

HALIFAX

**PLSTUDY-2026-00504:
Inclusionary Zoning Market
Analysis Update**

Regional Council

Background: Inclusionary Zoning

A policy tool that allows municipalities to require that affordable housing units be provided as part of a new development.

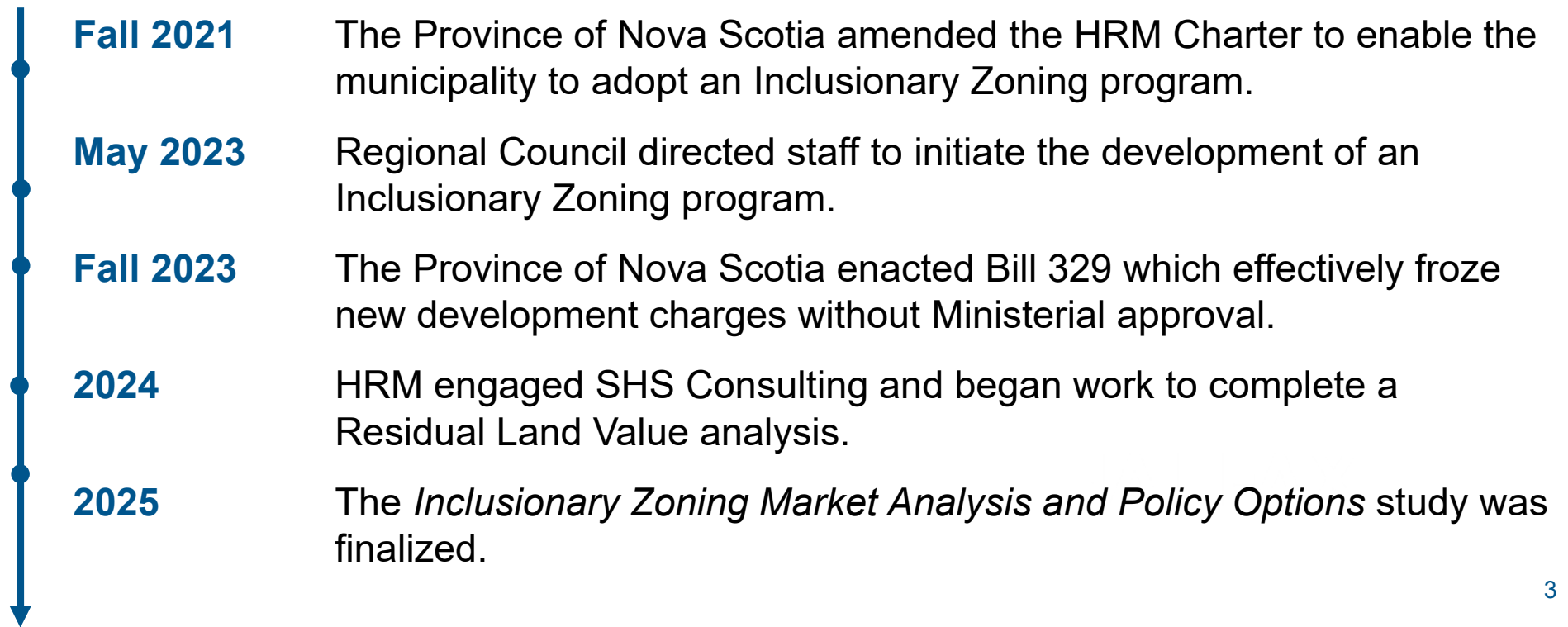


Inclusionary Zoning

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

- Minimum Development Size
- Location
- Unit Size
- Set Aside Amount
- Affordability Period
- Incentives
- Price Point for Affordability
- Phase-in Period
- Conditions for Off-site Units
- Cash-In-Lieu

