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Item No. 10.1
Halifax Regional Council
March 31, 2026
April 14, 2026

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Bill Moore, Acting Chief Administrative Officer

DATE: March 19, 2026

SUBJECT: PLSTUDY-2026-00504: Inclusionary Zoning Market Analysis and Policy Options Update

ORIGIN

May 9, 2023 Regional Council motion (Item No. 15.1.8):

MOVED by Councillor Mason, seconded by Councillor Russell

THAT Halifax Regional Council:

1. Initiate a process to amend the Regional Municipal Planning Strategy and all applicable secondary municipal planning strategies and land-use by-laws to create an Inclusionary Zoning Program for HRM, consistent with the proposed policy direction outlined within the Discussion section of the staff report dated May 1, 2023; and
2. Follow the public participation program as set out in the Community Engagement section of the staff report dated May 1, 2023.

MOTION PUT AND PASSED

EXECUTIVE SUMMARY

In 2023, Regional Council initiated a planning process to establish an inclusionary zoning program for the Municipality, including five key program directions. The report also recommended that a fiscal impact analysis be completed to assist staff in understanding the variables of an inclusionary zoning program. During the Phase 4 Regional Plan Review staff initiated an Inclusionary Zoning Market Analysis to further assess market fundamentals and policy options. The proposed 2025 Regional Plan included direction to continue to explore inclusionary zoning as a possible tool for supporting affordable housing but did not establish an inclusionary zoning program. That version of the Regional Plan was not approved by the Minister of Municipal Affairs.

This report provides an overview of the findings of the *Inclusionary Zoning Market Analysis and Policy Options Final Report* completed in 2025. This study completed an analysis of the financial impact of potential Inclusionary Zoning unit requirements on the proformas of various development types in the Halifax Regional Municipality (HRM). It also sought feedback from private and non-profit housing providers.

RECOMMENDATION ON PAGE 2

The study found that financial fundamentals are currently weak for high density concrete buildings in the Municipality due to changing construction costs, interest rates and pricing. It also identified issues related to the potential impact of Inclusionary Zoning requirements on HRM's healthy purpose-built rental market, and the viability of partnerships between private and non-profit organizations to manage affordable units in developments with a mix of market and below-market units. The report noted that the Municipality's established Density Bonusing and Affordable Housing Grant programs are effectively supporting affordable housing projects.

Although the current economic environment does not support the adoption of an Inclusionary Zoning program at this time, the Municipality is undertaking several related initiatives, including the Affordable Housing Strategy and the Suburban Planning process. The findings of the Inclusionary Zoning Market Analysis and Policy Options Final Report can continue to inform these initiatives, and Inclusionary Zoning can continue to be considered as a possible tool, in combination with incentive or bonus zoning, to support affordable housing should market conditions improve in the future.

RECOMMENDATION

It is recommended that Halifax Regional Council direct the Acting Chief Administrative Officer:

1. Accept the findings of the Inclusionary Zoning Market Analysis and Policy Options Final Report;
2. Discontinue the process to amend the Regional Municipal Planning Strategy and all applicable secondary municipal planning strategies and land-use by-laws to create an Inclusionary Zoning Program for HRM as directed by Regional Council on May 9, 2023; and
3. Continue to consider the feasibility of Inclusionary Zoning as a possible future tool for supporting affordable housing in combination with incentive or bonus zoning when preparing future amendments for Council's consideration for both regional and community planning documents.

BACKGROUND

Inclusionary Zoning is a policy tool that allows municipalities to require that affordable housing units be provided as part of a new development. This can be through the allocation of affordable units on site in the new development, or through the provision of a public benefit, such as cash-in-lieu. Inclusionary Zoning programs are generally intended to increase the supply of affordable housing units and foster social integration in communities.

Inclusionary Zoning programs are established in Municipal Planning Strategies (MPSs) with policies that outline eligibility criteria and base standards, including:

- **Minimum Development Size** – The threshold of development size (number of units or floor area) beyond which Inclusionary Zoning would be required.
- **Location** – The geographic area where Inclusionary Zoning would be required and whether requirements vary by location.
- **Unit Size** – Whether a specific mix of unit types (number of bedrooms or square footage) would be required as Inclusionary Zoning units.
- **Set Aside Amount** – The proportion of Gross Floor Area or number of Inclusionary Zoning units that must be provided.
- **Affordability Period** – The length of time Inclusionary Zoning units must be provided at the affordable rate.
- **Incentives** – Whether incentives will be provided to offset the financial impact of providing Inclusionary Zoning units.

- **Price Point for Affordability** – The definition of the price point for affordable Inclusionary Zoning units (rent level or sale price).
- **Phase-in Period** – The window of time prior to the policy coming into effect.
- **Conditions for Offsite Units** – Criteria for when/if a development would be allowed to provide Inclusionary Zoning units at another location.
- **Cash In Lieu** – Criteria for when/if a development would be allowed to provide a cash payment instead of Inclusionary Zoning units.

In 2021, the Province of Nova Scotia amended the *HRM Charter* to enable the municipality to adopt an Inclusionary Zoning program, and to accept money instead of all or part of any required provision of affordable housing. These amendments along with existing provisions would allow the municipality to require and regulate on-site affordable housing in new development as a condition of obtaining a development permit, as well as the ability to accept cash-in-lieu. In [May 2023](#), Regional Council directed staff to initiate the development of an Inclusionary Zoning program, based on an approach outlined in the staff report. This approach was informed by the findings of a best practice literature review, jurisdictional scan and preliminary engagement with key stakeholders, including the Halifax Partnership, the Affordable Housing Association of Nova Scotia, and the YWCA.

The [May 2023 report](#) also recommended the completion of a Fiscal Impact Analysis to determine the financial impact of potentially requiring Inclusionary Zoning units on the private market in HRM and, if feasible, determining the appropriate approach to each of the Inclusionary Zoning standards discussed above. The municipality engaged SHS Consulting to complete an *Inclusionary Zoning Market Analysis and Policy Options* study. This study, included as Attachment A, was completed in June 2025.

On November 9, 2023, the Province of Nova Scotia enacted Bill 329, which added section 236A to the Charter that effectively froze any new development fees or charges, including new ways of calculating incentive or bonus zoning charges that would increase the cost to applicants for development without Ministerial approval. Initially introduced for a two-year period to support housing, it would have expired on November 9, 2025. Bill 68 - *Financial Measures Act (2025)* allowed the period to be extended by regulation. The *Development Approval Cost Freeze Expiration Date Regulations* extended the period until November 9, 2026. The municipality and province continue to be focused on understanding the impact of planning policies and regulations on the cost of housing development.

This report provides an overview of SHS's Inclusionary Zoning Market Analysis and Policy Options study and revised recommended next steps for the consideration of an Inclusionary Zoning program in HRM based on these findings.

DISCUSSION

In HRM, housing is provided primarily by the private market. While the municipal government supports housing by managing regulatory capacity for new development and providing funding support for non-profit organizations to build or maintain affordable housing, the municipality does not currently build or maintain housing units. As a result, it is important that the municipality understand the financial impact of new regulations on development costs to ensure that new construction does not become unaffordable to the point that private development projects are no longer feasible and the units that are required to address housing availability and affordability are not built.

The purpose of the Inclusionary Zoning Market Analysis and Policy Options study was to provide detailed analysis of the capacity of the private housing market in HRM to accommodate additional costs associated with a potential Inclusionary Zoning program without unduly impacting the feasibility of development. Essentially, if Inclusionary Zoning units are required to be listed at lower prices, they generate less revenue, which impacts the value of the overall development. The intent of the study was to confirm that the impact to the value would not impact the viability of residential development in HRM, and, as a result, the supply of housing. This is particularly important given the recent rapid population growth and the resulting demand

for housing.

Approach

To understand the capacity of HRM's private housing market to accommodate the impact of the reduction in revenue that would result from requiring Inclusionary Zoning, SHS Consulting conducted a Residual Land Value Analysis. At a high level, this approach identifies the Profit Margin (the minimum percentage a developer expects to make from the development), Soft Costs (financing costs, municipal fees, etc.) and Hard Costs (labour, materials, etc.) and compares them to the projected revenue the development could generate to determine the Residual Land Value.

SHS used data to model proforma scenarios for developments in three housing markets (higher priced, medium priced and lower priced), and three built forms (high density, medium density and low density). They then calculated the financial implications of affordable tenure options (ownership and rental), unit set aside rates (5%, 10% and 20%) and affordability levels (100% average market rent and 80% average market rent). The model also considered the current incentive or bonus zoning program requirements, and the uniqueness of the local market which highly favours rental housing in multi-unit construction.

In addition to the Residual Land Value analysis, SHS Consulting and Planning & Development staff conducted interviews with local private and non-profit housing providers to provide context for findings and gather feedback on other key variables, including:

- Housing needs (affordable ownership, purpose-built market rental, affordable rental, etc.)
- Trends around the preference for purpose-built rental housing in HRM
- Current challenges facing the development industry
- Current challenges facing non-profit housing organizations
- How partnerships between private and non-profit organizations could function to potentially manage Inclusionary Zoning units

Interviews were conducted virtually in September and October 2024 with seven organizations, including private developers and non-profit housing providers.

A complete summary of the approach and feedback is included in the Zoning Market Analysis and Policy Options Final Report (Attachment A).

Key Findings

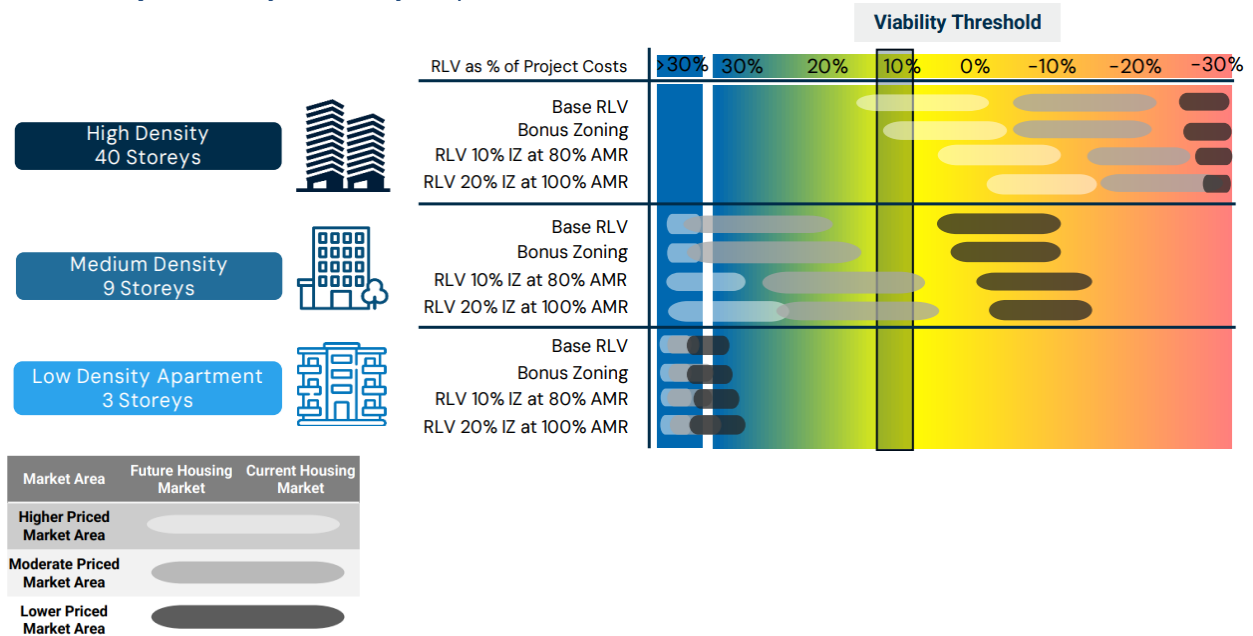
The Inclusionary Zoning Market Analysis and Policy Options study evaluated the Residual Land Value by creating proformas for developments with different scales and locations to determine if they would be financially viable with the additional costs associated with Inclusionary Zoning units included. The analysis used example projects and industry benchmark pricing from the Altus 2024 cost guide.

Due to the rapid rise in construction costs and interest rates in HRM and across Canada in recent years, the study findings demonstrated the importance of built form and construction materials in project viability. Lower cost construction, such as low-rise wood framed developments were generally viable, while high-density developments were only viable in higher priced markets under the most optimistic financial assumptions.

In response, the analysis for this study looked at both current development conditions and more optimistic forward-looking assumptions, to enable understanding of how these trends may affect the ability for the private sector to absorb the financial impact of new Inclusionary Zoning requirements.

The table below outlines the financial viability of purpose-built rental buildings at low, medium and high densities with different types of Inclusionary Zoning requirements applied using low end construction costs.

Table 1 Project Viability Sensitivity Purpose Built Rental



*RLV (Residual Land Value), AMR (Average Market Rent)

The analysis found that high density development is not financially viable with any form of Inclusionary Zoning applied, medium density development is only financially viable with Inclusionary Zoning in certain markets, and low-density development can accommodate Inclusionary Zoning.

It should be noted that, while the results found that Inclusionary Zoning has the highest opportunity in low and medium density developments where construction costs are lower, adding Inclusionary Zoning requirements for those types of developments may negatively impact other work that the municipality has done to incentivize mid and low-density development. These include the recent Urgent Changes to Planning Documents for Housing amendments, which reduced regulatory requirements to permit smaller “missing middle” style development more broadly.

The study also identified that HRM currently has a strong purpose-built rental development industry, as compared to other Canadian municipalities where condominium developments represent a significantly larger portion of new buildings. Developers commonly noted that property management is a core part of their business. As a result, there are several considerations when evaluating the feasibility of Inclusionary Zoning in HRM:

- Proportionately, a greater number of units are available on the rental market. Any changes to development costs must be made carefully to avoid impacting the purpose-built rental market;
- As rental operators, developers prefer to maintain ownership of all units. As such, there was little support for allowing for affordable ownership of Inclusionary Zoning units; and
- Purpose-built rental developments generate revenue over time, rather than up front for condominium developments. As a result, the reduced rent income from Inclusionary Zoning units would need be offset by the rates charged for market rents.

Interviews with affordable housing providers also highlighted several concerns about the role of non-profits in an inclusionary zoning program that applies to private sector developers. Where the municipality does

not currently have staff to manage the affordable units that would be established as a result of inclusionary zoning, non-profits could potentially play an important role as partners in managing the units. While there are successful examples of non-profits working with private sector developers in partnership to supply mixed market developments, the non-profit organizations that were engaged generally expressed the desire to own the buildings and units they manage to allow them to build equity. This independence also extends to tenant selection and supporting high acuity residents. Private sector developers similarly preferred to maintain independence in managing buildings and selecting tenants. The overall environment for inclusionary zoning is currently not promising given development costs. However, should Council choose to proceed with developing an inclusionary zoning program, the key policy elements are summarized in Table 2 below. This would need to include a robust enforcement program which would require additional resources.

Table 2 Summary of Policy Options

Policy Area	Recommendations
IZ Set Aside Amount	10% as the initial set aside amount with phase-in to 20%.
Affordability	80% of CMHC Average Market Rent
Affordability Period	Life of the building.
Opt-out: Offsite Units	Where, in Council's consideration, improved housing outcomes for tenants would be achieved.
Opt-Out: Cash in Lieu	Where the project does not meet the minimum size threshold, or where, in Council's consideration, improved housing outcomes for tenants would be achieved.
Minimum Size of Development	50 units or approximately 4,000 square metres
Locations Where IZ would Apply	Future Growth Nodes (FGNs), with expansion to rapid transit corridors as the in-progress growth plans for these areas are finalized.
Building Tenure	Both condominium and purpose-built rental developments.
Housing Types and Unit Sizes	Low density and medium density apartments. Affordable units to be proportional to the mix of units and sizes of the market units.
Incentives	None at this time.
Phase-in Period	Council to evaluate pace of implementation.

Incentive or Bonus Zoning

Currently, support is provided for non-profit affordable housing from private development in HRM through Incentive or Density Bonusing (Bonus Zoning).

In the Regional Centre, Bonus Zoning requirements apply to most new developments with over 2,000 square metres of floor area or more, with exemptions for non-profit developers. Through these policies, developers are required to provide a public benefit based on the value of their development. Within the Regional Centre, the Charter requires the inclusion of affordable housing as part of the public benefit. Through the Regional Centre Bonus Zoning Council requires the inclusion of affordable housing as all or part of the public benefits. Developments pay between 60 percent and 100 percent of the required public benefit as cash-in-lieu of affordable housing, which is paid into the Density Bonusing Reserve. These funds are used to support the Affordable Housing Grant Program for projects within the Regional Centre.

In the Suburban Area, density bonusing applies to very specific projects, generally those that have been enabled through a Secondary Municipal Planning Strategy amendment, those added to the Suburban

Housing Accelerator Plan and By-law, and those accessing the new Transit-Oriented Suburban Area Opportunity Sites Development Agreement policies contained in the Regional Plan. It requires cash-in-lieu of affordable housing, which can be used to support projects within the Suburban Area. However, the broader application of density bonusing is anticipated to be reviewed and considered for the Suburban Area through the ongoing Suburban Planning process.

In its current form, HRM's density bonusing program functions very similarly to Inclusionary Zoning's cash-in-lieu options, where developers are able to contribute to an affordable housing fund as an alternative to providing affordable units on site. Cash-in-lieu in Inclusionary Zoning programs is often provided as an option for smaller developments, where the number of units required would not be worthwhile for the resources that would be required to manage them. Its use is often limited by municipalities in order to better achieve their goal of directly creating new and long-term affordable units.

Affordable Housing Grant Program

The Affordable Housing Grant Program provides funding to eligible non-profit organizations to support new construction, non-residential to residential conversions, renovations/repairs, building assessments, pre-development studies, and acquisitions of affordable housing. In 2024-2025, \$5,275,718 was awarded to 10 projects through the Affordable Housing Grant Program. Funding from the Housing Accelerator Fund (HAF) has contributed to the program in recent years, alongside funds from Bonus Zoning.

