research has shown, this can include an examination of current development barriers that add costs to projects. If these barriers can be diminished at the same time as affordable requirements are put in place, a net zero effect on financial feasibility is possible (Rappaport, 2018). This study can inform what an incremental inclusionary policy in Winnipeg might look like – if it is feasible. It can explore where, geographically, it could be applied, what incentives are necessary, and how it might be implemented. This work can draw on what other cities' feasibility studies have explored (City of Pittsburgh Affordable Housing Task Force, 2016; Fraser, 2016; HR&A, 2016; Williams, 2016, p. 19).

6.3.iii Explore a (Re)definition of 'Affordable' & Affordability Terms

While the City of Winnipeg has currently contracted out a Housing Needs Assessment, what types of housing are needed, and where, is soon to be more well-known. Based on the outcomes of this study, there may be a need to revisit current definitions of affordability. There is a potential to draw from American inclusionary policies which tie levels of affordability to an area's median income. In this way, rent is not geared to an individual's specific income, as social housing exists in Manitoba, but sets a level of affordability that would be a certain

segment of income in the city – for example those earning 50% up to 100% of an area’s median income. This requires understanding the results of the housing needs assessment to explore what income levels are unable to afford housing and create a definition of housing that meets those needs. Finally, tied to this, is ensuring that any policy that works to produce affordable housing, maintains that housing affordable for a reasonable amount of time – potentially 20 years, as indicated in this research. Further exploration of how long terms should be, and what legal mechanisms can be in place to maintain those rates are needed.

6.3.iv Explore an Incremental Inclusionary Policy

As indicated by this research, there are many more aspects of inclusionary zoning to explore, but I do believe an incremental inclusionary policy will inform Winnipeg’s take on IZ. This requires further research, stakeholder engagement, and the economic feasibility study indicated in the previous recommendations. But, I do believe an easy first increment would be to mandate the inclusion of affordable housing on government-owned land, sold land, or funded projects. This follows what Winnipeg is already doing, though not cohesively: the new policy selling city-owned land to non-profits in William Whyte for affordable housing development, and the inclusion of affordable housing in TIF projects are steps in this direction. An expansion of these strategies can work with the limited budget of the City. Additionally, the City is leading the current development of Market Lands, a public area in the heart of Downtown up for redevelopment. I think, presents a prime opportunity to showcase what inclusion can look like. This is a project that must remain public and a rarity for the City to have

control over such a large area of land in a desirable area (Centre Venture, 2018). This project can become a beacon of the Downtown, of the City's *stated* affordable housing goals, and for maintaining our proudly affordable city. As a showcase project, if it is done well, it can help destigmatize what including affordable housing in new developments can look like.

6.3.v Evaluate the Use of Tax Increment Financing (TIF) and Develop a TIF policy

This research has shown tax increment financing may be a key incentive in a potential inclusionary zoning policy, and is already used in Winnipeg's Downtown. This research has identified the need for an evaluation of this financing structure to inform a policy to oversee it, and eliminate the "guessing game" (Civic Employee). This recommendation is similar to those made in earlier research on TIF in Winnipeg (Copping, 2015). Copping's research (2015) recommended implementing a clear and detailed application process that identifies why a project is in need of TIF. Without this, they cautioned the "interpretive-styled legislation may have undesired consequences in the future" (Copping, 2015, p. 70). Similarly, Copping pointed to the need for ongoing monitoring of the policy, and the increasing the role of planners in informing TIF projects and approvals. Drawing on this work, an evaluation of how TIF is used to-date, can inform a policy. This is particularly so if the City looks to expand the tool outside the Downtown to regional corridors to incentivize affordable housing. It *can* be a key tool in Winnipeg's IZ policy but must be evaluated before it's expanded upon.

6.4 Concluding Thoughts

This research has explored a specific municipal affordable housing tool, inclusionary zoning, and its potential to be implemented in Winnipeg. It has identified a number of key issues, barriers, and considerations that must be explored before such a policy is developed. This research has pointed out the policy is not such a foreign idea in Winnipeg, and there are a number of local policies and programs to learn from. This research shows the concept of incrementalism will likely inform how this city develops an inclusionary policy, and indeed follows what experts recommend for slower-growth cities. As the first piece of local research, this incremental inclusion requires more analysis and a number of areas requiring more research. What this 'made-in-Winnipeg' inclusionary policy will look like has yet to be determined, but can be a tool to help our city open up areas previously inaccessible to certain populations. Ideally, such a policy can help contribute to a more connected and affordable Winnipeg for all.

