Inclusionary Zoning, Brownfield development and Urban Governance:
Understanding affordable housing production in Concord’s City Place and Pacific Place Developments

by

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A thesis submitted in conformity with the requirements for the degree of Master of Arts
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Abstract

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University of Toronto
2010

Maintaining affordable housing in Canadian cities remains a challenge for municipal governments. With few political and financial resources, local governments often turn to zoning bylaws to protect affordable housing opportunities. This research focuses on the development and implementation of inclusionary zoning programs in Toronto and Vancouver. In order to understand the value of these policies, this research asks how planners implemented inclusionary zoning and with what outcomes. Interviews with key actors in the public and private sector form the basis of an account that details the implementation of affordable housing requirements negotiated at two new-build gentrification sites in Toronto and Vancouver. The findings from this research show mixed results and highlight the barriers to the successful implementation of inclusionary zoning. While capable of securing subsidized units in gentrifying neighbourhoods, the poor results of these policies demonstrates the difficulty of managing gentrification unleashed by the state.
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Chapter 1: Introduction

On June 26 2008, researchers, municipal officials, academics and community advocates met in Toronto at an event sponsored by the Wellesley Institute, a former hospital turned non-profit under the rationalization of Ontario’s health care system. Those in attendance shared an interest in affordable housing, now accepted in policy circles to refer to either the low end of the rental market or government subsidized housing (Carter 1998; Brenner and Theodore 2002). The forum served as a means to share information aimed at restarting public housing programs, albeit at the local level where governments are fundamentally constrained in their ability to raise funding through taxation. Drawing from the American context, the audience heard several speakers discuss the development and application of inclusionary zoning, a local policy used to produce affordable housing.

Inclusionary zoning is a policy implemented by municipal planning departments to require developers of residential property to provide affordable housing in order to gain development approval (Rubin and Seneca 1991; Goetz 1993). The affordable housing requirement mandated by inclusionary zoning can take several forms. Policies typically used in the United States involve the provision of a certain percentage of units within the market building, later sold at below market rates as an affordable ownership unit (Rubin and Seneca 1998). It is possible to consider this example as a strong form of inclusionary zoning, requiring the provision of affordable units within the market building which places a burden on the developer in terms of profit loss and marketing challenges. The provision of a land set-aside, located on the development site or elsewhere, is a second form of inclusionary zoning which may be considered a weaker form of this policy. This allows municipalities to procure land cheaply in
order to construct affordable housing buildings. Finally, municipalities may require a contribution toward an affordable housing fund, effectively serving as a tax similar to other development fees or levees (Rubin and Seneca 1998). This form of inclusionary zoning policy is closely related to linkage fees, which aim to link future development to its impacts on the surrounding neighbourhood. These policies charge developers a fee often placed toward local job creation or the production affordable housing to address the needs of existing residents (Goetz 1993). In order to ensure the feasibility of this policy, municipalities may employ several of these types of inclusionary zoning, the application of which is dependent upon the specificities of the development site.

At the conference, David Rusk, a prominent advocate of inclusionary zoning, discussed the historical development of this policy and drew from his personal experience as a consultant to municipalities interested in its potential. The arguments in favour of inclusionary zoning, convincing as they were to a Canadian audience, are rooted in the American suburb. Example policies drawn from exurban Washington D.C. aim to address the income and racial inequalities opened up by the continual spatial expansion of the American metropolis. Despite the apparent success of these inclusionary zoning programs, audience members were anxious to hear other speakers share their experience of developing inclusionary zoning policies in large cities such as Chicago and Boston. The successful implementation of inclusionary zoning and in some cases sizable production of affordable units, left an idea of the policy’s potential. For many in attendance, the discussion was quite timely given the opportunity provided by the most recent round of redevelopment to secure housing units in a region beset by affordability problems. Despite significant obstacles to importing inclusionary zoning to a Canadian context, the officials and advocates in attendance expressed strong interest in the policy.
The sense of urgency to implement inclusionary zoning is due to a number of factors related to current trends in the local housing market and urban policy. Unlike its American counterparts, Toronto never experienced the same degree of disinvestment in its central core during the postwar period due to a continued middle class presence (Kipfer Keil 2002; Walks and Maaranen 2008). Several waves of residential and commercial investments, however, have transformed the central city over the last three decades, adding significantly to the number of middle-income households living in the inner city (Walks and Maaranen 2008). Over the preceding decades, the Toronto real estate market experienced a period of sustained growth, led by one of the strongest condominium markets in North America (Kern 2008). Kern goes so far as to suggest that multiple levels of government are supporting a condominium agenda to concentrate development in suburban nodes, and ultimately redirect investment back to the central city from these expanding suburban municipalities (Kern 2008). Condominiums have a central role in future urban development; “(I)n the context of Toronto’s global city aspirations, condominiums are expected to fulfill expanding housing needs, curb suburban sprawl, lift the spaces of deindustrialization to their highest, and best use, respond to cultural shifts in favour of urban living, and stimulate the economy by providing sites for capital” (Kern 2008, p.659). The support for condominium development largely conforms to planning policies designed to facilitate this latest round of gentrification under “the guise of neighbourhood revitalization” in order to spur reinvestment and attract members of the critical “creative class” (Slater 2004; Walks and Maaranen 2008, p.234).