The use of Density Bonusing funding to support the Affordable Housing Grant Program allows the municipality to support deeply affordable housing initiatives. This is one of the strengths of this approach, compared to Inclusionary Zoning. Affordable units provided under Inclusionary Zoning requirements are generally tied to a percentage of market rent and, unless municipal programs are created or effective partnerships are established with non-profits, there are limited supports provided for tenants of the units.

In September 2025, Staff brought forward an [update](#) regarding funding for the municipality's Affordable Housing Grant Program and the sustainability of the Density Bonusing Reserve. It identified that, while there are currently some challenges with the level of funding being collected through density bonusing because the funds are now collected at occupancy rather than development permit stage, it provides a source of funding for long-term affordable housing projects led and managed by non-profits.

SHS Consulting included the municipality's density bonusing programs in its assumptions and determined that both programs cannot be applied to the same projects and be supported by the market. They identified that some projects that would not be viable under an Inclusionary Zoning framework would be able to proceed under existing density bonusing requirements. The consultant noted that the density zoning program is well established and understood, providing Council with the financial ability to support development of new affordable housing.

Conclusion

The *Inclusionary Zoning Market Analysis and Policy Options* study reviewed the potential impacts and key considerations for the development of an Inclusionary Zoning program in HRM. It concluded that many forms of development, particularly higher density developments in most markets, would not be financially viable with the loss of revenue that would result from Inclusionary Zoning requirements.

The addition of Inclusionary Zoning requirements to projects that are not strongly viable could result in impacts to the overall rate of construction and supply of housing in HRM, further stressing the availability and affordability of market rate housing. Further, the study identified concerns regarding the effectiveness of Inclusionary Zoning to encourage partnerships between private developers and non-profit housing providers, as well as concerns about potential impacts to HRM's robust purpose-built rental market. The creation of an Inclusionary Zoning program would also require administrative costs from the municipality to monitor and manage the affordable units created through the program.

In response to the challenges identified, the study looked at both current development conditions and more optimistic forward-looking assumptions, to provide information regarding how these trends may affect the ability for the private sector to absorb the financial impact of new Inclusionary Zoning requirements at that time. The study also noted that current density bonus programs are working well in the Regional Centre and the approach will be reviewed comprehensively for the Suburban Area through the Suburban Planning process.

Given the results of the study and recent policy focus on increasing housing supply and limiting development charges, staff are not recommending proceeding to program implementation at this time. Instead, staff recommend building on the current bonus zoning program through ongoing community planning efforts, such as the Suburban Planning process, and using the forthcoming Affordable Housing Strategy to clarify the municipal role in housing programs.

The municipality is undertaking several projects that will provide ongoing opportunities to explore additional options for supporting housing affordability. As a result, it is recommended that the findings of the *Inclusionary Zoning Market Analysis and Policy Options* Final Report continue to be considered through these initiatives, including:

- **Affordable Housing Strategy:** The goals of the Affordable Housing Strategy will be to clarify the municipality's role in housing, evaluate current affordable housing programs and establish a forward-looking framework to guide and enhance municipal housing action. The findings of the Inclusionary Zoning Market Analysis and Policy Options Final Report attached to this report will be included within the considerations.
- **Suburban Planning process:** The Suburban Planning process will develop a new community plan and by-law for the Suburban Area. This work will include a review of the current Interim Density Bonus program in the Suburban Area and consider options for expanding the program more broadly. Inclusionary Zoning could be included in the scope of this review as a potential tool for supporting affordable housing in the Suburban Area if market outlook improves.

Should Council decide to proceed with the development of an Inclusionary Zoning program, Table 2 of the report outlines the complete policy recommendations of the study which will complement the incentive or bonus zoning program.

FINANCIAL IMPLICATIONS

There are no financial implications at this time. The future consideration of the adoption of an Inclusionary Zoning program would take place through regular planned and budgeted initiatives and would be subject to further analysis, including potential municipal administrative and operating costs associated with program implementation and ongoing compliance. Details outlining the financial implications associated with any proposed inclusionary zoning program would be discussed in a future report.

RISK CONSIDERATION

The report considered the potential risk if implementing inclusionary zoning as a planning tool in a challenging market environment. The risk of affecting rental housing supply was mitigated by recommending not implementing the program at this time, but consider it should market conditions improve. If Council selects the alternative, additional risks may be identified by staff in the future staff report, including enforcement challenges.

COMMUNITY ENGAGEMENT

As discussed above, the development of the Inclusionary Zoning Market Analysis and Policy Options study

included a series of virtual interviews with housing stakeholders (private developers and non-profit housing providers/developers) from across the municipality. Interviews were conducted throughout September and October, 2024. Feedback was used to inform recommendations and is summarized in the report.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

Regional Council could choose to not approve Recommendations 2 and 3. If Council selects this option, staff will continue to advance planning process to amend the Regional Municipal Planning Strategy and all applicable secondary municipal planning strategies and land-use by-laws to create an Inclusionary Zoning Program for HRM, consistent with the Table 2 of this staff report.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter

Content of land-use by-law

235 (5) Where a municipal planning strategy so provides, a land-use by-law may

...

(jc) require and regulate the provision of affordable housing within developments, including requiring that a specified percentage of affordable housing units to be provided within a development;

(k) provide for incentive or bonus zoning;

...

Affordable housing cash-in-lieu

238A Where provided for in a municipal planning strategy, the Council may accept money instead of all or part of any required provision of affordable housing.

Administrative Order One, the Procedures of the Council Administrative Order

Motion of Rescission

62 (6) A motion of rescission is not required to cancel or countermand a previous action or order if such action or order was passed before the most recent ordinary municipal election.

ATTACHMENTS

Attachment A: Inclusionary Zoning Market Analysis and Policy Options – Final Report

Inclusionary Zoning Market Analysis and Policy Options

Final Report

Halifax Regional Municipality

Acknowledgements

This study to develop a regional model for inclusionary zoning was undertaken on behalf of Halifax Regional Municipality.

We would like to thank staff from the Halifax Regional Municipality, Planning and Development team for their direction, input, and assistance throughout this study.

We would also like to thank all the key stakeholders involved in this study, including the local municipalities, private developers and non-profit housing providers/developers who provided valuable data and information for this study.

SHS Consulting

The following team members make up the project team at SHS.

Narmadha Rajakumar, Partner

Dalton Wudrich, Senior Consultant

Matt Pipe, Manager, Housing Policy & Research

Halifax Regional Municipality

The following staff members from the Halifax Regional Municipality made up the core team contributing to this work.

Kate Greene, Director, Regional and Community Planning

Brandon Umpherville, LPP, MCIP, Planner III

Joshua Adams, Principal Planner

Kasia Tota, Manager, Community Planning

Kathleen Fralic, Principal Planner

Executive Summary

This inclusionary zoning financial impact analysis explored the financial impact of various inclusionary zoning policy parameters on a range of development types and housing markets to assess what amount of inclusionary zoning, if any, is viable in the Halifax Regional Municipality (HRM). The report includes a financial impact analysis and practical program design options that can be integrated in ongoing secondary planning. The analysis examined the impact of the current bonus zoning program for comparison with the potential inclusionary policies and assessed both purpose-built rental development and condominium development.

Study Observations

- Residential development financial fundamentals are currently considered weak for high density concrete buildings due to rapidly changing construction costs, interest rates, and pricing.
- In response, the analysis for this study looked at both current development conditions and more optimistic forward-looking assumptions, to enable HRM to understand how these trends may affect the ability for the private sector to absorb the financial impact of new inclusionary zoning requirements.
- Both bonus zoning and inclusionary zoning have the highest opportunity in low and medium density developments, where construction costs are lower, though adding an IZ requirement to these developments may negatively interact with programs and policies that aim to incentivize and streamline new mid and low-density built forms.

Recommendations

- Implementing an inclusionary zoning policy with 10% set aside at 80% of AMR in lower density developments may assist in the creation of new affordable housing in HRM. The recommendation is to include a provision for units to be sold below market rate to non-profit organizations for ongoing ownership, management, and operations.
- Retaining the robust purpose-built rental development industry in HRM is an important policy outcome for consideration. Large scale purpose-built rental appears to be viable with the current bonus density program, but may become non-viable with new IZ requirements.
- Considerations should be made to integrate inclusionary zoning into existing bonus zoning requirements. The recommendation is that only one policy would apply to any given project. This means that the bonus zoning policy could be applied to projects below the inclusionary minimum size, and for high density developments.

Inclusionary Zoning Market Analysis and Policy Options *Final Report*

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Introduction

Study Purpose

The purpose of this report is to provide a detailed analysis of the potential for inclusionary zoning in the private housing market in Halifax Regional Municipality (HRM).

This report will assist staff in identifying the optimal scope of an inclusionary zoning (IZ) program within HRM, including identifying its relationship with the current bonus zoning requirements. The report includes a financial impact analysis and practical program design options that can be integrated in ongoing secondary planning.

The inclusionary zoning framework presented in this report has been developed based on best practices in inclusionary zoning policies and practices across Canada; consultation with key stakeholders on the opportunities and challenges that IZ would introduce; and a fulsome financial impact analysis that explores how to balance the value of existing development permissions with the amount of affordable unit set aside and depth of affordability that could be feasible within current market conditions.

Background

In the fall of 2021, the NS Legislature amended the HRM Charter to enable inclusionary zoning in the municipality.

In May of 2023, Regional Council approved a framework for investigating an inclusionary zoning program that would require developers to include affordable units in new residential developments and prioritize the incorporation of on-site affordable units.

This investigative framework includes:

- engaging with the development community, non-profit housing providers, members of the public and other key stakeholders, and
- undertaking a financial impact analysis to assist staff in understanding the variables of an inclusionary zoning program, including the most effective affordability standard and the amount of affordable housing that should be set aside in each new development.

This report contains a summary of the input from stakeholder engagement, the financial impact analysis, and recommendations on potential IZ bylaw parameters.

Study approach

APPROACH & METHODOLOGY

This project involved assessing the economic feasibility of various inclusionary zoning policy options in different market typologies, and developing policy alternatives in collaboration with HRM staff, and recommendations that included consideration of feedback received through targeted consultations.

The project was undertaken in four parts:

Part 1: **Key informant interviews** with the development community, non-profit housing providers, and other key stakeholders to understand the development context in Halifax, local housing need and how IZ could be used as an approach in HRM.

Part 2: **Economic analysis** that explored the financial impact of an inclusionary zoning requirement on development viability and includes looking at market typology variables such as land value, development costs, and market housing prices. The results tested how different policy variables (i.e. rent levels, incentives or densities) affect development viability and the ability to generate new affordable housing units, and how they compare to the existing bonus zoning programs.

Part 3: **Policy alternatives** that were explored for an inclusionary zoning framework in HRM based on the research and analysis undertaken in the previous two parts.

Part 4: **IZ Policy recommendations** which outline a mandatory inclusionary zoning policy that could be applied across the region.

1 Inclusionary Zoning Regulations and Policy Categories

In 2021, Bill 32, An Act to Amend Chapter 18 of the Acts of 1998, the Municipal Government Act, and Chapter 39 of the Acts of 2008, the Halifax Regional Municipality Charter, Respecting Inclusionary Zoning, enabled Inclusionary Zoning (IZ) in Halifax.

To develop and implement an Inclusionary Zoning policy, there are a number of policy areas to be considered.

Overview

This chapter provides an overview of the following:

- Legislative authority for Inclusionary Zoning policies
- Inclusionary Zoning policy categories

Legislative Authority

Inclusionary Zoning Legislation

In 2021, the Province passed *Bill 32, An Act to Amend Chapter 18 of the Acts of 1998, the Municipal Government Act, and Chapter 39 of the Acts of 2008, the Halifax Regional Municipality Charter, Respecting Inclusionary Zoning*, to amend the *Halifax Regional Municipality Charter* to enable Inclusionary Zoning in the municipality.¹

The new Inclusionary Zoning provisions would allow the Halifax Regional Municipality (HRM) to require and regulate on-site affordable housing in every new development as a condition of obtaining a development permit, within boundaries identified in the Municipal Planning Strategy. Additionally, the changes allow for, where provided for in a municipal planning strategy, the Council to accept cash-in-lieu instead of all or part of any required provision of affordable housing.

Inclusionary Zoning and cash-in-lieu of the affordable housing are enabled in the Halifax Regional Municipality Charter through

Subsection 235(5) being amended to add the following clause:

- *(jc) require and regulate the provision of affordable housing within developments, including requiring that a specified percentage of affordable housing units be provided within a development;*

and the addition of Section 238A:

- *Where provided for in a municipal planning strategy, the Council may accept money instead of all or part of any required provision of affordable housing.*

¹ – Bill No. 32 *An Act to Amend Chapter 18 of the Acts of 1998, the Municipal Government Act, and Chapter 39 of the Acts of 2008, the Halifax Regional Municipality Charter, Respecting Inclusionary Zoning*, commenced November 5, 2021.
https://nslslegislature.ca/legc/bills/64th_1st/3rd_read/b032.htm.

Creating an inclusionary zoning policy

There are many ways to implement affordable housing programs. Typically, municipalities tailor the design of their inclusionary zoning policy to reflect their local housing market conditions and affordable housing needs. In designing an inclusionary zoning policy, the trade-offs between the depth of affordability, number of units, and length of affordability must be considered. The policy features will also need to support the affordable housing direction of Council.

The design of an inclusionary zoning policy differs based on the intended objectives of the policy:

Upzoning / Increased Density



- Creates affordable housing from the increased land value
- May include detailed, site-specific financial analysis

Tenure of Affordable Housing

- There may be a need for both affordable ownership and rental in a community



Incentives

- Policies tailored to balance incentives with the revenue losses from the affordable units
- Works better with mandatory policies or with not-for-profit developers



Income Mixing



- Is there a policy direction to encourage income mixing in the community?

Period of Affordability



- Permanent affordable housing has a larger financial impact, but provides long-term community benefit
- Limited affordability periods have lower financial impacts and will produce more affordable units

Geographical Distribution of Affordable Housing

- Is there a policy direction to encourage distribution of affordable housing across the community?



Inclusionary Zoning Policy Categories

Inclusionary Zoning Policy Areas

Inclusionary Zoning (IZ) policies consider a wide range of conditions to create eligibility criteria and base standards.

This table outlines the different policy areas and considerations that are key to defining an IZ policy.

The impact to the housing market and specific IZ market areas are explored in the financial modelling for most policy areas.

Policy Area	Notes
Minimum Size of Development	The smallest development in terms of units or Gross Floor Area (GFA) where on site provision of IZ units would apply. Smaller projects would provide a cash-in-lieu of units instead.
Locations Where IZ would Apply	Where, within Halifax, IZ would apply and whether the IZ requirements would vary by location.
Housing Types and Unit Sizes	Which housing types (low density, medium density, high density) IZ would apply to, and whether a specific mix of units by number of bedrooms or unit size would be required as affordable IZ units.
IZ Set Aside Amount	This policy area specifies the proportion of GFA, or units, that must be provided through the IZ policy. Most municipalities use GFA to define the magnitude of the IZ set aside requirement.
Affordability Period	The length of time that the units must be provided at the affordable rate.
Determination of Incentives	Whether incentives will be provided to offset some of the financial impact of providing some units at an affordable cost.
Determination of Price Points for Affordable Units	Definition of the price point for the affordable IZ rental (i.e. rent levels) and ownership units (i.e. sale prices).
Phase-in Period	A window of time prior to a policy coming into effect, which provides the development community time to adjust to the new costs.
Conditions for Offsite Units	Criteria for when a development would be allowed to provide the IZ units at another location.
Cash in Lieu	When would a cash payment be allowed instead of on site provision of the affordable housing units.

2 Stakeholder Feedback

This section provides a summary of the feedback received from consultations with a broad range of housing stakeholders in HRM regarding the current opportunities and challenges for residential development, the need for affordable housing, and how IZ could be used to create new affordable housing opportunities.

Stakeholder feedback

Interviews with seven organizations that represent a broad range of housing stakeholders (private developers and non-profit housing providers/developers) across HRM were conducted as part of this study. Interviews were conducted virtually throughout September and October of 2024.

Each interview helped to answer one or more of the following lines of inquiry:

- Which housing needs (affordable ownership, purpose-built market rental housing and affordable rental housing) could be best addressed through an inclusionary zoning by-law?
- What are the **current challenges** for the development industry around building more affordable housing units, and around current trends in the viability of **purpose-built rental housing**?
- An IZ policy would likely foster a need for partnerships between the for-profit and the not-for-profit sector. Based on your understanding of the non-profit and for-profit sector in HRM and Nova Scotia, what could such a partnership look like?
- What might be some of the **key challenges for non-profits** to enter into a partnership agreement with a private developer? How might HRM **participate to attain an achievable and impactful** inclusionary zoning policy that achieves the desired outcomes?

The feedback provided through these stakeholder consultations has been considered in this financial analysis. The following pages highlight what we heard through consultations in terms of what is working well and where challenges exist.