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APPENDIX I: INTERVIEW GUIDE

General

1. How do you define affordable housing?
2. Do you think there is currently enough affordable housing in Winnipeg?
 - a. If no, what are some of the needs for affordable housing?
(Type of housing, target populations, levels of affordability, locations, amount needed...)
3. Can you comment on the role the city plays in creating affordable housing?
 - a. What are they currently doing?
 - b. What role do you think they should play (if any)? Why?
4. What do you see as the private sector's role in creating affordable housing?
 - a. What are they currently doing?
 - b. What role do you think they should play (if any)? Why?

Inclusionary Zoning

5. What do you know about inclusionary zoning (IZ) and how it is used elsewhere?
6. What do you think would need to be important considerations if inclusionary zoning were to be implemented in Winnipeg?
 - a. *Could it be implemented here? How? Where?*
 - b. *Do you see there being barriers to implementation? What might those be?*
 - c. *How might the housing market in Winnipeg affect implementation?*
7. Do you see there being opportunities as a result of implementation? What might those be?
8. What else would be needed to support IZ's potential to create affordable housing in Winnipeg? *(Connection to other planning policies, research, incentives, partnerships...)*
9. Is there anything else you would like to add on the subject?

APPENDIX II: PROJECT BACKGROUNDER

Research Overview

As a potential study participant, the following information is intended to provide you with background information on this research project, the major degree project (thesis) requirement for the Masters of City Planning Program. This research intends to explore stakeholder opinions about the potential application of inclusionary zoning in Winnipeg.

What is Inclusionary Zoning (IZ)?

Inclusionary zoning (IZ) offers a way of ensuring private developers include affordable housing in their residential developments.² Written into zoning by-laws, developers are required or incentivized to set aside a certain percentage of residential units as affordable (as defined by the policy). Most experience of IZ is gained from over 40 years of implementation in the United States, where it has been identified as “the most prevalent of the regulatory initiatives used by US municipalities to stimulate the creation of affordable housing.”³

Inclusionary zoning has the benefit of producing mixed-income neighbourhoods, often with little government funding.⁴ It has been shown to be most successful when there is strong political support and program flexibility, and when it is integrated with other planning tools and housing policies.⁵ Despite its potential successes, IZ has the challenge of relying on the private market for development; it is therefore most successful in high growth areas with a strong housing market.⁶ It has also been most successful at producing housing just below market rate (‘workforce housing’), and is therefore not geared to those most in need. IZ can also face resistance from the development industry, and ample consultation and negotiation prior to implementation are critical.⁷

² Mandelker, D. (2012) “Inclusionary Zoning.” In Carswell, A. (Ed). *The Encyclopedia of Housing*, Second Edition, 386-389. Los Angeles: Sage Publications.

³ Starr, E. & Pacini, C. (2001). *The Municipal Role in Meeting Ontario’s Affordable Housing Needs: An environmental scan of municipal initiatives and practices*. Ontario: Ontario Professional Planners Institute.

⁴ Drdla, R. (2016). *National Housing Strategy: Inclusionary Zoning – Domestic and International Practices*. Ottawa: CMHC. Accessed from <http://inclusionaryhousing.ca/wp-content/uploads/sites/2/2014/10/CMHC6-FinRep5-20Dec2016.pdf>.

⁵ Calavita, N. & Grimes, K. (1998). Inclusionary Housing in California: The experience of two decades. *Journal of American Planning Association*, 64(2), 150-169; Mandelker, 2012; Tsenkova, S. & Witwer, M. (2011). Bridging the Gap: Policy Instruments to Encourage Private Sector Provision of Affordable Rental Housing in Alberta. *Canadian Journal of Urban Research* 20(1), 52-80.

⁶ Drdla, 2016; Tsenkova & Witwer, 2011.

⁷ Drdla, 2016; Gladki, J. & Pomeroy, S. (2007). *Implementing Inclusionary Policy to Facilitate Affordable Housing Development in Ontario*. Toronto: Ontario Non-Profit Housing Association. Accessed from <http://www.focus-consult.com/ResearchFiles/By%20Year/2007/Inclusionary%20Zoning%20to%20Facilitate%20Affordable%20Housing%202007.pdf>.

