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CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

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## Housing Housing Everywhere: One way to make some of it affordable

**T**he Province of Manitoba recently introduced a bill that would allow municipalities in Manitoba to encourage or require new developments to include affordable housing. This step will hopefully lead to a wider range of housing options in new housing developments in Manitoba.

The idea behind the bill is simple: municipalities will be able to enact what's called 'inclusionary zoning'. Inclusionary zoning is a policy that requires a certain percentage of any new development (usually 10-30 percent) be affordable. The municipality will define what affordable means, both for the initial sale and to ensure that it remains affordable over the long term. Inclusionary zoning can be mandatory or voluntary, and usually developers receive some form of incentive in return. It works best in areas where there is strong demand for housing and house prices are rising.

Inclusionary zoning is used across North America to increase the amount of affordable housing in new developments, and sometimes in redevelopments and infill housing as well. Usually the affordable housing created is for ownership, rather than rental. Although it is a good tool for the development of housing affordable to middle-income households who could not otherwise afford to buy, it isn't usually used to create social housing, as a significant government subsidy is required to make social housing development financially viable.

Although it may sound like developers will take a hit with inclusionary zoning, when it is properly implemented, this is not the case. Good inclusionary zoning programs are flexible, and include tools to encourage developers to build affordable housing. For example, in Langford, BC, density allowances are increased, which enable developers to build (and sell) more units, and although the municipality lays out guidelines regulating what constitutes an affordable unit, the selling price is set high enough to cover the costs of developing and building the unit. Other municipalities have waived development fees or other costs, and may fast-track the project through the approvals process.

Municipal governments – like provincial and federal governments – have a responsibility to make sure their citizens are well-housed. But, unlike provincial and federal government, municipalities have far fewer resources to draw on. Instead, many municipalities use the tools they have available to them, such as density bonusing, which allows a developer to build more units than the zoning mandates if certain other conditions are met; allowing secondary suits and laneway housing; developing bylaws that control demolition and conversion of residential buildings; and including housing in the city's development plan and other planning documents.

there is an alternative.

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In fact, OurWinnipeg, the City of Winnipeg's development plan, clearly supports "the development of safe and affordable housing throughout the city" (City of Winnipeg 2011, p.54). It emphasizes the importance of creating mixed-income neighbourhoods, framed by the idea of 'complete communities'. This idea came from the thousands of Winnipeggers who participated in SpeakUpWinnipeg, and who said that they want to see a city that is sustainable and equitable. Inclusionary zoning is a tool that can help make sure that this vision comes to fruition.

A frequently cited concern is that if municipalities require developers to include affordable housing, the developers will move elsewhere. In the case of Winnipeg, for example, they might look outside city limits to build new developments. This speaks to the need for good regional planning, but it also highlights the importance of having flexible regulations and tailoring an inclusionary zoning program to its specific context. The types of housing that will be built in a city are different from those that will be built in a rural area, and so the tools that will help developers include affordable housing will be different.

Why is this kind of legislation necessary? At the moment, housing is provided primarily by the market. Developers build and sell housing based on market demand, which means where there is a profit to be made. As a result, housing is built for those who can afford to pay for it. Too often, housing is built for wealthy households, but middle- and lower-income households cannot afford it. When certain groups are excluded from being able to live in a particular area, it's called exclusionary zoning. Inclusionary zoning is a way to counteract this trend.

However, although inclusionary zoning is a great idea with a lot of potential to increase affordable housing in Manitoba municipalities, the Province passing this legislation is not enough. The legislation only makes it possible for municipalities to enact their own inclusionary zoning bylaws, it doesn't require them to do so. It remains

to be seen what decision municipalities will make.

Even if municipalities do pass bylaws requiring inclusionary zoning, this will not solve Manitoba's housing challenges. The number of affordable units produced through inclusionary zoning will not be enough to meet the demand; it will only house a small proportion of the households looking for affordable housing in Manitoba. Low-income households will still look to other housing programs, including subsidies and social housing, to meet their housing needs. Municipalities, the Province, and the Government of Canada must continue to develop plans and strategies to ensure that everyone has access to safe, affordable housing.

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