What we heard

Views from the Development Industry

Halifax has a strong purpose-built rental development and management ecosystem

- Many purpose-built rental buildings in Halifax are owned by local families.
- These developers noted that their core business is property management
- As rental operators, they prefer to own the unit
- Rental tenure is favored over condominium due to home prices – the sale of your \$400,000 single-detached home does not enable buying a \$300,000 condo to retire in

Incentives

- The current bonus zoning is everything above 20,000 square feet, not on “additional density”
- Preference for “additional development rights” as part of inclusionary zoning policies
- Property tax waivers are attractive but would need to be for the duration of the affordability period

Land assembly in urban areas has already happened

- Development industry noted that land does not “*trade hands in HRM*” as land assembly has largely already occurred
- Participants noted that current landowners have an idea of what land is worth, and putting inclusionary zoning in place may lead to developers not building until land appreciation happens
- Sentiment from developers was that land supply in Halifax is very tight and that, correspondingly, land value will not adjust (become lower) in response to inclusionary zoning policies

Inclusionary zoning in Purpose-Built Rental is different than Condominium

- Purpose-built rental has different cash-flow characteristics than condominium developments
 - Condominium has all revenue up-front, at sale closure
 - Rental has revenue over time (years) with cash flow not significantly improving for the first 15-20 years
- The mortgage debt coverage ratio (DCR) is not changed when IZ is included; the reduced rents in the IZ units need to be offset from market units to have sufficient cash-flow to meet the DCR requirement

What we heard

Views from the Affordable Housing Providers

Highest Need

- Singles with high acuity
- Currently building “poor houses”
- Current system is forcing not-for-profits to only provide housing to those that are receiving services
- Operational funding disappears when a not-for-profit works with a for-profit company
- Women-lead households account for 92.5% of households receiving income supplements

Hopes and fears

- The power disparity between not-for-profit organizations and private sector is enormous
- Participants are looking to create spaces where people live with dignity, while creating more agency and currency in the hands of the poor
- Not-for-profit housing providers act at the whim of the private sector, noting “*We have no leverage or autonomy*”
- Participants inquired how can high-acuity clients be appropriately serviced in market housing

Partnerships

- The “values alignment” between the not-for-profit and for-profit sector does not exist
- Participants noted that a not-for-profit in-house construction team may be a way to provide affordable housing
- Both the not-for-profit and private sector would like to see not-for-profit owning separate buildings, partially funded by inclusionary zoning and/or bonus zoning
- Participants inquired how not-for-profit acquire land if they are not a part of for-profit buildings
- Participants pushed for more focus on building and empowering the not-for-profit sector, to enable purchasing land and buildings

What we heard

Roles of the Private Sector and Province

Private Sector thoughts on Affordable Housing:

- Some participants noted that inclusionary zoning policies may work better as an area service charge.
- It was viewed as important to demonstrate that people that need the affordable units created occupy those units
- Some participants would prefer portable rent supplements
- Cash-in-lieu avoids enforcement costs or responsibilities for the private sector and was viewed preferably
- Participants noted that the Province should create Nova Scotia-wide inclusionary zoning policies for consistency; may make the economics more palatable if the costs are spread across the province
- Need to incentivize the retention of the affordability of the older stock of their portfolios; this preservation may be a more economical option
- Some participants noted that it is not enough to just mandate that, for example, 10% of units must be affordable; how do we get all housing to be more affordable

3 Inclusionary Zoning Impact Assessment Methodology

This section provides an overview of the methodology used to test the impact of the various Inclusionary Zoning policy parameters.

A residual land value approach, applying potential IZ policies to prototypical developments, is used to quantify the amount of financial impact each set of IZ policies might have.

Inclusionary Zoning

Impacts on development

In very general terms, inclusionary zoning policies fundamentally reduce the economic value of a development project. Inclusionary zoning policies encourage or require developers to develop some number of affordable housing units in connection with a proposed market-rate development project. Naturally, these affordable units will be listed at lower prices than market-rate units and as such, will earn the developer less revenue than their market-rate counterparts. Under an inclusionary zoning policy, the developer's projected revenue loss has the same effect on a developer's bottom line as an increase in construction costs or the payment of a fee. This dynamic has the effect of reducing the value of the residential development project.

There are four factors that must intersect for real estate development to be feasible. These factors are: public policy, market feasibility, capital, and land. Public policy relates to the zoning, density, and design requirements for a project at a specific site. For development to be economically feasible, policy must allow the developer to build a profitable product. To achieve this, a developer must be able to achieve sufficient levels of revenue. Market feasibility relates to whether the potential revenues generated by a development project can cover the costs to develop the project.

With regards to capital, developers are concerned with both the capital costs and the availability of capital financing. A developer needs to be able to access the resources for development, including equity investment, bank loans, or other sources of funds. Development feasibility is also contingent on the cost and availability of land. For a development to be economically feasible, a developer must be able to purchase an appropriate site for a reasonable acquisition cost.

When all four of these factors intersect, a real estate development project is economically feasible for a developer to pursue. Development will continue to occur under inclusionary zoning if the revenues for the market-rate units are high enough to cover the lost value from including affordable housing units in the project. Because the success of an inclusionary zoning policy depends on market-rate development, these policies only work when new development is occurring.

Undertaking a financial impact analysis is critical for understanding the impacts inclusionary zoning policies can have on the supply of housing. This involves analyzing current local development economics to demonstrate how much "prototypical" projects can realistically support the costs associated with the provision of affordable housing under different inclusionary zoning policy designs, without affecting project viability to the point where development will not take place. In economic feasibility analyses, policy makers can test the trade-offs between policy features.

Financial Impact Analysis Methodology

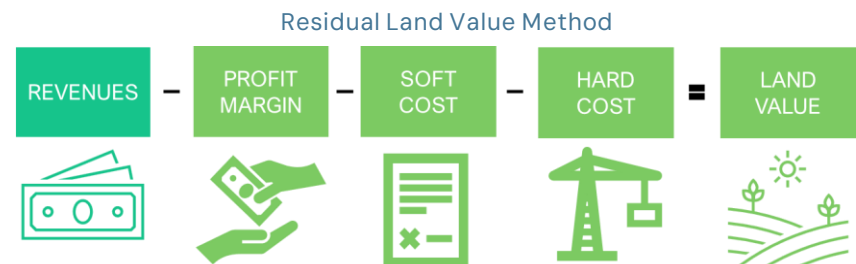
Residual Land Value Analysis

This study used a residual land value (RLV) analysis to determine how much Inclusionary Zoning can be provided through the additional value created within the current development permissions across HRM.

“Residual land value” analysis is the method which is often used to determine the value a developer would be willing to pay for land for a project. This valuation technique is based on the understanding that land is valuable because of the utility it provides people. The residual land value method says that the maximum a developer would be willing to pay for land for a project would be “just enough so that the land cost plus the cost of improving the land exactly equals the expected proceeds of selling/renting the property”. The cost of improving the land includes the hard costs (which include labour, materials, etc.), soft costs (which include financing costs, municipal fees and charges, etc.), and the developer’s profit margin. The maximum payment for the land is therefore the amount of the revenues that is left over after paying all these costs of development.

The value of land under this appraisal method is therefore a residual amount resulting from the improvement of land.

Any improvement that increases the value of the land’s final use increases the land residual. In contrast, any market changes or interventions which reduce revenues (or increase the costs to develop) will reduce the land residual. In the context where an Inclusionary Zoning policy is introduced, the direct impact of the Inclusionary Zoning policy would be to reduce developer revenues. Development costs and profit are considered fixed as developers already maximize cost reductions and are mostly not willing to reduce their profit margins. Therefore, this method assumes that reductions in revenue will lead to indirect negative impacts on land values since less funds will be available to purchase land. In the long run, the cost burden of an Inclusionary Zoning policy is therefore capitalized into decreased values of residential land.



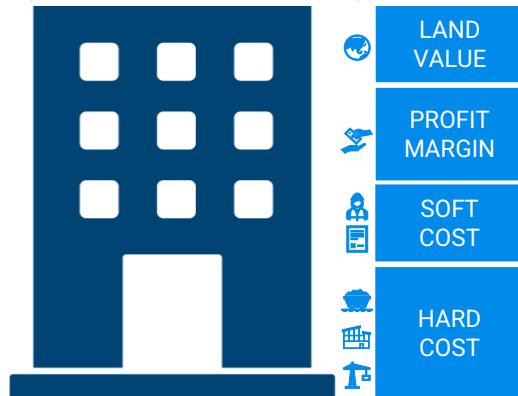
Upzoning and Residual Land Values

Inclusionary Zoning is being considered in HRM in locations that have had recent increases in development permissions through revised secondary plans. The Future Growth Nodes are examples of locations where increased development permissions are being implemented. This section explains how these increased development permissions create additional value that can be used to create affordable housing through IZ.

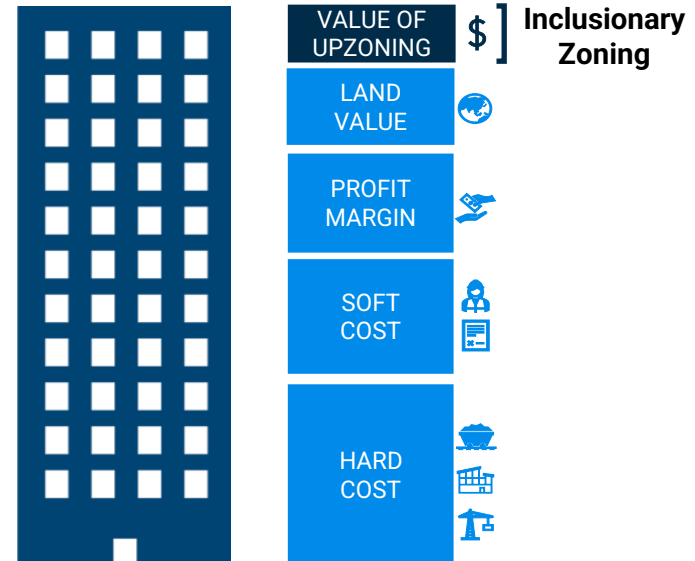
In the illustration below, a site has been upzoned and may construct a greater number of units. The increase in hard costs, soft costs, and profit margins (shown in the figure on the right) are proportional to the amount of upzoning. Upzoning creates both additional revenue and costs, but in higher priced areas the revenue can exceed the costs and profit amount. It is this “residual” value that can be used to create new Inclusionary Zoning units.

As the revenues decrease under an Inclusionary Zoning policy, how much the proponent can afford to pay for the land, the residual land value, decreases. When the residual land value matches the current land prices, it will become more difficult for new projects to purchase land, and new projects may be delayed. Each affordable unit creates a measurable reduction in residual land value. Modelling different Inclusionary Zoning policy requirements, such as the unit set aside rate and depth of affordability, provides insight into how much Inclusionary Zoning can be supported in the current development market.

BEFORE UPZONING
(as-of-right development)



AFTER UPZONING



Key Factors in the Analysis

The investigation of the impact of Inclusionary Zoning includes examining the following key factors:

- Pro-forma scenarios for three housing markets:
 - Higher Priced Market
 - Medium Priced Market
 - Lower Priced Market
- Three (3) built forms:
 - High Density
 - Medium Density
 - Low Density
- Two tenure options:
 - Affordable Ownership
 - Rental
- Three (3) unit set aside rates:
 - 5%, 10%, 20%
- Two affordability levels:
 - 100% Average Market Rent (AMR)
 - 80% of Average Market Rent (AMR)
- Analysis of the existing bonus zoning program is also examined.
 - A public benefit contribution is required in specific parts of HRM.
 - The contribution is approximately 60% of the value of the land, in excess of 2,000 square metres.
 - The amount of contribution varies across the region based on local land values.

3 Impact Assessment Assumptions

This section provides an overview of the key assumptions used when assessing the financial impact of various Inclusionary Zoning policy parameters.

The key assumptions are guided by the input from stakeholder consultations, which provide insight into how to assess the range of potential financial variables within the HRM housing market.

Financial Impact Analysis

Key Considerations

The analysis of potential residential developments in a housing market enables identification of the key factors that are enabling or impeding development. The key variables for this analysis were the impact of recent construction cost increases on overall project viability, how construction costs are related to potential pricing, and the large range of sales and rental prices across the region.

CONSTRUCTION COST INCREASES

Current construction costs are creating a difficult environment for all types of development.

Construction costs have increased by approximately 25% between 2021 and 2024, based on the information in the Altus cost guide. This rapid increase in costs must be offset by increased revenues for projects to be financially viable.

Using the high-end costs, almost no projects were viable based on current sales and rental prices in the region. With the low-end costs, only the low rise wood frame apartment prototype project was viable.

This indicates that the residential development market is currently under some amount of stress, that is independent of any inclusionary zoning policy.

RANGE OF SALES AND RENTAL PRICES

Condominium and Rental prices vary widely across HRM

The medium or moderate priced market has prices that are approximately 40% lower than the highest priced market, and the lowest priced market area has prices that are approximately 75% below the prices in the higher priced market.

This suggests that even after the rapid increase in prices in the lower-priced markets, there may be some price elasticity (room for prices to rise) and that the potential revenue of the modelled projects is likely higher than forecast.

CONSTRUCTION COST & REVENUE POTENTIAL

Projects that use the high-end costs, and higher-end finishings are also likely to attract higher prices, with lower construction cost units generally attracting lower prices. This suggests that the RLV differences between the higher and lower construction costs are smaller than the analysis may suggest – lower sales prices would reduce the RLV for the lower- cost projects, and higher sales prices may offset some of the additional costs assumed in the high-end construction costs.

Financial Impact Analysis

Policy Considerations

KEY PROJECT VARIABLES IMPACTING VIABILITY

There has been a rapid rise in construction costs across Canada in the last three to five years. Preliminary analysis using the high end of the Altus 2024 cost guide resulted in few scenarios showing viable projects.

Interest rates also rose through 2024, which affects the ability for a household to buy a unit, the cost to the developer to borrow funds during construction, and the ability to carry a mortgage for purpose-built rental development. Higher interest rates reduce project viability by lowering prices and increasing carrying costs during construction.

Variability in local prices for new rental units also affects the financial analysis, with the moderate market areas having rental prices approximately 15% below the highest prices markets, and the lowest priced markets having rents 33% below the higher costs markets.

Overall, these factors result in few projects showing strong viability results, but the intent of an IZ policy is to capture some of the value from new construction when the market is profitable. A future-looking scenario has been undertaken to demonstrate potential future viability. Implementing an IZ policy now means that affordable units will be attained when the market adjusts.

PURPOSE-BUILT RENTAL IN HALIFAX

Stakeholder input identified that higher density development in Halifax is dominated by purpose-built rental developers and operators, compared to condominium development in most cities in Canada.

There are fundamental financial and financing differences between rental and condominium development. These differences affect both the construction phase and operational phase of new development and are highly relevant to an IZ analysis.

Purpose-built rental has different cash-flow characteristics - revenue is modelled over time (years) with cash flow not significantly improving for the first 15-20 years. Condominium development has all revenue up-front, at sale closure. This means that condo developments have a better cash flow for accommodating the existing bonus zoning program, cash-in-lieu of IZ, or the one-time revenue reduction of selling affordable IZ units to a not-for-profit housing provider.

For purpose-built rental, the mortgage debt coverage ratio (DCR) required by the lender is not changed when IZ is included. The reduced rents from the IZ units need to be offset by market units to have sufficient cash-flow to meet the DCR requirement. As such, the IZ impact is more difficult to absorb into land prices for rental developments.

Financial Impact Analysis

Stakeholder Feedback & Project Viability

STAKEHOLDER FEEDBACK

Stakeholder feedback indicated that where inclusionary zoning policies exist, projects are at even higher risk of being non-viable than in other parts of the region without IZ policies. With the multi-faceted pressures developers are experiencing on residential project viability, more conservative inclusionary zoning set aside amounts and depths of affordability were considered in this analysis.

VIABILITY BASED ON RLV

This residual land value analysis provides insight into the strength of the existing housing development market, the amount of value that can be created through upzoning and the impact of various inclusionary zoning policies on potential project revenues.

A scenario is considered “viable” for development if the hard and soft project costs can be paid, as well as being able to acquire land.

An RLV analysis can be used to measure the impact of inclusionary zoning, even when the scenario without IZ is not viable. The reduction in RLV provides insight into how much the industry needs to improve before the given policy could be implemented.

MINIMUM LAND VALUE

The charts on [page 37](#) and [page 38](#) of this report highlights which scenarios achieve at least 10% RLV, which is assumed as the minimum land cost in a typical development. Any additional value achieved beyond the 10% RLV (meaning 10% of the project being spent on land costs) could be used for inclusionary zoning.

Projects that have a RLV between 0% and 10% could be viable under some circumstances, where land has already been acquired, a lower profit margin is acceptable, lower costs can be achieved, or higher prices realized.

Though projects with negative RLV are very unlikely to proceed, it is common to see ongoing construction when a point-in-time analysis such as this indicates that development is not viable. This can be due to the length of time large residential projects take to move from an application to finishing construction; prices, costs and interest rates were locked in years ago. Another factor is that this analysis uses example projects and industry benchmark prices, whereas an actual project will explore design options that reduce costs and improve revenues and may have access to financing options that are not reflective of common industry benchmarks.

Impact Assessment Assumptions Summary

Built Form and Density

A combination of development scenarios were tested for each of the three (3) housing markets that included:

Three (3) built forms:

- High Density, Medium Density and Low Density with 454, 106 and 46 units, respectively;
- For *purpose built rental*, the *unit sizes were reduced by 15%*, resulting in 545, 125 and 55 units, based on input from the development industry engagement sessions, and
- The High and Medium Density buildings were assumed to be concrete construction, with the Low Density buildings being wood construction.

Building Tenure

Condominium and purpose-built rental buildings were tested. The affordable units were assumed to be rental, though condominium scenarios were tested where the units are purchased by a not-for-profit housing provider and subsequently rented to their clients.

Set Aside & Affordability

The amount of Inclusionary Zoning is commonly referred to as the "set aside rate" and is a percentage of the units or gross floor area in the building. Set aside rates of 5%, 10% and 20% were modelled.

Affordable rental is commonly measured against the average market rent (AMR) that is reported by Canada Mortgage and Housing Corporation (CMHC) in their annual purpose-built rental market survey. We analyzed the results at AMR and at 80% of AMR.

Bonus Zoning

Additionally, the financial impact of the current bonus zoning is evaluated and presented.



Base Tenures:	Set Aside Rates:	Affordability Levels:
Ownership Rental	5%, 10% and 20% affordable units	100% of AMR 80% of AMR

Housing Markets

Housing sales data from 2010 to May 2024 was analyzed to explore major trends in the sales of new and resale homes.

With the analysis finalized in late 2024, the full-year 2023 housing sales data was used to establish benchmark prices for three housing markets across HRM.

Due to the rapid rise in housing prices over the last few years, a long term trend could not be established that represents the current housing market. The weighted averages of the 2023 sales data was used to calculate the average price for the three market areas.