Considerations of Implementation

<p>Mandatory or Voluntary</p>	<p>In a mandatory program, all residential developments of a certain size <i>must</i> include a certain percentage of affordable units.</p> <p>In a voluntary program, a range of incentives are offered to developers to <i>encourage</i> the inclusion of affordable units.</p> <p>There are also mandatory programs that apply only in specific areas, such as those requiring rezoning (e.g., former industrial lands, new subdivisions, or up-zoning), aiming to recapture the increase in land value that comes with rezoning to achieve social benefit.⁸ An IZ program can apply only to projects receiving some kind of public funding or on public land.</p>
<p>Set-aside requirement</p>	<p>The minimum percentage of affordable housing required is key to the economics and feasibility of developments, in addition to how much affordable housing is actually built. Typically, US programs have focused on 10-20%.⁹</p>
<p>Threshold size & focus</p>	<p>A minimum size of development to which the by-law applies, such as 10 units or more, must be set. For developments below this threshold, IZ may not apply, or developers may be required to pay a fee instead. Additionally, a municipality can decide if IZ applies to rental or ownership projects.¹⁰</p>
<p>Target population</p>	<p>A municipality must set its own goals and definitions of affordability to meet local need. Most US programs set requirements at a certain percentage of the area’s median income (AMI) – anywhere from 30% to 120% AMI. A program can also include a mix in the set-aside requirement, such as 10% low-income or subsidized units and 10% moderate-income units.¹¹</p>
<p>Length of affordability</p>	<p>Setting terms help ensure long-term affordability, or risk losing units as soon as they’re resold or re-rented. Most programs have set affordability terms anywhere between 30 - 99 years, or in perpetuity.¹²</p>

⁸ Calavita, N. & Mallach. (2009). Inclusionary Housing, Incentives, and Land Value Recapture. *Land Lines* (January), 15-21.

⁹ Drdla, 2016; Schwartz H.L., Ecola, L., Leuschner, K.J., Kofner, A. (2012). Is Inclusionary Zoning Inclusionary? RAND Corporation. Accessed from https://www.rand.org/pubs/technical_reports/TR1231.readonline.html; Thaden & Wang, 2017.

¹⁰ Ibid.

¹¹ Drdla, 2016; Mah, J. (2009). Can Inclusionary Zoning Help Address the Shortage of Affordable Housing in

Toronto? Toronto: Canadian Policy Research Networks; Thaden & Wang, 2017

¹² Schwartz et. al, 2012; Thaden & Wang, 2017.

<p>Developer incentives and cost-offsets</p>	<p>The incentives must be tailored to work in local contexts and provide enough cost-savings for developers to ensure the feasibility of a project, without compromising too much of a loss of public funds.</p> <p>The incentives/off-sets most commonly offered include: density bonusing or other zoning variance (parking reduction), reducing or waiving development fees, direct subsidy, tax increment financing (TIF) or tax abatement. Some programs offer no incentive at all (more common in areas with especially strong housing markets).¹³</p>
<p>Alternatives to on-site construction</p>	<p>Some programs offer an option for fees in-lieu of building units on-site, or allow for off-site development in cases where on-site development would not be ideal (due to low transit services, lack of space, etc.). There are criticisms of whether enough cash-in-lieu is ever collected to actually build affordable units, because when included on-site, many costs are already covered by the market-rate development, making affordable units feasible.¹⁴</p>
<p>Administration</p>	<p>Administration of a program includes ensuring the production and pricing of units, selection process for tenants/owners, resale, and financing. This administrative body, could be a department of a municipality, arms-length entity (land trust or housing corporation) or independent organization. Administration could be shared, as a municipality ensures developers provide units, which are then managed by individual developers, a non-profit, or arms-length agency. Often administration is an overlooked aspect of policy development.¹⁵</p>

Potential Application in Winnipeg

In 2013, Manitoba became the first province in Canada to pass legislation that would *enable* inclusionary zoning. Given the variety of ways to enact IZ, this is a prime opportunity to research if, and how, IZ could be enacted to respond to the needs and context of Winnipeg. All aspects outlined above must be considered in any policy development, in addition to consultation exploring local housing needs and feasibility.

¹³ Ibid.
¹⁴ Drdla, 2016; Thaden & Wang, 2017.
¹⁵ Mah, 2009; Schwartz et. al, 2012.

Certificate of Completion

This document certifies that

Alissa Rappaport

*has completed the Tri-Council Policy Statement:
Ethical Conduct for Research Involving Humans
Course on Research Ethics (TCPS 2: CORE)*

Date of Issue: **5 February, 2017**

APPENDIX IV: CONSENT FORM

Research Project Study: 'Inclusionary Zoning: Planning for Affordable Housing in Winnipeg'
Principal Investigator: Alissa Rappaport, Graduate Student, Master of City Planning, Faculty of Architecture, University of Manitoba
Research Supervisor: Dr. Rae Bridgman, Professor, Faculty of Architecture, University of Manitoba

Introduction

This consent form, a copy of which will be left with you for your records and reference, is only part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. If you would like more detail about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.

If you would like more information, please feel free to ask me (the Principal Investigator).

Purpose of the study

This research will engage key Winnipeg stakeholders to hear their perspectives on inclusionary zoning and to explore considerations for application in the local context.