The cumulative effects of these investment patterns are visible in the transformation of many of Toronto’s working class neighbourhoods that now serve as the consumption sphere of an expanding urban middle class (Kern 2008; Kipfer Keil 2002). As this development pressure
builds, a number of consequences related to a rise in inner-city real estate investment are beginning to emerge. Gentrification researchers have spent considerable effort describing the detrimental impacts on the tenure security of low-income groups living in inner city neighbourhoods experiencing intense redevelopment pressure (Slater 2008). The declining availability of housing accessible to low and moderate-income households commonly results in the displacement of the original tenants from these neighbourhoods. There are a number of methodological obstacles confronting gentrification researchers interested in tracing the displacement of low-income and working class households from the inner city (Atkinson 2000). The primary challenge for these studies involves finding verifiable data on the movement of displaced households (Atkinson 2000). Furthermore, displacement takes many forms, which researchers must take into account, particularly as it relates to new-build gentrification developments (Marcuse 1985; Davidson and Lees 2005). Constructed on “brownfield” or former industrial sites, many condominium developments do not directly displace existing residents, rather they induce indirect displacement in surrounding areas or exclude low-income groups altogether (Marcuse 1985; Slater 2008).

Despite these challenges, researchers at the University of Toronto have recently published work that outlines demographic trends developing across the Greater Toronto Area, which reveal the effects of greater investment in the central core (Hulchanski 2007). The inner-city and central core show visible signs of gentrification, the result of deindustrialization, growing professional employment and subsequent reclaiming of inner city housing by the middle class (Hulchanski 2007; Walks and Maaranen 2008). Lower income populations are finding fewer opportunities to remain in the inner city and are instead accessing housing in the disinvested inner-ring suburbs of the postwar era (Hulchanski 2007). In addition to the human
costs of displacement, the resurfacing of low-income neighbourhoods and immigrant reception net in the inner ring suburbs raises a number of concerns. Originally planned to meet the demands of the middle class, suburban areas traditionally lack the public services found in urban areas (Hulchanski 2007; Walks and Maaranen 2008). A spatial mismatch is developing between the public services, quality public transportation and sources of low-wage service employment located in the core, and the population hoping to access these opportunities living in the less expensive inner ring suburbs (Hulchanski 2007).

It is within this context that the call for inclusionary zoning becomes more urgent. The declining supply of affordable units in the central core/inner city demonstrates the failure of government policy to maintain affordable housing opportunities for lower income populations, despite a strong history of social housing policy in Canada (Walks and Maaranen 2008). Inclusionary zoning, however, allows local policymakers to channel the recent cycle of condominium development toward providing greater access to housing for low-income groups. While local governments have functioned as the points of delivery for public housing programs, mobilizing existing regulatory powers to undertake affordable housing construction is a significant step for historically weak Canadian municipalities. The absence of clear legal authority and sufficient funding support from senior government pose significant barriers to implementing inclusionary zoning. Local governments must also demonstrate considerable political commitment to social objectives during periods of sustained growth it helped foster (Harvey 1989). It was not until the late 1980s that Canadian municipalities began to consider ways of raising funds and assembling land to produce non-market units. In response to increasing stress in the housing market and lack of affordable units for low to moderate-income
households, planning departments in Toronto and Vancouver introduced weak forms of inclusionary zoning.