Bonus Zoning Rates

Higher Price Market: \$310 / m²
 Medium Price Market: \$165 / m²
 Lower Price Market: \$100 / m²

	Geography	Avg. Sales Price
Higher Price Market Average \$839,280	Regional Centre: South End, North End Halifax, Cogswell	\$977,853
	Bedford	\$754,079
Medium Price Market Average \$588,125	Beaver Bank, Hammond Plains, and Upper Sackville	\$687,516
	Planning Districts 14 & 17	\$653,407
	Regional Centre: Downtown & Central Dartmouth	\$593,099
	Halifax	\$638,757
	Dartmouth	\$595,533
	Planning Districts 1 & 3	\$593,270
Lower Price Market Average \$477,020	Timberlea / Lakeside / Beechville	\$593,099
	Regional Centre: North Dartmouth, Woodside	\$518,270
	Planning Districts 8 & 9	\$485,481
	Cole Harbour / Wesphal	\$485,113
	Planning District 5	\$483,685
	Sackville	\$477,135
	Lawrencetown	\$471,732
	Planning District 4	\$454,690
	Eastern Passage / Cow Bay	\$423,325
	North Preston, Lake Major, Lake Loon, Cherry Brook and East Preston, Eastern Shore (West), Shore (East), Muquodoboit Valley / Dutch Settlement, Eastern	\$323,621

Representative Markets / Revenue Potential

Housing Prices

Three housing markets were identified across Halifax, as shown in the previous page. The prices shown in this table represent values that are the weighted average sales price for 2023 for each market.

The average sale price (new and resale) was used as the price for a 2-bedroom unit in that market. To estimate the price for the 1 bedroom and 3-bedroom units, the price per square foot was increased by 10% for 1-bedroom units and reduced by 10% for 3-bedroom units. These per square foot prices were then multiplied by their respective unit sizes.

The market rents were estimated in December 2024, based on feedback from local rental management companies and current asking prices, which captured a recent peak in rents. As of March 2025, rents are down across HRM and Canada¹. The rents presented here reflect an expectation that the longer-term trend will be for rents to continue to slowly rise due to limited supply.




		Higher Price Market Area	Medium Price Market Area	Lower Price Market Area
Ownership Prices (2023)	1 Bedroom	\$738,600	\$517,600	\$419,800
	2 Bedroom	\$839,280	\$588,125	\$477,020
	3 Bedroom	\$1,091,100	\$764,600	\$620,100
AMR (2024)	1 Bedroom		\$ 1,295	
	2 Bedroom		\$ 1,606	
	3 Bedroom		\$ 1,900	
Market Rents (2024)	1 Bedroom	\$2,590	\$2,266	\$1,943
	2 Bedroom	\$3,212	\$2,811	\$2,409
	3 Bedroom	\$3,800	\$3,325	\$2,850

¹ - February 2025 Rentals.ca Rent Report. [Asking Rents in Canada Fall by Nearly \\$100 to 18-Month Low](#)

Built Form Typologies

Details for the three prototype developments that were modelled are shown in this figure. With the intent of having a policy that can be adopted widely across the region, very tall buildings (60+ storeys) were not included in the analysis.

When using industry benchmark construction costs, there is a common cost per square foot for each category of building. Buildings with heights between 13 to 40 storeys have similar hard costs, per square foot, resulting in similar financial results. The cost difference between high density (13–40 storey) and medium density (5 – 12) storeys is significant enough to have different financial results. The building sizes were selected based on current developments being seen in HRM in these general categories.

	 High Density 40 Storeys	 Medium Density 9 Storeys	 Low Density Apartment 3 Storeys
Units	454 Units (Condo) 545 Units (Rental)	106 Units 125 Units	46 Units 55 Units
Construction Type	Concrete	Concrete	Wood Framed
Site Size	0.75 hectares	0.75 hectares	0.4 hectares
Podium Size	4,096m ² 3 Storeys	1,632m ² 3 Storeys	1,360m ² 3 Storeys
Tower Size	900m ² 37 Storeys	936m ² 6 Storeys	N/A

Cost to Develop

Residential Development Costs

The cost of new residential development includes the hard costs, soft costs, land costs and the profit margin for the developer. The key costs that were included in the analysis are provided below.

Hard Costs

Hard costs include the costs associated with constructing the physical building, which includes materials and labour.

The individual components of the hard costs include:

- Base construction cost of the building
- Parking construction cost
- Site servicing
- Appliances, furnishings, and equipment
- Contingency

There are several factors that impact the hard costs of a project. These are often based on the site, as well as the design, size, and height of the building. For this project, most hard costs were based on the 2024 Altus Cost Guide for multi-residential development in Halifax. With the IZ percentage being a proportion of the gross floor area (GFA), changing the hard costs will have a proportional impact when IZ is applied – the percentage decrease in viability due to IZ will stay mostly the same as costs increase.

Soft Costs

Soft costs include the costs associated with planning the development, managing the construction project, acquiring development approvals, and building permits.

The individual soft cost components include:

- Professional fees including architect, engineer, cost consultant (Quantity Surveyor), planning consultant, and other fees
- Site studies
- Real estate agent sales commission fee for ownership units
- Legal fees
- Marketing costs for rental units
- Property taxes during construction
- Financing costs
- Fees and permits including planning application fees, building permit fees, and development charges were included as a single charge per unit.

Similar to hard costs, soft costs are largely dependent on the type of building, sites, and other development specifications. For this study, soft costs were determined based on desk research and SHS's considerable development experience.

// Cost to Develop

Land Costs

The cost of land to enable a residential development is a significant portion of the total cost of a housing development project. This analysis uses a residual land value (RLV) approach for determining the projects' ability to fund this cost.

An RLV analysis calculates how much money is available purchase land, or increase profits, once all the development costs are paid. The RLV impacts of the various policy options are then used to compare options.

Unit Sizes

Unit Sizes

The unit sizes for market condominium units are based on sample projects provided by staff.

The purpose-built rental units were reduced in size by 15% based on feedback from the development industry through the stakeholder engagement process.

Unit Sizes		
	Condominium Unit Size (sq-ft)	Rental Unit Size (sq-ft)
One-Bedroom	720	600
Two-Bedrooms	900	750
Three-Bedrooms	1300	1100

Assumptions for Prototype Modelling

Hard (Capital) Costs, Soft Costs, and Planning Fees

The cost of improving the land includes the hard costs, soft costs, land costs and the developer's profit margin.

The key development costs that were included in the analysis are provided here.

Hard Costs	HRM	Notes
3 Storey Stacked Townhouse	\$155 – \$195	Altus Cost Guide 2024 – Range of Costs
Up to 6 Storey Wood Framed Condo	\$165 – \$200	
Apartment up to 12 storeys (per sq. ft)	\$195 – \$265	
Apartment 13 to 39 storeys (per sq. ft)	\$275 – \$340	
Underground Parking (per sq. ft)	\$135 – \$185	
Surface-Level Parking Construction (per sq. ft)	\$12 – \$22	
Contingency Factor (% of hard costs)	10%	Based on comparable recent projects (SHS Consulting)
Contingency Factor (% of soft costs)	10%	
Cost Inflater, per annum	6.0%	(0.5% per month)

Soft Costs	HRM	Notes
Professional Fees, Site Plan Reports, Legal, Administrative, Marketing, Financing, Municipal Fees and Permits	20%	Benchmark for validation. Percent of total capital costs
Real Estate Agent Sales Commission Fee	5.00%	Percent of revenues on sale of condominiums
Lender's Administrative Fee (% of total capital costs)	0.75%	Based on comparable recent projects (SHS Consulting)
Construction Loan Interest Rate	5.26% to 6.43%	

Planning Fees	HRM	Notes
High-Density	\$7538	Per unit (provided by HRM)
Medium Density	\$6,247	
Low-Density	\$6,084	

Assumptions for Prototype Modelling

Financial Assumptions

Financial assumptions about the amount of profit, discount rate, capitalization rate and construction financing costs affect the overall viability of a residential development project.

New rental construction is eligible for a full rebate of HST paid on the costs of construction, in Nova Scotia. This joint program between the Federal government and the Province is to encourage construction of new purpose-built rental units.

The modelling does NOT include the HST rebate. This models the developer realizing the value (incentivizing new rental construction) instead of the HST rebate being used to fund affordable housing.

Financial Assumptions	HRM	
HST Rate	15%	HST Rebate for new rental construction not included.
Profit	15%	
Residual Land Value (RLV)	10%	Minimum RLV for a project to likely be viable.
Discount Rate	7.4%	Source: https://wowa.ca/commercial-mortgages (Dec 2024)
Capitalization Rate (High rise A)	4.0% (2025) 4.5% (2024)	CBRE forecast for 2025. CBRE Q1 2024
Capitalization Rate (Low rise A)	4.5%	CBRE Q3 2024
Capitalization Rate (Non-residential)	7.8%	CBRE Q1 2024 Urban Streetfront
Construction Financing	75%	Percent of construction costs

4 Pro Forma Results

This section provides an overview of the pro forma (financial analysis) results of the various Inclusionary Zoning policy parameters being applied to the prototype developments in the residential market areas across HRM.

Key Takeaways

Key Takeaways from the Financial Analysis

Some key takeaways that arose from the financial analysis and related research include:

20% IZ set aside at 100% AMR and 10% IZ set aside at 80% of AMR have similar RLV impacts.

Purpose Built Rental and Condominium development have similar outcomes in HRM, which is uncommon across Canada.

The existing bonus zoning policies can be supported under optimistic market conditions in High Density development, but not IZ.

Residential development financial fundamentals are weak for high density concrete buildings.

Retaining the robust purpose-built rental development industry in HRM is an important policy outcome for consideration.

Both bonus zoning and IZ have the highest opportunity in lower density developments, where construction costs are lower.

Project Viability and Key Project Variables

Viable Construction Scenarios

The charts on the next two pages highlights which scenarios achieve at least 10% RLV, which is being assumed as the minimum land cost in a typical development. Any additional value achieved beyond the 10% RLV (meaning 10% of the project being spent on land costs) could be used for Inclusionary Zoning.

Projects that have a RLV between 0% and 10% could be viable under some circumstances, where land has already been acquired, a lower profit margin is acceptable, lower costs can be achieved or higher prices realized.

Though projects with negative RLV are very unlikely to proceed, it is common to see ongoing construction when a point-in-time analysis, such as this, indicates that development is not viable.

This apparent disconnect between the financial analysis and current construction can be due to the length of time large residential projects take to move from an application to finishing construction; prices, costs and interest rates were locked in years ago. Another factor is that this analysis uses example projects and industry benchmark prices, an actual project will explore design options that reduce costs and improve revenues and may have access to financing options that are not reflective of common industry benchmarks.

// Cost to Develop

Key Project Variables Impacting Viability

There has been a rapid rise in construction costs across Canada in the last three to five years. Preliminary analysis using the high end of the Altus 2024 cost guide resulted in few scenarios showing viable projects. The chart on the next page shows the range of RLV results between the high and low ends of the construction cost range.

Interest rates have risen in recent years, affecting both the ability for a household to purchase a housing unit, and the cost to the developer to borrow funds during construction. The charts also include more favourable interest rates (prime rate is down 0.75% since October 2024), and lower capitalization rates based on the CBRE January 2025 anticipation that capitalization rates will decrease by approximately 0.3% in early 2025.

Variability in local rent and sales prices for new housing units also affects the impact analysis, with the gaps between each of the three markets being larger for sales prices than rents.

The built form and construction materials have a larger impact than the price gap between markets. The lower construction cost of wood framed small apartments results in all the purpose-built rental scenarios to be viable (including with IZ) and for condominium low-rise development being viable in the higher priced and moderate priced markets. Moderate-density midrise development is viable in some markets, but high-density development is only viable in the higher priced markets under the most optimistic financial assumptions.

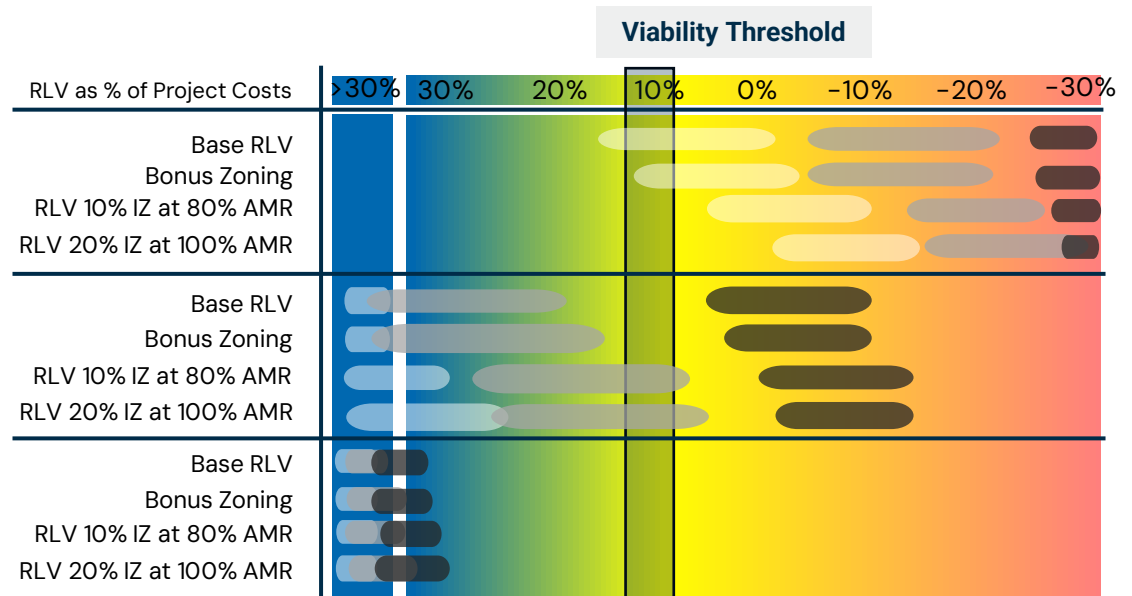
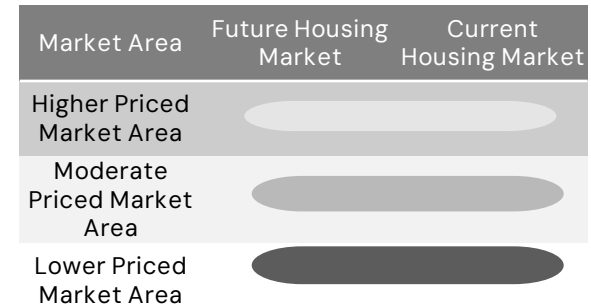
Project Viability Sensitivity

Purpose Built Rental

In this figure, the RLV results based on the current housing fundamentals are compared to a future-looking scenario where the market fundamentals improve. To approximate the future looking market, the low end of the construction costs were used, recent reductions in interest rates and improvements to capitalization rates have been included.

The horizontal ovals demonstrate the range of viability with respect to where the housing market could be in 2025 (left end) and where the market is at today (right end). For each built form, four sets of results are presented: the Base RLV with no affordable housing, with the current bonus zoning program applied, with 10% IZ at 80% of AMR, and with 20% IZ at 100% of AMR. Results to the left of the 10% RLV viability threshold are considered viable projects.

The lightest coloured ovals show the range of RLV results in the Higher Priced market, the medium grey ovals show the Moderate Priced results, and the darkest ovals show the RLV results for the Lower Priced market.



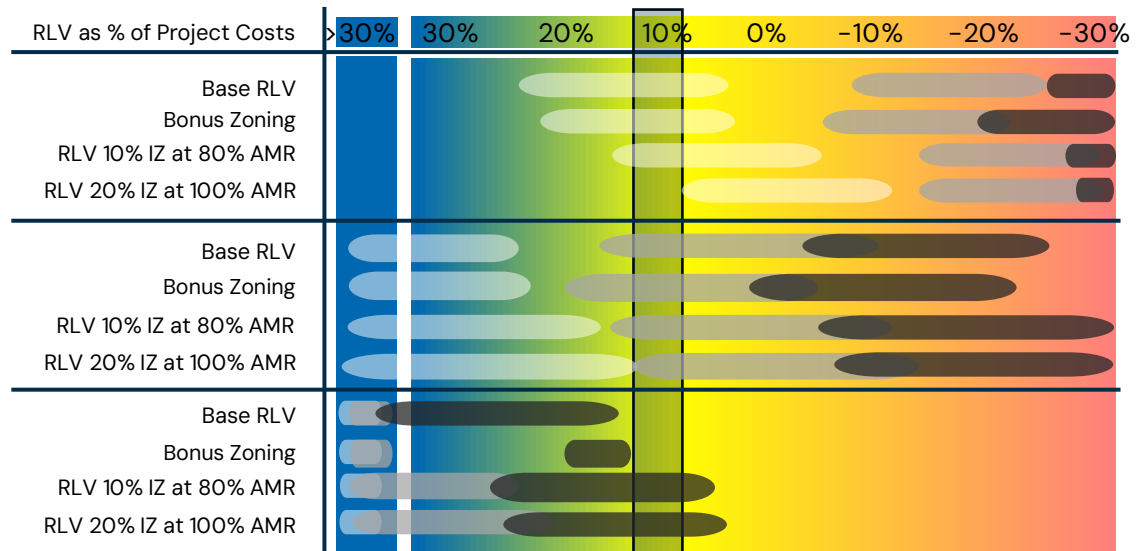
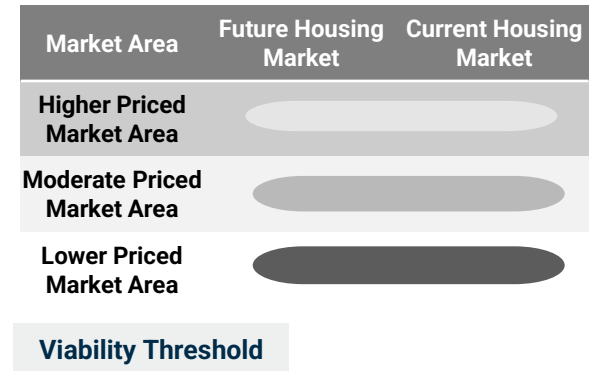
Project Viability Sensitivity

Condominium Projects

In this figure, the RLV results based on the current housing fundamentals are compared to a future-looking scenario where the market fundamentals improve. To approximate the future looking market, the low end of the construction costs were used, recent reductions in interest rates and improvements to capitalization rates have been included.