Study procedures

If you participate in this study, you will be asked a series of questions pertaining to the potential of inclusionary zoning in Winnipeg. You can refuse to answer any questions, and may end the interview at any time. The interview will be audio recorded, with your consent, and then transcribed by the researcher. I will share a summary of our conversation with you after to ensure accuracy. If you do not consent to being audio recorded, I will take written notes. The interview will be approximately 30 to 60 minutes long. There will be no compensation for participating.

Participant risks, benefits, costs

There are minimal risks to taking part in this research. I will minimize risk by keeping names confidential and identifying you only by profession or job title as indicated by you on this form (e.g., Developer, Housing Outreach Worker), but you may be concerned that it may be possible to identify you based on details provided in the interview, such as a past project experience. To minimize risk, you will be given the chance to review your interview transcript to clarify if anything is not appropriate for public dissemination. You receive the benefit of sharing your opinion to inform Winnipeg's potential implementation of inclusionary zoning.

Audiotaping & confidentiality

With your permission, the interview will be audio-recorded and transcribed. The transcriptions will not contain names, and you will be identified only by your profession (e.g., Developer). Data will be kept in a locked computer and will not include your name. I will destroy data within one year after completion of the project, but no later than June 2020.

Feedback & debriefing

Within 6 weeks after the interview, I will provide you with a summary of our conversation giving you the opportunity to verify the information and remove anything you feel uncomfortable with going public. Once the report is complete (anticipated Fall 2018), I will provide you with a digital copy, if you wish.

Dissemination of results

The study will be disseminated at my oral defense presentation and will be available in digital format on the University of Manitoba's M Space: <https://mspace.lib.umanitoba.ca/handle/1993/5>. I will also send you a copy of the summary (approx. 3 pages), if desired. It is also possible that this research could feature as a part of conference materials or in an article for publication.

Voluntary participation/Withdrawal from study

Your decision to take part in this study is entirely voluntary. You are able to refuse participation or to withdraw from the research study at any time. If you decide to participate, you have the right to refuse to answer any question or to refuse participation in any activity, at any time. If you would like to withdraw from the research, please contact me by phone or email to indicate this and I will respond indicating receipt of your request for withdrawal. You may withdraw at any point until it no longer is possible to remove your data (when I have submitted my thesis to the Faculty of Graduate Studies or when it is impossible to tell which data came from which participant). If you withdraw, copies of your recording, transcript and any notes from your interview will be destroyed at this date.

Contact information

Principal Investigator:

Alissa Rappaport, Graduate Student, Department of City Planning, Faculty of Architecture, University of Manitoba, Canada

Phone: 204-xxx-xxxx / Email: umrappaa@myumanitoba.ca

Research supervisor:

Dr. Rae Bridgman, Professor, Faculty of Architecture, University of Manitoba

Phone: 204-474-7179 / Email: rae.bridgman@umanitoba.ca

Statement of consent

Your signature on this form indicates that you have understood to your satisfaction the information regarding participation in the research project and agree to participate as a subject. In no way does this waive your legal rights nor release the researchers, sponsors, or involved institutions from their legal and professional responsibilities. You are free to withdraw from the study at any time, and /or refrain from answering any questions you prefer to omit, without prejudice or consequence. Your continued participation should be as informed as your initial consent, so you should feel free to ask for clarification or new information throughout your participation.

The University of Manitoba may look at your research records to see that the research is being done in a safe and proper way.

This research has been approved by the Joint-Faculty Research Ethics Board (JFREB). If you have any concerns or complaints about this project you may contact any of the above-named persons or the Human Ethics Coordinator at 204-474-7122 or by email at humanethics@umanitoba.ca.

A copy of this consent form has been given to you to keep for your records and reference.

If you agree to the following, please place a check mark in the corresponding box. If you do not agree, leave the box blank.

	<u>Yes</u>	<u>No</u>
I have read this consent form.	<input type="checkbox"/>	<input type="checkbox"/>
My questions have been addressed.	<input type="checkbox"/>	<input type="checkbox"/>
I _____ (print name) agree to participate in this study.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to have the interview audio-recorded and transcribed.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to be contacted by phone or email, if more information is required after the interview.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to have the findings (which may include quotations) from this project published or presented in a manner that does not reveal my identity.	<input type="checkbox"/>	<input type="checkbox"/>
Please indicate the profession/job title you wish to be identified by in the report (i.e., Developer, Housing Advocate, Planner, etc.): _____		
I wish to receive a summary of the findings.	<input type="checkbox"/>	<input type="checkbox"/>
(If you wish to receive a summary of the findings, please provide your email address:)		

Participant’s Name/Signature _____ / _____
Date _____

Researcher’s Name/Signature _____ / _____
Date _____