As planning for the redevelopment of large brownfield sites in the downtown core began, policymakers in Toronto and Vancouver decided to include housing for a range of incomes in these areas, including below market units. The key factors influencing this decision were the overall shortage of affordable housing for low-income households and concern that new, large-scale developments should include a range of incomes that reflects regional averages. In order to address these concerns, planners introduced affordable housing requirements (Vancouver) and large sites policies (Toronto), requiring 20% of the units in new developments to be non-market (City of Toronto 2009; City of Vancouver 2005). When Concord Developments Inc. submitted proposals to purchase former railway lands to construct large-scale residential projects, planners applied these policies in order to tie development approval to the provision of affordable housing. This negotiation yielded several parcels of land transferred to the city government, whom were then responsible for raising construction funds and establishing non-profits to manage the buildings. Currently, neither development is finished, including the non-market component, which remains stalled at various stages of development due to a lack of funds. These policies are also not mandatory and restricted to large-scale developments, however, they do represent a first attempt at developing inclusionary zoning in Canadian cities. As policymakers consider ways of adopting formal inclusionary zoning, it is worth examining the weaker forms of this policy already in place.

The aim of this research is to uncover the political development of inclusionary zoning in Toronto and Vancouver and evaluate the outcomes of this process. Specifically, this project is interested in uncovering the policy development of the affordable housing requirements,
including the motivations behind the implementation of this policy. The relationship between public and private sectors is also an important factor in this study as well as what these actors perceive as the successes and failures of this policy. Relating these findings to existing studies of inclusionary zoning as well as the literature on gentrification and neoliberal urban governance will help evaluate the usefulness of these policies. The questions guiding this study are:

1. How well can the planning system provide affordable housing for low-income tenants within a gentrifying inner city?

   i) How did planners implement the affordable housing requirements and what factors influenced the adoption of these policies?

   ii) How successful are the affordable housing requirements in securing affordable units?

   iii) How were planners and developers able to overcome conflicting agendas and resistance from market residents to the affordable housing requirements?

These questions aim to gather empirical detail on the development and outcomes of the affordable housing policies in the Toronto and Vancouver cases. In order to collect this data, the project uses a variety of methodological approaches including a review of policy documents and media reports. However, the bulk of the empirical data derives from in-depth interviews with key members of the public and private sector involved in the implementation of the affordable housing requirements. The responses gathered from these sources provided the necessary detail to outline the structure of these policies and evaluate their success, a primary objective of this study. The aim of these questions also reflects the desire to draw out responses that relate to specific themes in the urban studies literature. Discussions related to gentrification, social
housing and urban governance are essential to understanding the significance of affordable housing in the inner city, this body of research both informs and motivates this project. The focus of this project is aligned with more recent work on gentrification that attempts to explore the limits of this process and identify policies that potentially slow its movement (Walks and August 2008; Ley 2008).

Inclusionary zoning, a policy introduced by local governments to produce subsidized units under conditions of housing market stress, holds a certain degree of theoretical significance. For several decades, urban researchers have traced the devolution of social welfare services, placing increased pressure on local governments to meet the social needs of residents (Harvey 1989; Brenner and Theodore 2002). These same researchers, however, argue that under conditions of greater capital mobility and interurban competition, urban governments are more interested in attracting global capital than providing sufficient social services (Harvey 1989; Brenner and Theodore 2002). This insight raises important questions about whether the neoliberal urban government is able to balance the interests of growth and adequate welfare provision. How cities are able to provide services such as non-market housing through inclusionary zoning is a policy question of practical and theoretical significance. As municipalities develop policies to negotiate these demands, it is important that researchers critically assess these attempts.