The horizontal ovals demonstrate the range of viability with respect to where the housing market could be in 2025 (left end) and where the market is at today (right end). For each built form, four sets of results are presented: the Base RLV with no affordable housing, with the current Bonus Zoning program applied, with 10% IZ at 80% of AMR, and with 20% IZ at 100% of AMR. Results to the left of the 10% RLV viability threshold are considered viable projects.

The lightest coloured ovals show the range of RLV results in the Higher Priced market, the medium grey ovals show the Moderate Priced results, and the darkest ovals show the RLV results for the Lower Priced market.



// Financial Analysis Policy Implications

Inclusionary Zoning Opportunity at 10% set aside at 80% of AMR

The RLV results 10% set aside at 80% of AMR is useful for illustrating how an IZ policy can impact development viability. Using the future looking development assumptions, this amount of IZ appears to be viable in for low rise development in all markets, and in midrise development in moderate and higher priced markets. This amount of IZ appears to be marginally viable for condominium projects in the higher priced high-density but does not appear to be viable for a similar high-density rental project.

There is substantial difference in the opportunity for Inclusionary Zoning housing units when the range of construction costs are considered. Using the current costs, none of the high-density scenarios support any IZ units. Assuming lower costs in the future-looking scenario, IZ becomes viable in the high-density condominium project in the higher priced market; also, three other medium or low-density projects move from nonviable to viable using the future looking financial assumptions.

The detailed RLV results for each scenario can be found in the Appendix at the end of this document.



Financial Analysis Policy Implications

This financial analysis is a point in time snapshot that can not completely capture the full range of housing market conditions across a region as large as HRM. The results are indicative of the range of financial outcomes for a suite of scenarios.

Wood vs Concrete Construction

The low density, apartment built-form has the highest potential for inclusionary zoning. For purpose-built rental, the RLV is near or above 30% for all scenarios, and is viable for condominium scenarios under the forward looking financial assumptions.

For medium density concrete construction, the higher priced market can support IZ, and the moderate priced market can support IZ under the more optimistic financial assumptions.

The higher construction costs of high rise construction are only marginally viable under the optimistic financial assumptions, with bonus density fees. None of the high rise scenarios that include IZ are viable.

IZ policies that differentiates between construction types (concrete vs wood) may be desirable.

Bonus Zoning

The RLV impact of the current bonus zoning program is smaller than the modelled IZ scenarios, due to the IZ scenarios aiming to create more affordable housing from each development. The bonus zoning program shifted only one scenario from being viable to non-viable, the high density building in the higher priced market.

This program may be a desirable alternative to IZ if it is generating sufficient affordable housing outcomes, while still enabling profitable new residential development.

The higher RLV of wood framed apartments suggest that higher bonus zoning contributions could be examined for these built forms.

// Financial Analysis Policy Implications

Key Differences between IZ and Bonus Zoning

Minimum Floor Area

The minimum floor area of the current bonus zoning program is 2,000 square metres and the minimum proposed for IZ would be 4,000 square metres. The recommendation is that only one policy would apply to any given project. This means that the bonus zoning policy could be applied to projects under the IZ minimum size. The primary consideration for the IZ minimum size is to create enough units at a single location for effective management, and the bonus zoning program uses cash-in-lieu to create units at other locations. The differing minimum project sizes are appropriate, considering how these programs are implemented.

Financial Impacts

The bonus zoning program has a lower financial impact but comes with a decreased ability to fund or create new affordable units. The existing program could be modified to have similar outcomes as the modelled IZ policies, generating more cash-in-lieu, and funding more affordable housing.

As proposed, there would be a notable increase in the amount of required contribution between IZ and bonus zoning when a project crosses the minimum floor area threshold of 4,000 square metres, triggering the IZ requirements.

Both programs have similar financial impacts and administrative costs when an equivalent amount of affordable housing is being created.

Non-Financial Impacts

An IZ policy results in some positive non-financial impacts that the density bonus cash system does not provide. This includes that IZ leverages private sector construction capacity to build affordable housing, as opposed to another entity receiving funding and then needing to find a builder to construct the units. The affordable units being part of the scope and capacity of the private sector development creates efficiencies of scale in the construction of the affordable units as well.

Not-for-Profit Ownership Assumptions

Not-for-Profit Ownership

A potential alternative to a developer retaining ownership of the IZ units and renting them at an affordable rent would be for the units to be sold to a not-for-profit housing provider at a reduced purchase price. These local housing providers would then rent out the units at below-market rates.

This option facilitates retention of the units in the affordable market, administrative efficiencies, and may enable deeper rental affordability through rent supplements that the housing provider has access to.

The modelling undertaken calculated the amount of a mortgage the housing provider could carry (when purchasing the IZ units) with rents (mortgage payments) set at what would be achievable at 80% of AMR.

The RLV impacts were found to be very similar to a policy that requires 10% of the units to be offered at 100% of Average Market Rent (AMR) (see Appendix 1 for the analysis). In the most expensive markets, the RLV impact is less than 0.5% worse; in the least expensive housing markets in the region, the ownership option improves the RLV by approximately 0.5%.

Affordable Rent

There would likely be an operating deficit at first, with rents not completely covering both the mortgage and condominium fees. As the mortgage is paid down, and rents slowly rise, the units would gradually generate positive revenue.

Once the mortgage is fully paid off the housing provider would be able to reduce the rent further, or use the income surplus to subsidize other units.

	HRM AMR 2024	Max. Rent / Mortgage Payment	IZ Unit Purchase Price
1 Bedroom	\$ 1,295	\$ 1,036	\$ 258,016
2 Bedroom	\$ 1,606	\$ 1,285	\$ 308,186
3 Bedroom	\$ 1,900	\$ 1,520	\$ 385,233

5 Policy Options

This section provides a description of the Inclusionary Zoning policy options for consideration. Justifications behind each policy option, financial impacts and trade-offs, best practices, and feedback from stakeholders are included. Each policy option has a potential recommendation with implementation considerations, including the role of HRM and the role of non-profits.

Summary of Policy Options

Policy Options

The IZ policy options should be considered within the overall development environment across HRM and the strength of existing policies and development trends.

The bonus zoning program is well established and understood, providing Council with the financial ability to support development of new affordable housing. In many cities in Canada, incentives are needed to see new purpose-built rental developments; Halifax has an established and healthy rental development ecosystem.

The IZ policy recommendations in this table assume that development trends in HRM will follow the more optimistic assumptions in the financial impact analysis. A more conservative (lower amount of IZ) is appropriate if HRM Council would prefer to use the current state development assumptions.

Policy Area	Recommendations
IZ Set Aside Amount	10% as the initial set aside amount with phase-in to 20%.
Affordability	80% of CMHC Average Market Rent
Affordability Period	Life of the building.
Opt-out: Offsite Units	Where, in Council's consideration, improved housing outcomes for tenants would be achieved.
Opt-Out: Cash in Lieu	Where the project does not meet the Minimum Size of Development, or Where, in Council's consideration, improved housing outcomes for tenants would be achieved.
Minimum Size of Development	50 units or approximately 4,000 m ² .
Locations Where IZ would Apply	Future Growth Nodes (FGNs), with expansion to rapid transit corridors as the in-progress growth plans for these areas are finalized.
Building Tenure	Both condominium and purpose-built rental developments.
Housing Types and Unit Sizes	Low density and medium density apartments. Affordable units to be proportional to the mix of units and sizes of the market units.
Incentives	None at this time.
Phase-in Period	Council to evaluate pace of implementation.

Unit Set Aside Options

The unit set aside amount must balance the desire to maximize the amount and depth of affordable housing units with the need to ensure that the set aside amount still allows market development to occur.

Higher set aside amounts are most viable in very “hot” markets; testing lower amounts allows analysis of all the regional housing markets. The financial analysis suggests that higher price markets can support some IZ under in medium and low density developments. Moderate markets can support some IZ with optimistic (lower) cost assumptions and lower set aside amounts. The weakest markets can only support IZ in low density developments.

Lower set aside percentages allows for creation of a policy that has fewer ongoing adjustments needed.

The analysis suggests that there are at least three distinct housing markets in the region. The set aside percentage is the key driver of the financial impact and should be the primary consideration for each community, considering their local housing market strength.

Financial Impacts and Trade-offs

Determining the set-aside percentage is a key decision since it impacts on the economics of the IZ policy and ultimately affects the number of affordable housing units that will be generated. There is a trade-off between depth of affordability and unit set aside. Higher set-aside amounts often results in units needing to be less affordable to ensure project viability, as described on the next page. Economies of scale in operating the affordable units improves with higher set-aside amounts, however.

Set Aside Percentage Options:

5%

10%

20%

Best Practices

Generally, the deeper the affordability level, the lower the unit set aside percent required to ensure project viability. The goals of the program should influence the set aside rates and affordability threshold.

Programs in Canada can require as high as a 20% set aside rate, such as Montreal’s program for social, affordable, and family housing or Victoria’s program for affordable housing.

Unit Set Aside

Trade-offs

Financial Impacts and Trade-offs

Given that there is a fixed amount of additional value created through an upzoning or redevelopment, unit set aside amount and depth of affordability are in competition when designing a policy.

In general, increasing the unit set aside amount results in a proportional financial impact (Figure 1). By comparison, increasing the affordability from CMHC average market rent to being 80% of CMHC average market rent increased the financial impact by 1.3 times (Figure 2) for any given set aside amount.

Consequently, adjusting the parameters of an IZ policy framework impacts the project viability. To maintain project viability, trade-offs between policy parameters must be made.

Figure 1: Financial Impact of Set Aside Rates

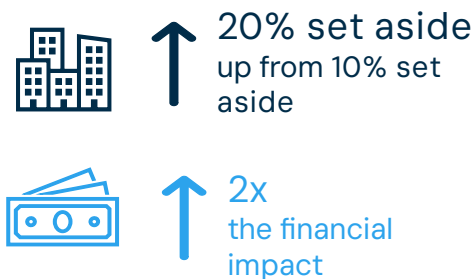
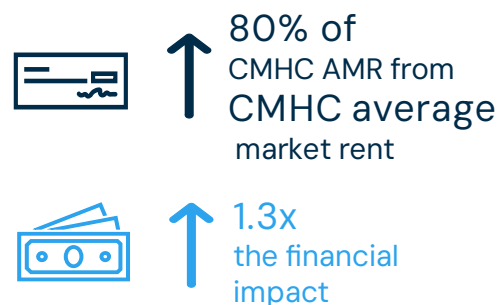


Figure 2: Financial Impact of Affordability Threshold



Unit Set Aside Recommendations

The recommended set aside amounts are based on the low-cost RLV results, using the two depth of affordability results as the maximum and minimum. This somewhat optimistic recommendation considers that current construction costs and mortgage costs are at recent highs and the longer-term prospects are for residential construction to return to higher profitability, and thus able to carry higher affordable housing contributions.

In the weakest markets, we anticipate profitable residential housing development to continue as has been seen in recent years. Introducing a small IZ set aside amount would lay the ground-work for administering an IZ policy as the market improves.

The RLV analysis results suggest that a 10% set aside at 80% or 100% of AMR is supportable in the low-density apartment, and medium density scenarios under the more optimistic financial assumptions. High density condominium projects may be able to support 10% IZ, but the equivalent purpose-built rental projects cannot.

The low rise and midrise scenarios in the higher priced market and moderate market were highly profitable and could support more affordable housing; starting at 10% IZ set aside is a compromise between creating new affordable housing without introducing a high amount of risk to the larger, more complex developments that may currently have challenged financial pro formas.

Set Aside Percentage Recommendations:

10%	Initial set aside amount
20%	Target set aside amount

Purpose built rental projects in high rise development do not appear to support 10% IZ, even with more optimistic development assumptions, though the RLV is approaching the viability threshold.

There would be some risk of depressing construction of new purpose built rental with the introduction on an IZ requirement for high rise construction.

// Unit Set Aside: Recommendations

Implementation Considerations

If the unit set aside proportion generates few units in a project, off-site delivery or cash-in-lieu may be good options for enabling smaller project to still contribute to the creation of affordable housing without the units being delivered on-site.

Small groups of units (<5 per building) and larger blocks of units (>10) are needed by different types of housing providers, depending on the needs of their residents. However, in terms of operational efficiency and administrative costs to set up agreements and manage the units, larger blocks of units are preferred.

There are some advantages to implementing an IZ policy when significant other policy changes are occurring that will affect land prices and development opportunities. Coordinating these policy changes allows the development industry to consider all of these factors at the same time instead of engaging with each policy separately. Coordinated implementation also allows the most transparency and traceability of how community benefits are being realized through zoning and policy changes.

Phase-in Recommendation

The recommended phase in period for an Inclusionary Zoning policy is two (2) years, after the passing of the by-law.

Phasing in a set aside of 10% would give the local development industry time to align their cost and revenue models to support this amount of affordable housing, with the goal of eventually increasing the set aside to 20%.

The development industry would be made aware of the potential for a new policy through the public engagement process before the by-law is brought to Council. Providing at least one year before the policy goes into effect allows in-progress projects to start, using current financial assumptions that do not include Inclusionary Zoning.

Projects that come forward more than a year after the passing of the IZ by-law have had significant time to adjust to the new policy and its associated costs. However, they may already have a significant amount of locked-in costs from prior to the policy's approval or passage. A reduced IZ set aside amount mitigates the policy impact on these projects. Providing two years of awareness of a new policy should be sufficient for almost all projects to adjust to the new requirements and to be able to bring forward viable projects.

The phase-in period is intended for when the by-law is initially introduced. Should HRM opt to increase the set aside amounts, there should be at least a year between passing the by-law and the change coming into effect, giving the development industry some time to adjust.

Affordability Threshold Options

CMHC Average Market Rent (AMR) is a well understood, publicly available annual measure of rents in communities. An alternative way of setting rents is to base them on local incomes, which relies on custom census data that is only available every 5 years.

Financial Impacts and Trade-offs

Higher affordability generally means there will be fewer affordable units set aside. In HRM, the current market conditions provide an opportunity to either increase the affordability or increase the number of units with similar financial impact.

Going from 20% of units at 100% AMR, to a 10% set aside at 80% of AMR, results in an approximate improvement in residual land value (RLV) of 3%. The deeper affordability, but lower proportion of units, has a lower impact on the project financial results; the modelling suggests that 3% more could be allocated to land or profitability.

Affordability Threshold Options:

100% of CMHC
Average Market Rent

80% of CMHC
Average Market Rent

Best Practices

Generally, the deeper the affordability level, the lower the percent unit set aside required. The goals of the program should influence the set aside rates and affordability threshold.

Affordability Threshold

Recommendations

Implementations Considerations

There is a trade off between number of units (set aside) and depth of affordability. An increase in the set aside or deeper affordability increases the amount of financial impact that a IZ policy will have on the viability of a new residential development.

The affordability threshold can be based on market factors, such as average market rent, or based on the household incomes of the residents of the IZ units (by setting rents at 30% of a household's income – up to a maximum household income level). Either threshold is possible, but there is annual industry data available on local average market rents, and household incomes are only collected and published through the national census every five years.

Keeping the affordable rents in-line with inflation is needed to ensure that the organization that is providing the affordable unit can continue to do so in a financially viable way. Annual rent increases should be limited to the Provincial maximums for ongoing tenancies, and reset to the offset from AMR on unit turnover.

Recommendations

The recommendation is for setting the depth of affordability at 80% of CMHC Average Market Rent.

These levels of affordability differentiate the IZ policy from delivery of deeply affordable rent geared to income (RGI) and supportive housing that require operational subsidies, while still providing rents that are less than the community average.

High rise development may not be able to support IZ in the near term, but industry trends suggest that this may change by the end of 2025.

The high density scenarios are less likely to occur in the lower price, more suburban, or rural markets. This suggests that applying the policy to all developments, even when some theoretical project may be impacted, will in actuality result in few, if any, high density projects in the lower price markets being impacted. By including the lower priced markets in the policy, it avoids having a financial incentive to produce housing in locations that would not otherwise be considered or be desirable.

Affordability Period

Options

Affordability periods establish the duration of time that Inclusionary Zoning units must remain affordable. The most common affordability periods are 25-years, the life of the building, and 'In Perpetuity'. A period of 25-years is desirable when the expected need for affordable housing is temporary, or when there are desires to limit the ongoing costs of monitoring, enforcement, and administration.

Requiring affordability in perpetuity creates a lien against the land that must be monitored and fulfilled even if the property is redeveloped, but protects the Inclusionary Zoning units from reverting to market-rate prices over time or upon redevelopment.

An affordability period spanning the life of the building will likely last longer than 25-years but will not prevent redevelopment when it makes sense to redevelop. This policy option assumes that there will be appropriate affordable zoning policies in place when redevelopment occurs.

Length of Affordability:



Options:

- 25-years
- Life of the Building
- In Perpetuity (99 years)

Financial Impacts and Trade-offs

A shorter affordability period has lower financial impacts, as the owner can charge market rents once the unit exits the affordability period. This may be acceptable, assuming that this is now an older building and will likely attract lower rents than units in other market buildings.

The "In Perpetuity" option creates a permanent administrative cost for agreement oversight and may prevent desirable redevelopment in the future. This becomes particularly challenging if the use of the land becomes non-residential.

Best Practices

Most Inclusionary Zoning programs control the duration of affordability of the inclusionary units to preserve affordability. The overwhelming trend has been for Inclusionary Zoning programs to adopt very long-term affordability periods.

// Affordability Period: Recommendations

Implementation Considerations

The recommendation is that the affordability period be the life of the building.

With the affordability period being linked to the life of the building, the IZ agreement should discourage premature redevelopment to exit/avoid the affordability requirements.

There is some risk of rising condominium fees as the building ages. The IZ agreement should include an option for the municipality to exit the agreement if the condominium corporation becomes financially distressed and large one-time fees are expected to be assessed.

A long term affordability requirement results in long term administrative costs associated with monitoring the IZ agreements. Sufficient staffing and budget is needed to perform ongoing monitoring and management of the IZ agreements.