Inclusionary Zoning in HRM



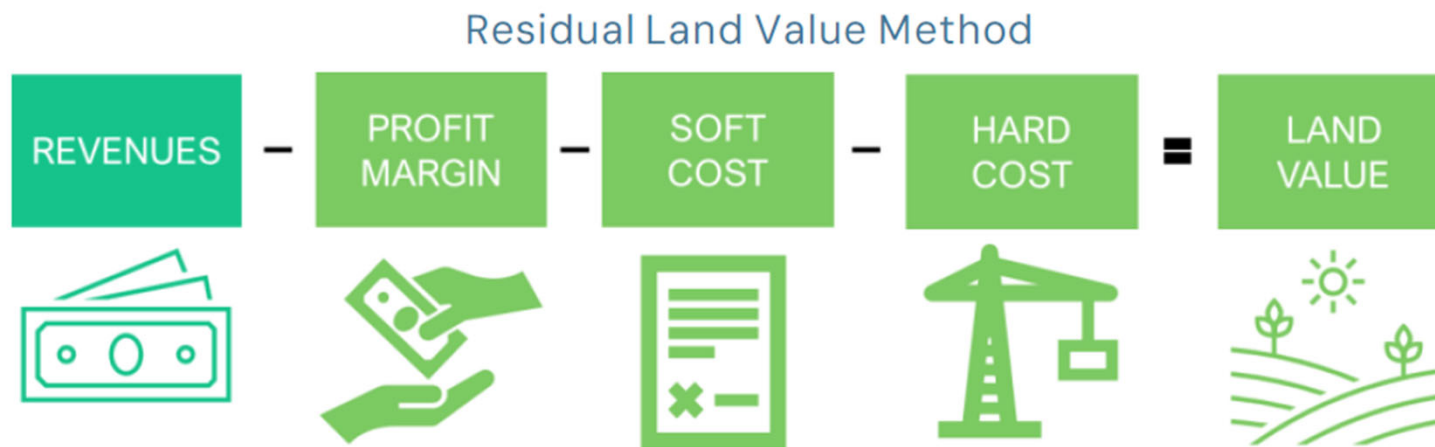
Inclusionary Zoning in HRM

- In HRM, housing is provided primarily by the private market. The municipality does not currently build or maintain housing units.
- It is important to understand the financial impact of new regulations on development costs and project feasibility.



Inclusionary Zoning Market Analysis

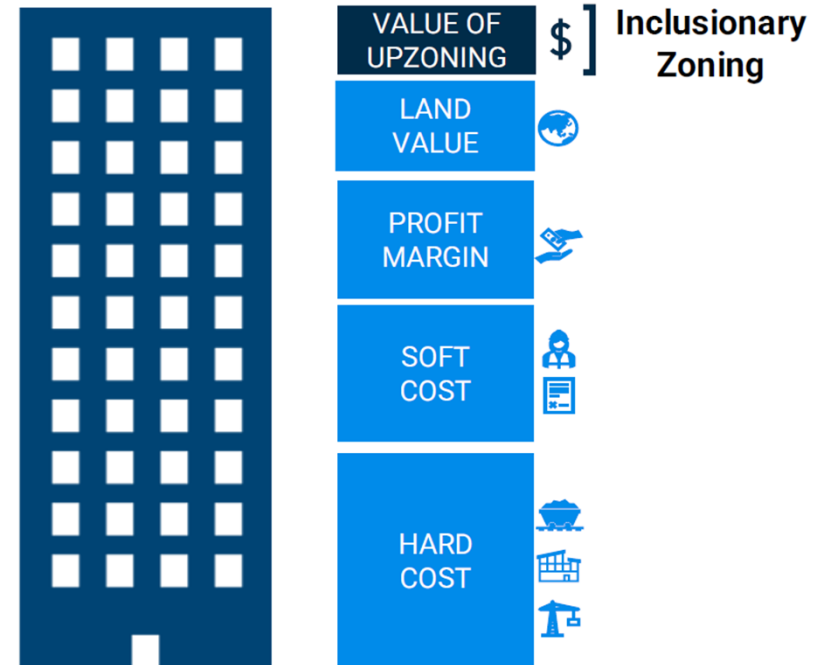
To understand the capacity of HRM's private housing market to accommodate the impact of the reduction in revenue that would result from requiring Inclusionary Zoning, SHS Consulting conducted a Residual Land Value Analysis.



Inclusionary Zoning Market Analysis

The analysis considered proformas for:

- Three housing markets (higher priced, medium priced and lower priced)
- Three built forms (high density, medium density and low density)
- Two tenure options (affordable ownership or rental)
- Three set aside rates (5%, 10% and 20%)
- Two affordability levels (100% Average Market Rent and 80% Average Market Rent)



Inclusionary Zoning Market Analysis

SHS Consulting and Planning & Development staff also conducted interviews with seven local private and non-profit housing providers regarding:

- Housing needs
- Trends around purpose-built rental housing
- Current challenges
- Potential partnerships between private and non-profit organizations for inclusionary zoning (IZ) units