Few studies of inclusionary zoning develop a critical understanding of the politics involved between different actors and analyze the results of these studies in relation to urban theory. There are however, a few exceptions and the discussion will comment on these studies (Goetz 1993; Beer et. al. 2007). While some researchers view inclusionary zoning as an inferior form of affordable housing provision, others argue that it can play a key role in securing units for
low-income groups in rapidly gentrifying neighbourhoods (Beer et. al. 2007; Wyly and Newman 2006). The results from this study find the affordable housing requirements to have significant problems with implementation primarily due to a lack of funds. However, these policies are useful in securing some units in core. The difficulty of implementation speaks to contradictory housing policies emerging at the local level as municipalities pursue gentrification strategies and attempt to manage its impacts.
Chapter 2: Competing Visions for the Inner city

2.1 Public Housing as good Urban Planning

Renewed interest in inclusionary zoning policies reflects the real need for affordable housing in many cities. This need derives from economic restructuring associated with the shift to a service based economy and the pressure these processes place on federal housing policy and the local housing market. It is within this particular context that housing managers are importing inclusionary zoning. These elements, however, are not simply a contextual backdrop, the political climate, housing market processes and complex system of public housing delivery influence and shape the form inclusionary zoning takes. In the Canadian context, successive periods of public housing delivery continue to influence present housing policy. The scale of inner city redevelopment in Toronto and Vancouver simultaneously demonstrates the need for affordable housing and compromises the social interests of the planning department. It is worth considering these contextual factors to understand the influences and agendas shaping inclusionary zoning. The broader goal for this section is to provide some discussion of recent housing policy and understand its relationship to the current operation of local government. In order to do so, this section will cover a variety of foci within the urban studies literature concerning public housing, gentrification and inclusionary zoning. Locating this project within this literature will identify the theoretical and practical research gaps this project attempts to occupy.

A useful point of entry for any discussion of affordable housing is to consider the various meanings and terms used to describe government-assisted housing. There are many ways policymakers have reinvented this sector in a bid for renewed political acceptance (Carter 1997).
In the wake of public housing devolution, the term affordable housing has evolved to encompass both rental and ownership opportunities within the private market as well as the traditional field of government subsidized public housing. Housing managers and planners use affordable housing to shed the stigma associated with the failure of high-density public housing developments and to maintain the relevancy of low-income housing needs. Invoking affordable housing, however, obscures the underlying complexity of the current public housing sector and its history. In the immediate postwar period, public sector housing was much more visible. The federal government formally intervened in the housing sector under the Canadian Mortgage and Housing Corporation (CMHC), a crown corporation charged with managing the housing industry (Wolfe 1998). The bulk of housing legislation during this period focused on meeting middle class demand for suburban housing, leaving low-income groups and recent immigrants to secure “filtered” housing in the inner city (Colderley 1999; Carroll and Jones 2000). As the 1950s progressed, however, the CMHC turned its focus to the inner city and soon began a renewal campaign to demolish poor quality housing and to replace it with public housing (Wolfe 1998). Constructing public housing complexes represented a change in direction for the CMHC and its approach to meeting the housing needs of Canadians; “In the postwar period, governments saw their role as fixing up market shortcomings and helping those whom the market could not serve” (Carter 1997, p.596). Many of these developments took the form of high-density apartment complexes and involved significant federal funds, Regent Park in Toronto’s East End representing the high mark of this period (Wolfe 1998).