There needs to be a mechanism in the agreement for transfer of ownership or operation of the units between organizations, as the building may outlive the organizations that initially operate the units.

These considerations are discussed further in the section on Ownership and Operations.

Length of Affordability:



Recommendation:

Life of the Building

Opt-Out

Offsite Delivery of Affordable Units

There may be situations where providing the IZ units on a nearby, but different site is desirable. This policy option explores when this may be a desirable outcome and how it can be implemented.

It is simplest for the developer and municipality to deliver the units on-site as part of the development. On-site is the clearest and most transparent connection between the IZ policy and delivery of IZ units. Permitting the IZ units to be provided in a separate building or development may be desirable in some instances but will increase the complexity of the IZ agreements and add risk to development.

Seeking ways to improve the outcomes for the tenants should be a priority when delivering affordable housing, such as if the operator of the alternative site is able to provide higher levels of affordability or support services that would not be available to the residents if the units were located in the original building.



There is increased administrative burden for both the developer and municipality when the units are delivered off-site. The largest risk to offsite units is if one of the projects experiences financial or technical problems and does not get built or is significantly delayed. The municipality needs to have sufficient assurance that the IZ units will be built, which normally is in the form of a large bond, complicating and adding risk to the project finances. The provision of a bond or assurance can be avoided if the units can be constructed, and agreements registered on title on the alternative site ahead of the original site.

Where improved outcomes for tenants can be achieved there is likely an experienced housing provider involved, which improves the likelihood of project success. The additional funding to the housing provider through this option may allow marginal projects to proceed.

Best Practices

Most Inclusionary Zoning programs offer developers alternative compliance options through building off-site units.

Most municipalities limit these options, as the main objective of Inclusionary Zoning is not met with off-site construction. Requiring all buildings to have IZ units normalizes the practice of having mixed incomes in new projects and avoids stigmatization of certain buildings.

It may, however, be appropriate to build units off-site when the project is not suitable for inclusionary units due to project viability, inaccessible location, lack of transit options, or other project concerns.

// Offsite Delivery of Affordable Units: Recommendations

Implementation Considerations

The decision to allow the IZ units to be provided off-site should be the responsibility of Council, with justification support from staff. This is to improve transparency and ensure that the public is informed of what the benefits are and why this project is being treated differently. Justifications could include that the residents of the IZ units would benefit from being in the alternative building due to the support services being offered in the building, the units being more affordable due to a non-IZ mechanism, or where the units can be occupied significantly in advance of when they would otherwise be ready for occupancy.

Off-site development legal agreements should be registered on title to ensure if the land is sold the IZ requirements remain. Both legal and development policy staff must be allocated to creating, managing and implementing these agreements.

During stakeholder consultations both the private sector and the non-profit sector expressed a preference for having the affordable units in buildings that are wholly owned by the non-profit sector. Both groups agreed that the non-profit sector has the right skill set and mission to manage affordable housing units. The difference in mission adds risk to development, creating competing objectives that need to be resolved. Offsite delivery can enable this ownership and operations model.



Role of Not-for-Profits

Not-for-profits will need to create relationships with staff and the local development industry to help identify where and when the requirements to provide off site affordable housing aligns with existing affordable housing development plans, and how the off site units could be integrated into their project(s).

Alternatively, the non-profit housing providers can provide input on when a new project should be created that contains the required off-site affordable housing.

Not-for-profits would also participate in creation of the off-site development agreement to ensure it integrates with their development objectives.

Role of HRM

To provide advice to municipal staff on common or standard agreement clauses and implementation procedures.

Opt-Out

Cash in Lieu

There may be situations where providing cash-in-lieu of the IZ units is desirable. This policy option explores when this may be a desirable outcome and how it can be implemented

It is simplest for the municipality to have the IZ units delivered on-site as part of the development. Collecting cash in lieu funds and then working with a separate development to create affordable housing units using the funds is more complex and less directly accountable.

Financial Impacts and Trade-offs

The primary scenario where cash in lieu can be used is in smaller developments, where too few units will be created in a project to enable efficient management of the units by an affordable housing provider. This is the Minimum Project Size policy parameter.

Another scenario where cash in lieu can be used is where improved outcomes for tenants can be achieved. Additional funding to an experience housing provider, through cash-in-lieu contributions, may allow marginal projects to proceed. Partnering with an experienced housing provider also improves the likelihood of project success.

Best Practices

Most Inclusionary Zoning programs offer developers alternative compliance options such as paying a fee.

Most municipalities limit these options, as the main objective of Inclusionary Zoning to create new affordable housing is not directly met with cash in lieu payments. Requiring all buildings to have IZ units normalizes the practice of having mixed incomes in new projects and avoids stigmatization of certain buildings.

In Ontario, the legislation does not allow cash-in-lieu, with a goal of having equity in the application of the IZ policy between developments at all price points.

// Cash in Lieu: Recommendations

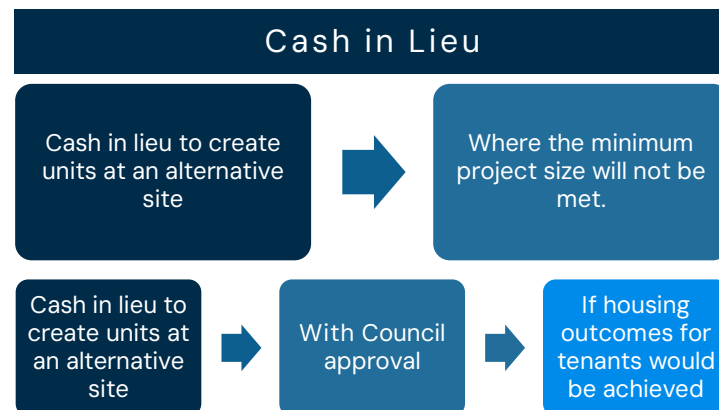
Implementation Considerations

Cash-in-lieu funds being spent in the communities where it was collected is a highly desirable policy outcome.

Current Bonus Zoning Program

The current bonus zoning program is primarily a cash-in-lieu program that has collected \$4.3 million towards new affordable housing between 2020 and 2023.

Should Council enact IZ, it should replace bonus zoning in those portions of HRM. Both programs aim to increase the amount of community benefits – having only one program that is affecting the financial outcomes of new development projects simplifies the policy landscape and improves transparency on the impacts and outcomes of the programs.



Role of Not-for-Profits

Creating relationships with staff and the local development industry will facilitate accessing the cash-in-lieu funds by being able to bring forward strong development proposals that respond to the housing objectives of HRM and the local market housing needs.

Role of HRM

Providing advice to municipal staff on common or standard agreement clauses and implementation procedures. Managing the cash-in-lieu funding pool by collecting cash-in-lieu funds and administering to non-profit or HRM-led affordable housing projects.

Minimum Size of Development Recommendations

Selecting a minimum project size for the IZ policy to apply to requires balancing fairness in applying the policy as widely as possible with the realities of the cost of administering the resulting agreements and economy of scale in managing the IZ units.

The cost of managing small numbers of units across multiple buildings and locations is much higher than managing larger groups of units. What we have heard from housing providers in Halifax and across Canada is that they would prefer to manage groups of five or more units in a building. Though some organizations are willing to operate smaller numbers of units.

The minimum number of IZ units can be used to determine the minimum project size. If the target is 5 or more units, with 10% IZ set aside, the minimum project size is 50 units.

Financial Impacts and Trade-offs

There is staff time (costs) associated with creating each IZ agreement and with the ongoing monitoring of the agreement. The administrative cost is not affected by the number of IZ units being generated – the cost to create an agreement for 5 IZ units would be the same as for 50 IZ units. Ensuring that there is enough affordable housing benefit derived from each agreement to justify the staff costs is one consideration. Larger developments, with a larger number of IZ units better spreads the administrative costs.

The policy needs to include both a minimum unit amount and minimum floor area to mitigate the incentive to bring forward developments that are just below the unit count to avoid the IZ policy.

Minimum Project Size:

50 units or approximately 4000 m²

Best Practices

The minimum project size should have both a number of units and total floor area threshold to mitigate having proposals that are unnecessarily modified to avoid the IZ policy.

Most IZ policies have a minimum project size, with larger municipalities having thresholds of 100 units or more.

Locations Where IZ Would Apply

Recommendations

Selecting locations where the IZ policy would apply requires aligning the goal of achieving fairness by applying the policy as widely as possible, with where the most affordable units can be created due to the density of development and the profitability of the projects.

The Future Growth Nodes (FGN) in HRM have both high potential density and are in the highest price housing markets, making them the highest value locations for IZ.

The current work by HRM to update regional policy along rapid transit corridors may also provide sufficient increases to development permissions, and increases in land prices, to support IZ in these locations. Introducing an IZ policy as the development permissions, and public investment, occurs is a best practice for realizing affordable housing benefits from investment in transit. Though, adding an IZ requirement to these types of developments may negatively interact with programs and policies that are aiming to incentivize and streamline new mid and low-density built forms.

Best Practices

Implementing IZ where there is a current or recent increase in development permissions, or public infrastructure investment such as growth nodes and along rapid transit corridors, creates connection between the public investment and the requirement for affordable housing contributions in these areas.

IZ Locations

Initial implementation in Future Growth Nodes.

Expansion to rapid transit corridors as the policy framework for these locations are finalized.

Financial Impacts and Trade-offs

Focusing the IZ policy on the higher density areas in FGNs and along transit corridors targets the developments that would provide the most potential affordable units, but these locations will likely have higher construction costs due to being high density concrete construction development. Starting with a lower IZ set aside amount and increasing it over time will reduce the short term impacts while creating a pipeline of affordable housing in the longer term.

The lower-cost built form of wood framed townhouses, which has the highest per unit value for IZ, is less likely to be built in the higher density areas such as FGNs and along transit corridors.

Building Tenure Recommendations

The three primary types of development are condominium, purpose-built rental, and free-hold. Free-hold is primarily low-density development and rarely targeted for IZ policies.

The purpose-built rental market in Halifax is more robust than found in most cities across Canada. Though new rental is not seen elsewhere, it is the dominant development type in Halifax.

Though condominium developments are the most common high-density development in Canada, the development environment for condominium buildings in Halifax is sufficiently different that it is comparable to the profitability of purpose-built rental.

Financial Impacts and Trade-offs

Many municipalities in Canada exclude purpose-built rental from the IZ policy due to low profitability for these projects in their communities. In Halifax this would greatly reduce the potential pool of projects that could contribute IZ units.

The financial analysis suggests that IZ policies would affect purpose-built rental and condominium projects similarly, meaning applying IZ policies to both types of projects will not distort the existing local development preferences and assumptions.

Base Tenure:



Condominium Developments

and



Purpose-built Rental Developments

Best Practices

Generally, the base tenure affects the depth of affordability and the project viability, with IZ policies putting new purpose-built rental projects at very high risk.

The Halifax context is different, and purpose-built rental appears to experience the same impact as condominium projects when IZ policies are applied.

Incentives

Options

Types of Incentives

Many Inclusionary Zoning policies provide incentives to encourage developer participation in voluntary programs or to offset the impacts of mandatory policies. The use of density bonuses are the most popular incentive in programs across Canada and the USA. A density bonus provides an increase in allowed dwelling units per acre (DU/A), Floor Area Ratio (FAR) or height which generally means that more housing units can be built on any given site.

Lengthy project approval times can increase the carrying costs of projects, impacting project viability. when projects with an affordable component are moved to the front of the line in zoning, planning, and building permit processing. Faster processing reduces risk and financing costs and allows developers to bring projects to market faster. The effectiveness of this incentives may depend on available resourcing within municipal planning staff.

Recommendation Considerations

Halifax has recently introduced bonus zoning areas and has created new area plans for major redevelopments. Within the context of these recent policy changes, the background research that went into them, and the decision making by Council, it may not be advisable to create or implement incentives through the IZ policy framework.

Recommendation

No incentives are recommended at this time.

Phase-in Considerations

A phase-in period for an Inclusionary Zoning policy is common in many jurisdictions.

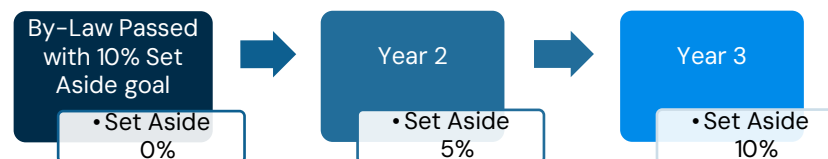
Phasing in can be applied to any of the policy variables and could be different based on the type of market. The option recommended to be considered for this framework is phasing in the set aside rate. The proposed phase-in takes into account ensuring that enough units are created to ensure economies of scale in administration.

The phase in approach is commonly linked to the set aside amount. The recommended phase-in approach is included in the next section.

Financial Impacts and Trade-offs

Phasing in the set aside amount mitigates the potential financial impacts of the policy by providing time for the development industry to adapt to the new requirements. By ramping up the set aside over time, this allows projects that are in the pre-development stage when the policy framework is implemented to build in the affordable housing requirements without a large impact on project viability, while still contributing to the region's affordable housing supply. For future development projects, the phase in provides time for land values to adjust to the financial impact of providing affordable housing.

EXAMPLE PHASE IN APPROACHES:



Best Practices

Toronto proposed a phased-in set aside (from 5–10% to 8–22%) over a period of 10 years for their recent implementation of Inclusionary Zoning (IZ), to allow for land values to adjust to the IZ requirements.

Edmonton ran a 5-year pilot project before implementing their “developer sponsored affordable housing” by-law, allowing time for negotiation about the scope and implementation details of the potential policy. This resulted in general support for the policies from the development sector when the by-law went to Council.

In 2008, the County of San Luis Obispo, USA, adopted a 5-year phased-in inclusionary zoning Ordinance and Affordable Housing Fund. Each year, the Board votes on whether to proceed to the next year of the phase-in schedule. As of 2018, the County is in year two, which calls for 8% of units to be affordable or \$1.50/sq. ft of cash in-lieu. Year five requires 20% set-aside and a cash in-lieu of \$3.75/sq. ft.

Ownership and Operations / Management Options

This policy aspect has the most opportunity for customization on a per-project basis. The best practice research shows that there is both interest and success in all of the potential combinations of ownership and operation of the affordable units.

Larger developers with a rental management division would likely prefer to own and operate the affordable units to reduce risk and complexity in the project.

Having a not-for-profit (NFP) housing provider own or manage the units will likely result in deeper affordability and potentially higher-needs households being housed in the IZ units.

Tenant selection by an NFP or municipality reduces costs for the developer, but also comes with a requirement to house those with greater needs, which may not align with the developer's vision for the project.

Financial Impacts and Trade-offs

Sale of IZ units to an NFP or HRM has a different financial impact to the development pro forma than the developer operating the units as rental. Using the affordable rents to calculate the price of the IZ units based on the mortgage the NFP could carry; the RLV impact is similar to renting 10% of the units at 80% of AMR.

Developers that are operating the IZ rental units would prefer for a time-limited affordability period so that they can eventually charge market rents for the units. NFP management of a developer-owned unit may be able to stack additional affordability to benefit the tenants, without reducing the affordability requirement on the developer.

Unit Ownership Options

Who has the title of the unit?

- Developer
- Not-for-profit housing provider
- HRM

Tenant Selection Responsibility

Who verifies that tenants are eligible to occupy the affordable unit?

- Developer
- Not-for-profit housing provider
- HRM

Unit Management Options

Who performs day-to-day maintenance and management of the unit?

- Developer
- Not-for-profit housing provider
- HRM
- Third-party property manager

// Ownership and Operations / Management: Recommendations

Implementation Considerations

The recommendation for unit ownership, operations, and tenant selection is to have a policy that allows for qualified organizations to perform any of the functions.

Additionally, the recommendation is to include a provision for units to be sold below market rate to non-profit organizations for ongoing ownership, management, and operations.

A flexible policy adds some additional work when creating the affordable housing agreement but has the highest potential to deliver improved affordability outcomes while continuing to ensure the developer is in control of their project financial outcomes.

Best Practices

Stewardship / management is achieved through:

- *Local government: takes on ongoing responsibility for oversight and administration (e.g., managing waitlist, verify occupancy).*
- *Multi-jurisdiction collaboration: form a joint powers authority, non-profit, or similar structure for ongoing stewardships.*
- *Private company: perform key functions (e.g., managing interest list, review applicant eligibility, marketing) for a fee.*
- *Non-profit housing agency: an ongoing stewardship role, either through a fee-for-service contract with the local government or as a requirement for receiving a subsidy.*
- *Community Land Trust: holds the title to land on which affordable housing is built.*

// Ownership and Operations / Management: Recommendations

Implementation Considerations

An option where the developer builds the units and sells at a price that a non-profit could afford based on affordable rents servicing a mortgage would ensure that the units become part of the stock of permanently affordable units.

The implementation agreement must clearly identify the owner of the units and conditions where ownership can be transferred. There must also be clear identification of which organization is responsible for selecting tenants and verifying they are eligible to tenant the unit. The agreements also need guidelines on how unit management/operations are achieved and the amount of oversight the municipality has on unit management outcomes and selection of service providers.

HRM can leverage and adapt their bonus zoning agreement framework to create effective ownership and operations agreements.

Role of Not-for-Profits

There is an opportunity for non-profits to be able to increase the depth of affordability, perform tenanting of units, management of units, and annual reporting on the units under their control.

Role of HRM

The Region can participate by increasing the depth of affordability through rent supplements, manage tenanting of units, or providing administrative support when units change ownership of unit management companies.

Alternatively, HRM could purchase and operate some of the IZ units. This would be a significant change for HRM as they do not currently own and manage housing.

Reporting Requirements

Options

Annual reporting increases transparency and oversight in the policy process to ensure that the IZ policy is achieving its intended outcomes. The development process is lengthy, and it can take several years for IZ units to be planned, approved, and constructed. Once units are in place, there are additional concerns surrounding unit allocation and selection, unit pricing, management, and general program oversight.

Producing annual reports is an opportunity for the Region to provide clear program oversight, and for the Region to communicate the elements of its Inclusionary Zoning program to the public.