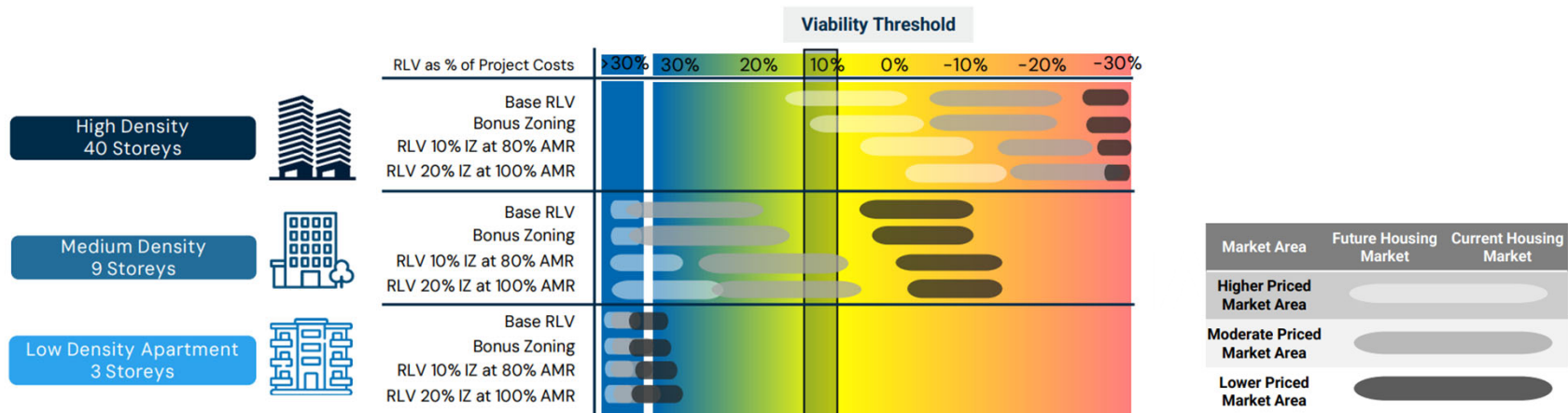


7

Key Findings

The study demonstrated the importance of built form and construction materials in project viability.

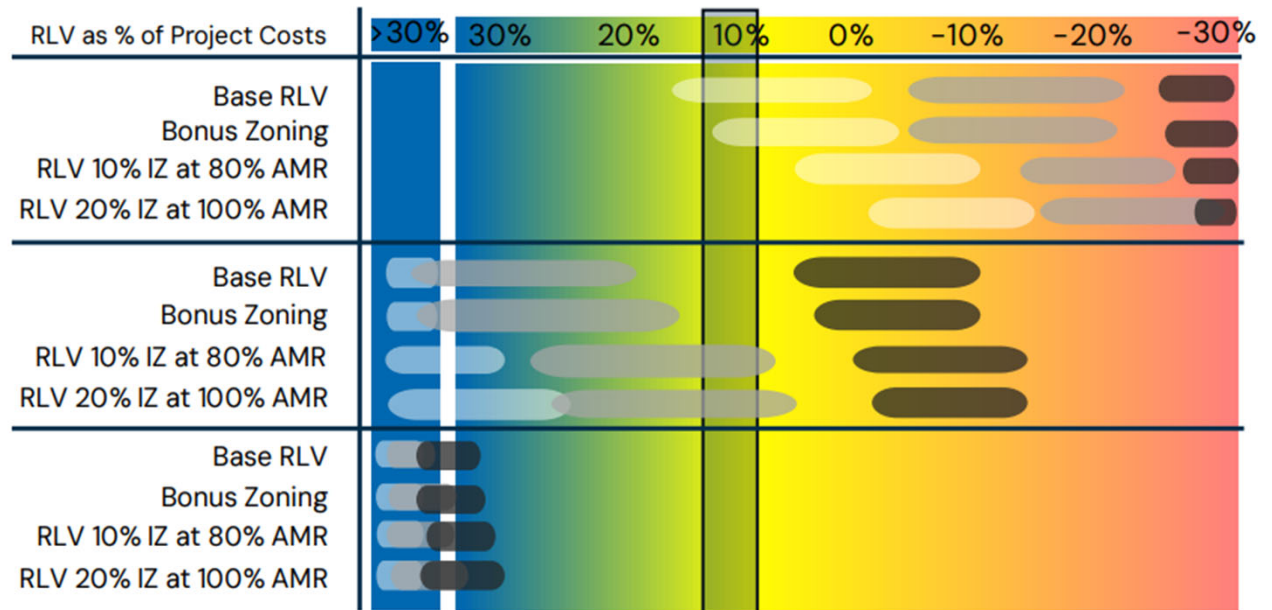
- Low-rise wood framed developments were generally viable
- High-density developments were only viable in higher priced markets under the most optimistic financial assumptions