This phase of public housing, however, never produced units on the same scale as similar American programs (Wolfe 1998). In the late 1960s, a second period of public housing delivery emerged in the wake of the perceived failure of the high-density developments. Largely in
response to concerns raised by housing advocates regarding poor living conditions, the government began to consider alternative approaches (Carroll and Jones 2000). Criticism primarily stemmed from how social housing concentrated low-income tenants in high-density buildings which had the effect of “stigmatizing tenants and adversely affecting the surrounding neighbourhood” (Colderley 1999, p.295). In response to these perceived failings of the public housing sector, the federal government created an alternative and more complex form of housing delivery. Instead of requiring the CMHC and provinces to assume housing construction and operating responsibilities, a new system emerged around 1973 that enlisted the non-profit sector to undertake the management of new cooperatives (Carter 1997). Community non-profits allowed for a more localized mode of delivery, one thought to be more responsive to tenants (Colderley 1999). This period also introduced a new funding model that involved all three levels of government. Equally important are the siting and form of the new buildings. The appeal of the non-profit system drew from their smaller scale, and dispersed locations throughout the city (Dreier and Hulchanski 1993). These new developments “conformed with the immediate environment, contained a mix of incomes, shared characteristics with many other households/buildings in the community and tended to be more acceptable to neighbours” (Carter 1997, p.288). A decentralized system of dispersed public housing represented a significant break from the high density, modernist buildings of the previous model. This shift also included a more complex governance structure that frequently contributed to problems regarding the management of individual developments. Despite these longer-term problems, researchers recognized the cooperative period as a significant improvement and exemplary form of public housing delivery (Dreier and Hulchanski 1993).
Sustaining this level of funding and political alignment proved difficult as the Canadian economy entered the recession of the late 1970s. Non-profits were no longer able to obtain low interest rates and land (Carter 1997). As operating costs and mortgage payments exceeded what tenants were able to afford, the provincial and federal governments began to enter cost-sharing agreements (Carter 1997). Relying heavily upon federal funding became an even greater problem by the mid 1980s as the CMHC announced what would eventually amount to the withdrawal of new funding for the social housing sector and gradual federal withdrawal from the housing field (Carroll and Jones 2000). A drive to reduce spending and the rise of neoliberalism as the dominant political ideology in federal politics underpinned the movement toward a reduced role for the federal government in the public housing sector (Hackworth and Moriah 2006). Consequently, public housing became the responsibility of the provinces and local government. Some cities such as Toronto are large enough to raise sufficient funds to operate municipally owned non-profits and engage in some degree of land acquisition (Hackworth 2006). Indeed, the delivery and management of public housing in the coop period involved heavy participation of local government. Senior government funding, however, is essential to meet the prohibitive costs of constructing public housing in heated real estate markets.

Recasting public housing as a local matter raises a number of serious questions regarding the feasibility of providing similar levels of housing support for low-income groups. Foremost of these concerns is that municipalities have a limited capacity to raise sufficient funding given their traditionally weak taxation powers. There is some latitude within zoning bylaws and land use regulations to support these efforts in terms of land acquisition. Directing planning policies to support public housing programs requires substantial political commitment by the planning department and city council which may not be forthcoming. It is constructive to consider the
structural and local processes affecting urban governments in an effort to understand the place of public housing among other policy objectives. Doing so will provide an opportunity to identify the political obstacles that stand in the way of pursuing social housing construction in any meaningful manner.

2.2 The Growth Agenda and Institutionalized Gentrification

Questions surrounding how local governments can address affordable housing problems have their roots in the crisis of capitalism of the 1970s. Successive oil shocks contributed to the deindustrialization of many cities in North America and the effects of this process immediately reached government budget outlays. Social service costs associated with containing the social fallout of a deep recession began to escalate, including federally funded public housing programs (Hackworth 2006; Harvey 1989). In response, federal governments in Europe and North America began to dismantle the Keynesian welfare state and made significant cuts in social program funding (Harvey 1989; Theodore Brenner 2002). While declining economic conditions made these funding cuts necessary, the emergence of neoliberalism as a dominant political ideology influenced and supported these decisions (Harvey 1989; Peck and Tickell 2002). Neoliberalism drove an agenda which favoured the free market and withdrawal of government regulation and involvement in social welfare programs (Peck and Tickell 2002). A strict adherence to a neoliberal agenda quickly resulted in the devolution of social welfare responsibility to lower tiers of government and in its purest form, to the private and non-profit sector (Hackworth 2006).

In the most severe cases, devolution fell to the local level (Hackworth and Moriah 2006). While being careful to recognize the incomplete and locally contingent adoption of neoliberalism, scholars have outlined the fundamental changes taking place at the local level as a result of these processes (Brenner and Theodore 2002). The concept of urban entrepreneurialism
remains one of the most significant contributions toward developing an understanding of how municipal governments function under these conditions. David Harvey made several observations regarding trends emerging at the local level that remain useful for any case involving urban issues, particularly the evolution of housing policy. At the centre of urban entrepreneurialism is the pervasiveness of heightened inter-urban competition (Harvey 1989).