Annual reports typically reduce the likelihood of agreements not being adequately managed or enforced, improves public understanding of government programs and the community value provided, and ensures a consistent process for policy maintenance.

Financial Impacts and Trade-offs

There will need to be staff time allocated to this process. This should be a small portion of the staff person's total yearly work, but as the number of agreements increases there may need to be a formal allocation of staffing resources allocated to this and other activities associated with the IZ policy.

As the size of the IZ program and the scope of reporting requirements increase, the costs associated with reporting requirements will increase as well.

Best Practices

The specific requirements for ongoing administration of an Inclusionary Zoning program will depend on the policy goals of the program. The reporting requirements can be implemented through an instrument on title that binds the current owner to fulfill the reporting and other administrative requirements.

// Reporting Requirements: Recommendations

Implementation Considerations

Ensuring there is sufficient staff time allocated to management of the IZ policies, including annual reporting is crucial.

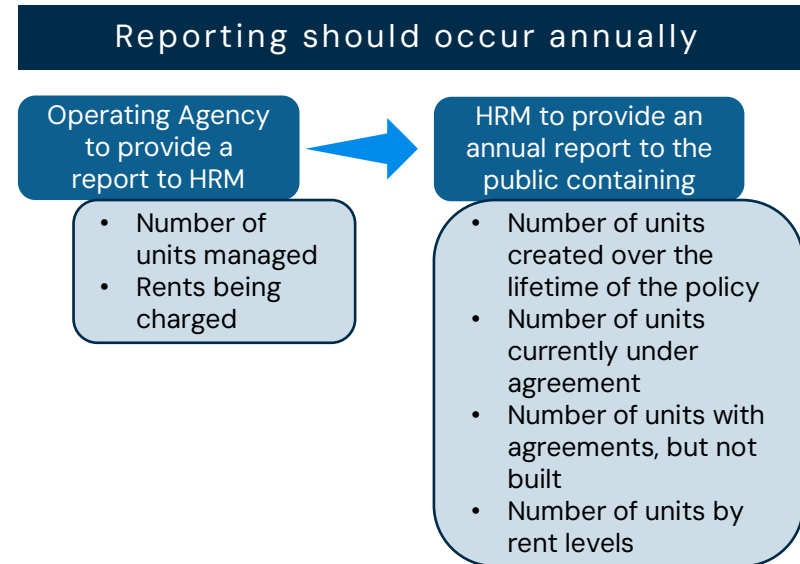
The reports should be publicly available to ensure transparency.

Role of Not-for-Profits

Annual reporting to the municipality.

Role of HRM

Annual reporting on the results of the model
Inclusionary Zoning policy.



Monitoring and Evaluation

Recommendations

An Inclusionary Zoning policy affects the local land markets and may affect the profitability and viability of new market housing. The expectation based on results from other jurisdictions that have implemented similar policies is that most of the impact will be absorbed in the land prices – this needs to be verified that it is occurring in the municipality.

IZ policy creates long-term agreements that must be maintained. There should be periodic review of the ongoing costs to manage the program in relationship to the policy's costs and alternative affordable housing programs.

There needs to be a balance between predictability in the policy and adaptability to market changes. A 5-year review cadence is similar to the development timeframe for major residential developments, which suggests the affected organizations have a strategic horizon that a 5-year review period aligns with.

Monitoring:

- Regular review of market assumptions
- Regular review of policy outcomes
- Regular review of the policy variables in meeting evolving housing needs
- 5-year reviews

Financial Impacts and Trade-offs

A more frequent monitoring and evaluation period would allow for faster reaction to market conditions but has higher administrative costs and increases policy uncertainty for the development community, increasing their perceived costs.

The affordability outcomes of the policy should be compared to other types of affordable housing policies to ensure that this policy continues to be a good value option for the Region.

Best Practices

A common shortcoming of government policies is the rigor of the monitoring and evaluation process. Best practice is to include a requirement for monitoring and evaluation in the by-laws that create the IZ policy framework.

An IZ policy redirects a significant amount capital funding to affordable housing and has a very visible impact to new development; comparing the effectiveness of this policy to other types of affordable housing policies is needed to ensure transparency and to build community support for the ongoing operation of the policy.

Unit Size and Type Recommendations

Affordable unit type and size allocation can be based on a variety of factors. Larger units provide more options for families and households of a larger size. In an IZ policy based on Gross Floor Area, another approach is allocating smaller unit sizes, resulting in a greater overall number of affordable units. The allocation of unit type and size can also be calculated based on current or projected housing need.

Construction is simplest, however, if the affordable unit mix matches the market units, with no unit size or type customizations. An additional consideration is having the IZ units in a contiguous block – either horizontally or vertically – making the ongoing land titles and IZ agreement management easier.

Unit Size and Type:

- Proportional to the mix of units and sizes of the market units.

Financial Impacts and Trade-offs

Assuming that the amount of IZ contribution (set-aside amount) is calculated as a proportion of GFA, the developer should not have a strong preference on whether the affordable units are smaller (1-bedroom) or larger (2+ bedroom) units. (If there is an 8,000 sq.ft. IZ contribution, there should be low financial difference between providing eight 1,000 sq.ft. units or ten 800 sq.ft. units.)

Requiring specific unit design for the IZ units, that does not align with the proposed building footprint, adds significant additional design and construction cost to the project. These costs greatly increase the later in the project they are introduced.

Best Practices

Best practice is for the policy to have clear default direction on what the expectations are on unit size and mix for the affordable housing units. This is improved with the ability for the municipality, with participation of a housing provider, to be able to select which units become IZ units, to improve the housing outcomes without requiring customization of the building footprint to meet the needs of the housing provider.

6 Appendix: Pro-forma Results

This appendix provides detailed financial results of various Inclusionary Zoning policy options, for both the high and low end of the range of construction costs.

Analysis Results: Purpose Built–Rental Base Cases

Lower Cost and Higher Cost Assumptions

Base Cases

These are the results for the “Base Cases” for each prototype purpose-built rental building with 0% IZ, using both the lower cost assumptions and higher cost assumptions. For this analysis, viable projects are those that can generate a positive RLV that allows 10% of the project to be allocated to land costs. RLV results above 10% are considered viable.

Key Takeaways:

- Seven purpose-built rental scenarios show an RLV of 10% or higher with no inclusionary zoning requirement:
 - All the Higher Price scenarios
 - The Medium Price, medium density and low density scenarios
 - The Low Price, low density scenario.

Scenario Category	Base Tenure	Housing Market	Built Form	RLV % of Cost (Lower Costs)	RLV % of Cost (Higher Costs)
Base Case	Rental	Higher Price Market	High Density	11%	-5%
Base Case	Rental	Higher Price Market	Medium Density	58%	36%
Base Case	Rental	Higher Price Market	Low Density	129%	124%
Base Case	Rental	Medium Price Market	High Density	-8%	-22%
Base Case	Rental	Medium Price Market	Medium Density	33%	14%
Base Case	Rental	Medium Price Market	Low Density	94%	90%
Base Case	Rental	Lower Price Market	High Density	-29%	-40%
Base Case	Rental	Lower Price Market	Medium Density	4%	-12%
Base Case	Rental	Lower Price Market	Low Density	61%	57%

Analysis Results: Purpose Built–Rental

Higher Priced Market Results

Purpose Built Rental in the Higher Priced Market

These are the results for each prototype purpose-built rental building with various IZ amounts, as well as results for the existing bonus zoning (BZ) policy. RLV results above 10% are considered viable.

Key Takeaways:

- In the Higher Priced Market, both IZ scenarios and bonus zoning are supported in medium density and low density built forms.
- Using the lower cost assumptions, the High Density bonus zoning scenario is close to viable, with an RLV of 9% only 1% below the viability target of 10%.

Scenario Category	Base Tenure	Housing Market	Built Form	RLV % of Cost (Lower Costs)	RLV % of Cost (Higher Costs)
Rental with BZ	Rental	Higher Price Market	High Density	9%	-7%
Rental with BZ	Rental	Higher Price Market	Medium Density	56%	34%
Rental with BZ	Rental	Higher Price Market	Low Density	126%	121%
10% IZ at 80% AMR	Rental	Higher Price Market	High Density	3%	-12%
10% IZ at 80% AMR	Rental	Higher Price Market	Medium Density	48%	27%
10% IZ at 80% AMR	Rental	Higher Price Market	Low Density	114%	109%
20% IZ at 100% AMR	Rental	Higher Price Market	High Density	-2%	-16%
20% IZ at 100% AMR	Rental	Higher Price Market	Medium Density	43%	22%
20% IZ at 100% AMR	Rental	Higher Price Market	Low Density	105%	99%

Analysis Results: Purpose Built–Rental

Medium Price Market Results

Purpose Built Rental in the Medium Price Market

These are the results for each prototype purpose-built rental building with various IZ amounts, as well as results for the existing bonus zoning policy. RLV results above 10% are considered viable.

Key Takeaways:

- In the Medium Price Market, both IZ scenarios and bonus zoning are supported in medium density and low density built forms when using the lower cost assumptions.
- High Density developments do not appear to be viable.
- The IZ scenarios are viable using the lower cost assumptions, but not the higher cost assumptions.

Scenario Category	Base Tenure	Housing Market	Built Form	RLV % of Cost (Lower Costs)	RLV % of Cost (Higher Costs)
Rental with BZ	Rental	Medium Price Market	High Density	-9%	-22%
Rental with BZ	Rental	Medium Price Market	Medium Density	32%	13%
Rental with BZ	Rental	Medium Price Market	Low Density	92%	89%
10% IZ at 80% AMR	Rental	Medium Price Market	High Density	-14%	-27%
10% IZ at 80% AMR	Rental	Medium Price Market	Medium Density	25%	7%
10% IZ at 80% AMR	Rental	Medium Price Market	Low Density	82%	78%
20% IZ at 100% AMR	Rental	Medium Price Market	High Density	-17%	-30%
20% IZ at 100% AMR	Rental	Medium Price Market	Medium Density	22%	5%
20% IZ at 100% AMR	Rental	Medium Price Market	Low Density	77%	71%

Analysis Results: Purpose Built–Rental

Lower Price Market Results

Purpose Built Rental in the Lower Price Market

These are the results for each prototype purpose-built rental building with various IZ amounts, as well as results for the existing bonus zoning policy. RLV results above 10% are considered viable.

Key Takeaways:

- In the Lower Price Market, only the low density built forms have viable results.
- Bonus zoning does not appear viable for medium density projects in the lower price market.

Scenario Category	Base Tenure	Housing Market	Built Form	RLV % of Cost (Lower Costs)	RLV % of Cost (Higher Costs)
Rental with BZ	Rental	Lower Price Market	High Density	-29%	-40%
Rental with BZ	Rental	Lower Price Market	Medium Density	3%	-12%
Rental with BZ	Rental	Lower Price Market	Low Density	60%	57%
10% IZ at 80% AMR	Rental	Lower Price Market	High Density	-33%	-43%
10% IZ at 80% AMR	Rental	Lower Price Market	Medium Density	-1%	-16%
10% IZ at 80% AMR	Rental	Lower Price Market	Low Density	52%	48%
20% IZ at 100% AMR	Rental	Lower Price Market	High Density	-34%	-44%
20% IZ at 100% AMR	Rental	Lower Price Market	Medium Density	-2%	-16%
20% IZ at 100% AMR	Rental	Lower Price Market	Low Density	50%	44%

Analysis Results: Condominium Base Cases

Low End Construction Costs

Base Cases – Condominium Development

These are the results for the “Base Cases” for each scenario with 0% IZ, using the low end of the construction cost range. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met.

Key Takeaways:

- Seven scenarios show a positive RLV
 - All the Higher Price condominium project scenarios
 - The Medium Price, medium density and low density condominium scenarios
 - The Low Price, low density condominium scenario
 - The purpose built low density scenario in the Higher Price market area.
- The rapid increase in construction costs over the last 3–5 years has eroded the viability of condominium construction across Canada.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	Profit % with 10% RLV as Land
Base Case	Ownership	Higher Price Market	High Density	None	0%	\$54,740,000	\$0	\$0	23%
Base Case	Ownership	Medium Price Market	High Density	None	0%	-\$28,540,000	\$0	\$0	-5%
Base Case	Ownership	Lower Price Market	High Density	None	0%	-\$73,160,000	\$0	\$0	-22%
Base Case	Ownership	Higher Price Market	Medium Density	None	0%	\$27,220,000	\$0	\$0	53%
Base Case	Ownership	Medium Price Market	Medium Density	None	0%	\$7,750,000	\$0	\$0	20%
Base Case	Ownership	Lower Price Market	Medium Density	None	0%	-\$2,680,000	\$0	\$0	0%
Base Case	Ownership	Higher Price Market	Low Density	None	0%	\$17,260,000	\$0	\$0	100%
Base Case	Ownership	Medium Price Market	Low Density	None	0%	\$8,820,000	\$0	\$0	61%
Base Case	Ownership	Lower Price Market	Low Density	None	0%	\$5,010,000	\$0	\$0	39%

Analysis Results: Higher Priced Market

Low End Construction Costs

Higher Priced Market – Condominium Development

Results for the Higher Price Market scenarios. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met. *RLV Loss per Unit* and *RLV Loss per Affordable Unit* are the impact of the affordability requirement, after 15% profit has been allocated. This represents the reduction in revenue per unit, or per affordable unit. “Profit % with 10% RLV and Land” allows an evaluation of how close the scenario is to achieving the target 15% profit. Those that cannot achieve the target profit are considered not viable.

Key Takeaways:

- Bonus zoning has a lower impact per unit than any of the IZ scenarios, but with a lower ability to generate new affordable units.
- All the IZ scenarios are viable, with over 15% profit and the ability to pay at least 10% of the project cost towards land purchase.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	RLV Loss Per Affordable Unit	Profit % with 10% RLV as Land
Bonus Zoning	Ownership	Higher Price	High Density	None	0%	\$51,150,000	-\$3,590,000	-\$8,000	\$0	22%
Bonus Zoning	Ownership	Higher Price	Medium Density	None	0%	\$26,520,000	-\$701,000	-\$7,000	\$0	52%
Bonus Zoning	Ownership	Higher Price	Low Density	None	0%	\$17,090,000	-\$171,000	-\$4,000	\$0	99%
NFP Ownership	Ownership	Higher Price	High Density	Ownership	10%	\$39,540,000	-\$15,196,000	-\$33,000	-\$330,000	19%
NFP Ownership	Ownership	Higher Price	Medium Density	Ownership	10%	\$23,850,000	-\$3,373,000	-\$32,000	-\$307,000	49%
NFP Ownership	Ownership	Higher Price	Low Density	Ownership	10%	\$15,260,000	-\$2,006,000	-\$45,000	-\$502,000	92%
5% IZ at 100% AMR	Ownership	Higher Price	High Density	Rental	5%	\$46,740,000	-\$7,998,000	-\$18,000	-\$348,000	21%
5% IZ at 100% AMR	Ownership	Higher Price	Medium Density	Rental	5%	\$25,610,000	-\$1,609,000	-\$15,000	-\$322,000	51%
5% IZ at 100% AMR	Ownership	Higher Price	Low Density	Rental	5%	\$16,030,000	-\$1,228,000	-\$27,000	-\$409,000	96%
10% IZ at 100% AMR	Ownership	Higher Price	High Density	Rental	10%	\$38,100,000	-\$16,637,000	-\$37,000	-\$362,000	18%
10% IZ at 100% AMR	Ownership	Higher Price	Medium Density	Rental	10%	\$23,510,000	-\$3,711,000	-\$35,000	-\$337,000	49%
10% IZ at 100% AMR	Ownership	Higher Price	Low Density	Rental	10%	\$15,180,000	-\$2,080,000	-\$46,000	-\$520,000	93%
20% IZ at 100% AMR	Ownership	Higher Price	High Density	Rental	20%	\$21,420,000	-\$33,324,000	-\$73,000	-\$366,000	13%
20% IZ at 100% AMR	Ownership	Higher Price	Medium Density	Rental	20%	\$19,780,000	-\$7,438,000	-\$70,000	-\$354,000	43%
20% IZ at 100% AMR	Ownership	Higher Price	Low Density	Rental	20%	\$13,160,000	-\$4,105,000	-\$91,000	-\$456,000	85%
10% IZ at 80% AMR	Ownership	Higher Price	High Density	Rental	10%	\$35,040,000	-\$19,700,000	-\$43,000	-\$428,000	17%
10% IZ at 80% AMR	Ownership	Higher Price	Medium Density	Rental	10%	\$22,770,000	-\$4,451,000	-\$42,000	-\$405,000	47%
10% IZ at 80% AMR	Ownership	Higher Price	Low Density	Rental	10%	\$14,890,000	-\$2,377,000	-\$53,000	-\$594,000	91%

Analysis Results: Medium Priced Market

Low End Construction Costs

Medium Priced Market – Condominium Development

Results for the Medium Priced Market scenarios. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met.