Key Findings

Market Area	Future Housing Market	Current Housing Market
Higher Priced Market Area		
Moderate Priced Market Area		
Lower Priced Market Area		

Viability Threshold



High Density
40 Storeys



Medium Density
9 Storeys

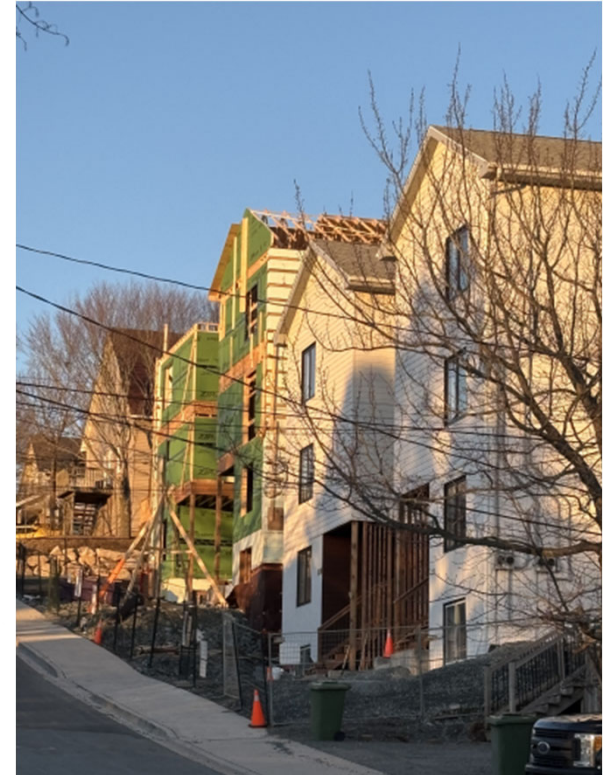


Low Density Apartment
3 Storeys



Key Findings

- High-rise development generally not viable with any inclusionary zoning (IZ)
- Mid-rise construction viable in certain markets
- Low-rise construction can accommodate IZ
- Risk to rental construction which generate revenue over time



Key Findings

HRM currently has a **strong purpose-built rental development industry**. This creates several considerations when evaluating the feasibility of Inclusionary Zoning:

- Proportionately, a greater number of units are available on the rental market.
- As rental operators, developers prefer to maintain ownership of all units.
- Purpose-built rental developments generate revenue over time, rather than up front for condominium developments.



Key Findings

Management of Inclusionary Zoning Units

- Currently the Municipality does not manage or enforce affordable Inclusionary Zoning units.
- Non-profits generally expressed preference for managing units that they own.
- Private sector developers generally expressed preference for maintaining independence in managing buildings.
- Long-term agreements need to be monitored, and 5-year reviews can monitor market conditions and policy outcomes



Key Findings

HRM currently supports non-profit housing from private through Incentive or Bonus Zoning:

- In the Regional Centre applies to developments over 2,000 square metres.
- In the Suburban Area applies to specific projects (plan amendment applications)



The screenshot shows the Halifax website header with the logo and navigation links: Accessibility, 311, Online Services, About Halifax, Home & Property, Transportation, and Safety & Security. The main heading is "Affordable Housing Grant Program". Below it, a grey box contains the text: "The 2025-2026 Affordable Housing Grant Program intake is now closed!". Underneath, it says "Check back for updates on the AHGP, including intake period announcements." and "About the program". The final paragraph states: "The Affordable Housing Grant Program is open to all registered non-profit or charitable organizations for costs associated with the development, renovation or purchase of affordable housing units. A complete overview of the program's requirements and eligible projects can be found in the [Affordable Housing Grants Administrative Order](#)."

Conclusion

- Higher density developments in most markets may not be able to support loss of revenue from meaningful Inclusionary Zoning Programs;
- Potential impacts could include rates of construction, supply and affordability of market rate housing especially rental housing;
- Partnerships between private and non-profit providers can be challenging;
- Implementation would require administrative costs from the municipality to manage units and households in the program;
- Current Bonus Zoning programs are supporting long-term more deeply affordable units in the non-profit sector and can be updated through ongoing planning initiatives;
- Affordable Housing Strategy will review municipal priorities with respect to housing;
- Staff are not recommending proceeding with the program at this time, but policies can be revisited under more optimistic market conditions.

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.

15