The difference in the growth imperative of the current neoliberal era is how the deregulation of the financial system allows for greater capital mobility and hence the need for cities to acquire a strong sense of entrepreneurialism (Harvey 1989). Municipalities must now work to keep existing firms within their city limits and actively seek new capital investments in the form of new industries, tourists and more recently the knowledge workers of the service economy or “creative class” (Harvey 1989; Peck 2005). Under these conditions, municipalities actively produce urban space to offset the loss of a manufacturing base (Harvey 1989). Cities must suit the command and control functions of globally connected firms as well as the consumption spaces of the middle class in the form of gentrified residential and entertainment districts, often at the cost of low-income and homeless populations (Hackworth 2002; Harvey 1989; Smith 2002). In order to meet these demands, urban governments maintain strong ties to the private and non-profit sectors (Harvey 1989).

This shift in the orientation of local policy toward economic development has not come without consequences. During the Keynesian period, local governments played an essential role in distributing social services funded by national governments interested in flattening the geographic and social inequalities of capitalist development (Peck and Tickell 2002). As national governments began to “roll back” these programs, profound impacts began to occur at the local level where these were administered (Peck and Tickell 2002, p.384). In many cases where
neoliberalism was imposed the strongest, the consequences were felt as the recession deepened, most visible in rising levels of unemployment and poverty (Brenner and Theodore 2002). To reduce these inequalities and command support for neoliberalism, local government became active in providing minimalist welfare programs in partnership with the private and non-profit sector. The “roll out” of these emergency programs reflects the creative destruction taking place in the economic sphere, applied here to the social welfare system (Brenner and Theodore 2002; Peck and Tickell 2002).

Reviewing the changes in the practice and orientation of urban governance outlines the multiple tensions and forces colliding at the local level. On the one hand, the advent of capital flight and global economics has forced municipalities into an entrepreneurial role. Place marketing has graduated from the mundane extension of tax breaks to the active use of zoning policies to produce a landscape attractive to prospective firms and residents (Harvey 1989). On the other, local governments remain on the frontlines of economic crisis, left to deal with the social consequences of these cycles without funding provided by the welfare-state. Increasing the responsibilities of the local government introduces a fundamental tension between economic development and social welfare provision. How municipalities negotiate these tensions and balance competing internal agendas are pressing questions for researchers interested in urban governance change. These tensions are at the core of this research project. Harvey suggests that the onset of neoliberalism shifts the focus of local government away from its managerial responsibilities, “forcing the lowest common denominator of social responsibility and welfare provision within a competitively organized urban system (Harvey 1989, p. 12). If Harvey is correct, then how can researchers evaluate policies designed to overcome these tensions and provide some degree of social welfare provision? This is particularly relevant for the housing
sector where these tensions readily surface. Ensuring adequate affordable or social housing within the context of a rapidly gentrifying inner city is the key question driving this inquiry.

The direction of housing policies since this period reveals the significance of the trends Harvey identified, a shift that is readily apparent in the urban studies literature. Interest in public housing issues has diminished, particularly in the Canadian context, where researchers became occupied with the federal government’s declining involvement in public housing (Colderely 1999; Wolfe 1998). At the same time gentrification research expanded during the 1980s. The strong presence of gentrification research in urban studies literature reflects the significance of this process and its role in shaping the social geography of cities. At first, researchers focused on tracing the spread of this phenomenon and sought ways of explaining its emergence (Slater 2004). The research of this period yielded a substantial body of work that included significant theoretical discussion regarding possible structural and cultural shifts driving this process (Atkinson 2000; Slater 2004). While competing theories emerged, this first wave of research shared a critical approach to gentrification due to its effects on existing working class neighbourhoods in the inner city (Slater 2004).

As the 1990s progressed, fundamental differences emerged in the gentrification process as it became institutionalized as standard practice of urban policymakers (Hackworth 2002; Walks and August 2008). In what was originally a process undertaken by middle class professionals and fragments of local real estate industry, now involves different sources of capital and an additional set of actors. As opposed to professionals purchasing and upgrading former working class housing in the inner city, gentrification in the post-recession period is more likely to involve higher income earners connected to the global finance sector (Hackworth 2002). Housing units are not necessarily the product of sweat-equity of incoming residents, rather major
development corporations are more likely to undertake renovations, or in many cases construct new units on rezoned sites (Hackworth 2002; Lees and Davidson 2005; Slater 2004). Hackworth argues that these normally risk-averse actors, developers with global reach and the elite to whom they cater, enter the gentrification process much earlier than the four or five stage of gentrification as earlier research predicted (Hackworth 2002; Walks and Maaranen 2008).