Key Takeaways:

- Bonus zoning at \$165 / m² has a lower impact per unit than any of the IZ scenarios.
- Ownership IZ (NFP Ownership) appears to be viable in the Medium and Low Density scenarios.
- Rental IZ is viable for Medium and Low Density scenarios up to 20% IZ, or 10% at 80% of AMR.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	RLV Loss Per Affordable Unit	Profit % with 10% RLV as Land
Bonus Zoning	Ownership	Medium Price	High Density	None	0%	-\$30,450,000	-\$1,911,000	-\$4,000	\$0	-6%
Bonus Zoning	Ownership	Medium Price	Medium Density	None	0%	\$7,380,000	-\$373,000	-\$4,000	\$0	19%
Bonus Zoning	Ownership	Medium Price	Low Density	None	0%	\$8,720,000	-\$91,000	-\$2,000	\$0	60%
NFP Ownership	Ownership	Medium Price	High Density	Ownership	10%	-\$35,310,000	-\$6,772,000	-\$15,000	-\$147,000	-8%
NFP Ownership	Ownership	Medium Price	Medium Density	Ownership	10%	\$6,340,000	-\$1,413,000	-\$13,000	-\$128,000	18%
NFP Ownership	Ownership	Medium Price	Low Density	Ownership	10%	\$7,700,000	-\$1,111,000	-\$25,000	-\$278,000	55%
5% IZ at 100% AMR	Ownership	Medium Price	High Density	Rental	5%	-\$32,360,000	-\$3,826,000	-\$8,000	-\$166,000	-7%
5% IZ at 100% AMR	Ownership	Medium Price	Medium Density	Rental	5%	\$7,040,000	-\$714,000	-\$7,000	-\$143,000	19%
5% IZ at 100% AMR	Ownership	Medium Price	Low Density	Rental	5%	\$8,120,000	-\$695,000	-\$15,000	-\$232,000	57%
10% IZ at 100% AMR	Ownership	Medium Price	High Density	Rental	10%	-\$36,750,000	-\$8,213,000	-\$18,000	-\$179,000	-9%
10% IZ at 100% AMR	Ownership	Medium Price	Medium Density	Rental	10%	\$6,000,000	-\$1,751,000	-\$17,000	-\$159,000	17%
10% IZ at 100% AMR	Ownership	Medium Price	Low Density	Rental	10%	\$7,630,000	-\$1,185,000	-\$26,000	-\$296,000	55%
20% IZ at 100% AMR	Ownership	Medium Price	High Density	Rental	20%	-\$45,160,000	-\$16,623,000	-\$37,000	-\$183,000	-12%
20% IZ at 100% AMR	Ownership	Medium Price	Medium Density	Rental	20%	\$4,120,000	-\$3,630,000	-\$34,000	-\$173,000	14%
20% IZ at 100% AMR	Ownership	Medium Price	Low Density	Rental	20%	\$6,480,000	-\$2,337,000	-\$52,000	-\$260,000	49%
10% IZ at 80% AMR	Ownership	Medium Price	High Density	Rental	10%	-\$39,810,000	-\$11,276,000	-\$25,000	-\$245,000	-10%
10% IZ at 80% AMR	Ownership	Medium Price	Medium Density	Rental	10%	\$5,260,000	-\$2,491,000	-\$24,000	-\$226,000	16%
10% IZ at 80% AMR	Ownership	Medium Price	Low Density	Rental	10%	\$7,330,000	-\$1,482,000	-\$33,000	-\$371,000	53%

Analysis Results: Lower Priced Market

Low End Construction Costs

Lower Priced Market – Condominium Development

Results for the Lower Priced Market scenarios. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met.

Key Takeaways:

- Bonus zoning appears to have a lower impact on RLV than the IZ scenarios.
- Only the Low Density IZ scenarios appear to be viable.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	RLV Loss Per Affordable Unit	Profit % with 10% RLV as Land
Bonus Zoning	Ownership	Lower Price	High Density	None	0%	-\$74,320,000	-\$1,158,000	-\$3,000	\$0	-22%
Bonus Zoning	Ownership	Lower Price	Medium Density	None	0%	-\$2,900,000	-\$226,000	-\$2,000	\$0	-1%
Bonus Zoning	Ownership	Lower Price	Low Density	None	0%	\$4,960,000	-\$55,000	-\$1,000	\$0	38%
NFP Ownership	Ownership	Lower Price	High Density	Ownership	10%	-\$75,250,000	-\$2,095,000	-\$5,000	-\$46,000	-23%
NFP Ownership	Ownership	Lower Price	Medium Density	Ownership	10%	-\$3,050,000	-\$373,000	-\$4,000	-\$34,000	-1%
NFP Ownership	Ownership	Lower Price	Low Density	Ownership	10%	\$4,310,000	-\$708,000	-\$16,000	-\$177,000	34%
5% IZ at 100% AMR	Ownership	Lower Price	High Density	Rental	5%	-\$74,710,000	-\$1,548,000	-\$3,000	-\$67,000	-23%
5% IZ at 100% AMR	Ownership	Lower Price	Medium Density	Rental	5%	-\$2,910,000	-\$231,000	-\$2,000	-\$46,000	-1%
5% IZ at 100% AMR	Ownership	Lower Price	Low Density	Rental	5%	\$4,550,000	-\$460,000	-\$10,000	-\$153,000	36%
10% IZ at 100% AMR	Ownership	Lower Price	High Density	Rental	10%	-\$76,690,000	-\$3,535,000	-\$8,000	-\$77,000	-24%
10% IZ at 100% AMR	Ownership	Lower Price	Medium Density	Rental	10%	-\$3,390,000	-\$711,000	-\$7,000	-\$65,000	-2%
10% IZ at 100% AMR	Ownership	Lower Price	Low Density	Rental	10%	\$4,230,000	-\$781,000	-\$17,000	-\$195,000	34%
20% IZ at 100% AMR	Ownership	Lower Price	High Density	Rental	20%	-\$80,490,000	-\$7,333,000	-\$16,000	-\$81,000	-26%
20% IZ at 100% AMR	Ownership	Lower Price	Medium Density	Rental	20%	-\$4,190,000	-\$1,513,000	-\$14,000	-\$72,000	-4%
20% IZ at 100% AMR	Ownership	Lower Price	Low Density	Rental	20%	\$3,470,000	-\$1,541,000	-\$34,000	-\$171,000	30%
10% IZ at 80% AMR	Ownership	Lower Price	High Density	Rental	10%	-\$79,760,000	-\$6,598,000	-\$15,000	-\$143,000	-25%
10% IZ at 80% AMR	Ownership	Lower Price	Medium Density	Rental	10%	-\$4,130,000	-\$1,451,000	-\$14,000	-\$132,000	-3%
10% IZ at 80% AMR	Ownership	Lower Price	Low Density	Rental	10%	\$3,940,000	-\$1,079,000	-\$24,000	-\$270,000	32%

Analysis Results: Base Cases

High End Construction Costs

Base Cases – Condominium Development

These are the results for the “Base Cases” for each scenario with 0% IZ. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met.

Key Takeaways:

- Only 4 scenarios show a positive RLV: Higher Priced medium density, and all the low density scenarios.
- The rapid increase in construction costs over the last 3–5 years has eroded the viability of condominium construction across Canada.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	Profit % with 10% RLV as Land
Base Case	Ownership	Higher Price Market	High Density	None	0%	-\$7,980,000	\$0	\$0	3%
Base Case	Ownership	Medium Price Market	High Density	None	0%	-\$91,260,000	\$0	\$0	-23%
Base Case	Ownership	Lower Price Market	High Density	None	0%	-\$138,760,000	\$0	\$0	-37%
Base Case	Ownership	Higher Price Market	Medium Density	None	0%	\$11,800,000	\$0	\$0	22%
Base Case	Ownership	Medium Price Market	Medium Density	None	0%	-\$7,670,000	\$0	\$0	-7%
Base Case	Ownership	Lower Price Market	Medium Density	None	0%	-\$18,770,000	\$0	\$0	-24%
Base Case	Ownership	Higher Price Market	Low Density	None	0%	\$14,230,000	\$0	\$0	74%
Base Case	Ownership	Medium Price Market	Low Density	None	0%	\$5,780,000	\$0	\$0	36%
Base Case	Ownership	Lower Price Market	Low Density	None	0%	\$1,920,000	\$0	\$0	16%

Analysis Results: Higher Priced Market

High End Construction Costs

Higher Priced Market – Condominium Development

Results for the Higher Priced Market scenarios. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met.

Key Takeaways:

- Bonus zoning has a lower impact per unit than any of the IZ scenarios, but with a lower ability to generate new affordable units.
- Ownership IZ (NFP Ownership) appears to be viable at 10% IZ for the Medium Density and Low Density scenarios.
- Rental IZ is viable for Medium Density and Low Density scenarios up to 20% IZ or 10% at 80% of AMR.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	RLV Loss Per Affordable Unit	Profit % with 10% RLV as Land
Bonus Zoning	Ownership	Higher Price	High Density	None	0%	-\$11,570,000	-\$3,590,000	-\$8,000	\$0	2%
Bonus Zoning	Ownership	Higher Price	Medium Density	None	0%	\$11,100,000	-\$701,000	-\$7,000	\$0	21%
Bonus Zoning	Ownership	Higher Price	Low Density	None	0%	\$14,050,000	-\$171,000	-\$4,000	\$0	72%
NFP Ownership	Ownership	Higher Price	High Density	Ownership	10%	-\$22,050,000	-\$14,076,000	-\$31,000	-\$306,000	-1%
NFP Ownership	Ownership	Higher Price	Medium Density	Ownership	10%	\$8,720,000	-\$3,086,000	-\$29,000	-\$281,000	18%
NFP Ownership	Ownership	Higher Price	Low Density	Ownership	10%	\$12,240,000	-\$1,983,000	-\$44,000	-\$496,000	66%
5% IZ at 100% AMR	Ownership	Higher Price	High Density	Rental	5%	-\$15,400,000	-\$7,422,000	-\$16,000	-\$323,000	1%
5% IZ at 100% AMR	Ownership	Higher Price	Medium Density	Rental	5%	\$10,320,000	-\$1,481,000	-\$14,000	-\$296,000	20%
5% IZ at 100% AMR	Ownership	Higher Price	Low Density	Rental	5%	\$13,020,000	-\$1,210,000	-\$26,000	-\$403,000	69%
10% IZ at 100% AMR	Ownership	Higher Price	High Density	Rental	10%	-\$23,500,000	-\$15,517,000	-\$34,000	-\$337,000	-2%
10% IZ at 100% AMR	Ownership	Higher Price	Medium Density	Rental	10%	\$8,380,000	-\$3,423,000	-\$32,000	-\$311,000	17%
10% IZ at 100% AMR	Ownership	Higher Price	Low Density	Rental	10%	\$12,170,000	-\$2,056,000	-\$46,000	-\$514,000	66%
20% IZ at 100% AMR	Ownership	Higher Price	High Density	Rental	20%	-\$39,090,000	-\$31,117,000	-\$69,000	-\$342,000	-7%
20% IZ at 100% AMR	Ownership	Higher Price	Medium Density	Rental	20%	\$4,880,000	-\$6,927,000	-\$65,000	-\$330,000	13%
20% IZ at 100% AMR	Ownership	Higher Price	Low Density	Rental	20%	\$10,170,000	-\$4,058,000	-\$90,000	-\$451,000	58%
10% IZ at 80% AMR	Ownership	Higher Price	High Density	Rental	10%	-\$26,560,000	-\$18,580,000	-\$41,000	-\$404,000	-3%
10% IZ at 80% AMR	Ownership	Higher Price	Medium Density	Rental	10%	\$7,640,000	-\$4,163,000	-\$39,000	-\$378,000	16%
10% IZ at 80% AMR	Ownership	Higher Price	Low Density	Rental	10%	\$11,870,000	-\$2,354,000	-\$52,000	-\$588,000	65%

Analysis Results: Medium Priced Market

High End Construction Costs

Medium Priced Market – Condominium Development

Results for the Medium Priced Market scenarios. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met.

Key Takeaways:

- Like the Higher Priced analysis, bonus zoning has a lower impact per unit than any of the IZ scenarios.
- Ownership IZ (NFP Ownership) appears to be viable in the Low Density scenarios in the Medium Priced areas.
- Rental IZ is viable for Low Density scenarios up to 20% IZ or 10% at 80% of AMR.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	RLV Loss Per Affordable Unit	Profit % with 10% RLV as Land
Bonus Zoning	Ownership	Medium Price	High Density	None	0%	-\$93,800,000	-\$2,547,000	-\$6,000	\$0	-23%
Bonus Zoning	Ownership	Medium Price	Medium Density	None	0%	-\$8,160,000	-\$497,000	-\$5,000	\$0	-8%
Bonus Zoning	Ownership	Medium Price	Low Density	None	0%	\$5,660,000	-\$122,000	-\$3,000	\$0	35%
NFP Ownership	Ownership	Medium Price	High Density	Ownership	10%	-\$96,910,000	-\$5,652,000	-\$12,000	-\$123,000	-25%
NFP Ownership	Ownership	Medium Price	Medium Density	Ownership	10%	-\$8,790,000	-\$1,125,000	-\$11,000	-\$102,000	-9%
NFP Ownership	Ownership	Medium Price	Low Density	Ownership	10%	\$4,690,000	-\$1,088,000	-\$24,000	-\$272,000	31%
5% IZ at 100% AMR	Ownership	Medium Price	High Density	Rental	5%	-\$94,510,000	-\$3,250,000	-\$7,000	-\$141,000	-24%
5% IZ at 100% AMR	Ownership	Medium Price	Medium Density	Rental	5%	-\$8,250,000	-\$586,000	-\$6,000	-\$117,000	-8%
5% IZ at 100% AMR	Ownership	Medium Price	Low Density	Rental	5%	\$5,100,000	-\$678,000	-\$15,000	-\$226,000	33%
10% IZ at 100% AMR	Ownership	Medium Price	High Density	Rental	10%	-\$98,350,000	-\$7,093,000	-\$16,000	-\$154,000	-26%
10% IZ at 100% AMR	Ownership	Medium Price	Medium Density	Rental	10%	-\$9,130,000	-\$1,463,000	-\$14,000	-\$133,000	-10%
10% IZ at 100% AMR	Ownership	Medium Price	Low Density	Rental	10%	\$4,620,000	-\$1,161,000	-\$26,000	-\$290,000	31%
20% IZ at 100% AMR	Ownership	Medium Price	High Density	Rental	20%	-\$105,670,000	-\$14,415,000	-\$32,000	-\$158,000	-29%
20% IZ at 100% AMR	Ownership	Medium Price	Medium Density	Rental	20%	-\$10,780,000	-\$3,118,000	-\$29,000	-\$148,000	-13%
20% IZ at 100% AMR	Ownership	Medium Price	Low Density	Rental	20%	\$3,490,000	-\$2,290,000	-\$51,000	-\$254,000	25%
10% IZ at 80% AMR	Ownership	Medium Price	High Density	Rental	10%	-\$101,410,000	-\$10,156,000	-\$22,000	-\$221,000	-27%
10% IZ at 80% AMR	Ownership	Medium Price	Medium Density	Rental	10%	-\$9,870,000	-\$2,203,000	-\$21,000	-\$200,000	-11%
10% IZ at 80% AMR	Ownership	Medium Price	Low Density	Rental	10%	\$4,320,000	-\$1,458,000	-\$32,000	-\$365,000	29%

Analysis Results: Lower Priced Market

High End Construction Costs

Lower Priced Market – Condominium Development

Results for the Lower Priced Market scenarios. For this analysis, viable projects are those that can generate a positive RLV with 15% profit, or where there is a positive profit percentage with 10% of the revenue as land costs. Ideally both conditions would be met.

Key Takeaways:

- Bonus zoning appears to have a significant impact on RLV in the lower priced market areas.
- None of the IZ scenarios appear to be viable, though the Low Density scenarios are close to being viable.
- The profit percentage is just below the 15% target, with the scenarios ranging from 8% to 14% profit.

Scenario Category	Base Tenure	Housing Market	Built Form	Affordable Tenure	Affordable Amount	RLV with 15% Profit	RLV Reduction	RLV Loss Per Unit	RLV Loss Per Affordable Unit	Profit % with 10% RLV as Land
Bonus Zoning	Ownership	Lower Price	High Density	None	0%	-\$140,670,000	-\$1,911,000	-\$4,000	\$0	-38%
Bonus Zoning	Ownership	Lower Price	Medium Density	None	0%	-\$19,140,000	-\$373,000	-\$4,000	\$0	-25%
Bonus Zoning	Ownership	Lower Price	Low Density	None	0%	\$1,830,000	-\$91,000	-\$2,000	\$0	15%
NFP Ownership	Ownership	Lower Price	High Density	Ownership	10%	-\$139,380,000	-\$623,000	-\$1,000	-\$14,000	-38%
NFP Ownership	Ownership	Lower Price	Medium Density	Ownership	10%	-\$18,790,000	-\$21,000	\$0	-\$2,000	-25%
NFP Ownership	Ownership	Lower Price	Low Density	Ownership	10%	\$1,250,000	-\$678,000	-\$15,000	-\$170,000	12%
5% IZ at 100% AMR	Ownership	Lower Price	High Density	Rental	5%	-\$139,570,000	-\$813,000	-\$2,000	-\$35,000	-38%
5% IZ at 100% AMR	Ownership	Lower Price	Medium Density	Rental	5%	-\$18,840,000	-\$71,000	-\$1,000	-\$14,000	-25%
5% IZ at 100% AMR	Ownership	Lower Price	Low Density	Rental	5%	\$1,480,000	-\$442,000	-\$10,000	-\$147,000	14%
10% IZ at 100% AMR	Ownership	Lower Price	High Density	Rental	10%	-\$140,820,000	-\$2,064,000	-\$5,000	-\$45,000	-39%
10% IZ at 100% AMR	Ownership	Lower Price	Medium Density	Rental	10%	-\$19,120,000	-\$359,000	-\$3,000	-\$33,000	-26%
10% IZ at 100% AMR	Ownership	Lower Price	Low Density	Rental	10%	\$1,170,000	-\$752,000	-\$17,000	-\$188,000	12%
20% IZ at 100% AMR	Ownership	Lower Price	High Density	Rental	20%	-\$143,180,000	-\$4,422,000	-\$10,000	-\$49,000	-41%
20% IZ at 100% AMR	Ownership	Lower Price	Medium Density	Rental	20%	-\$19,610,000	-\$841,000	-\$8,000	-\$40,000	-27%
20% IZ at 100% AMR	Ownership	Lower Price	Low Density	Rental	20%	\$440,000	-\$1,482,000	-\$33,000	-\$165,000	8%
10% IZ at 80% AMR	Ownership	Lower Price	High Density	Rental	10%	-\$143,880,000	-\$5,127,000	-\$11,000	-\$111,000	-40%
10% IZ at 80% AMR	Ownership	Lower Price	Medium Density	Rental	10%	-\$19,860,000	-\$1,099,000	-\$10,000	-\$100,000	-27%
10% IZ at 80% AMR	Ownership	Lower Price	Low Density	Rental	10%	\$870,000	-\$1,049,000	-\$23,000	-\$262,000	10%