Enabling this process are significant shifts in local policy and its position toward gentrification as Harvey originally observed. Examples from New York and London demonstrate how local government funnels development capital into land designated for redevelopment, frequently on former brownfield sites fast tracked for residential zoning approval (Hackworth 2002; Lees and Davidson 2005). Recent research in Toronto supports these observations and outlines how the local state uses powers within the planning act to change areas currently zoned as employment or industrial sites to include residential as an acceptable land use (Walks and August 2008). These examples demonstrate how local policy effects housing opportunities and promotes the further gentrification of the central city.

The pro-development rhetoric that shored up political support for gentrification has grown to encompass a range of issues rooted in progressive politics of the left. The appropriation of two concepts originating from social movements into planning theory are responsible for mobilizing support for increased municipal involvement in post-recession gentrification. Planners have augmented traditional financial motivation for promoting redevelopment with causes rooted in both the environmental movement and concerns regarding urban poverty and crime. For many activists and environmentally conscious policymakers, the cultural shift toward urban living could not come soon enough. The movement to curb suburban sprawl through restrictive land use plans is significant and relates to agricultural and habitat loss as well as
pollution from personal automobile use (Kipfer and Keil 2002). In the case sites for this project the concerns are reflected in significant legislation passed at the provincial level in both case sites; Toronto (Greenbelt and Places to Grow Act) and Vancouver (Agricultural Land Reserve) (Kern 2008; Punter 2004). The intent of the legislation is to restrict developable land on the fringe of the city in order to concentrate development within the existing metropolitan area (Kern 2008). In the Toronto context, increasing density, however, translates into the redevelopment of any available brownfield sites which introduce middle income residents neighbourhoods in and around the inner city as well as major transit stops (Kipfer and Keil 2002; Kern 2008).

One the more compelling reasons for the continued support of gentrification is the concept of social mix. Originally developed in the late 19th century, social mix has resurfaced as a prescription for large disinvested areas of the inner city (Goetz 2000; August 2007). Relying upon the arguments of Julius Wilson, social mix centres on the idea that areas of the inner city are disconnected economically and socially from the remaining city, resulting in a number of social problems (Goetz 2000). Proponents of social mix argue that introducing middle-income residents to concentrated areas of poverty provides greater financial stability, social cohesion and disrupts the culture of poverty responsible for any number of social problems (Goetz 2000). The use of social mix arguments has been most visible in the efforts to redevelop public housing complexes in the United States and more recently Canada (Goetz 2000; August 2007). The HOPE VI program calls for local housing authorities in major American cities to undertake the redevelopment of their lands in the inner city, mixing newly constructed market rate units while a certain percentage remain subsidized, leaving some tenants to use vouchers on the rental market (Goetz 2000; Hackworth 2006). In instances where the sites are on valuable inner city
land, this strategy often reflects the changing character of the surrounding neighbourhood (Hackworth 2002).

These new forms and mutations indicate the degree to which municipalities have pursued gentrification. This has caused problems for researchers, in fact much of recent gentrification research seeks ways of reengaging urban studies in the critical aspects of this process as the tone of the discussion began to change as early as the mid 1990s. The continual deindustrialization of the central city has rendered the working class invisible in many urban areas, erasing the social consequences of gentrification from the consciousness of developers, incoming residents, policy makers as well as an increasing number of academics (Slater 2008). New-build gentrification, the construction of developments marketed to middle-income tenants on previously industrial or commercial land-uses, alters the terms of the debate. Davidson and Lees now rely upon exclusionary displacement originally developed by Peter Marcuse, to describe developments that exclude low-income groups and the spill over effects in adjacent neighbourhoods (Davidson and Lees 2005). These examples and others demonstrate how these studies began to pose other questions regarding the process and openly questioned the purported negative results (Slater 2004).

2.3 Progressive Politics and Local Housing Policy

Reasserting a critical perspective on this process within the academy has proven difficult (Slater 2004). The plight of low-income households is still an issue, where families “are caught between scissors of a hyper-inflated property market, on the one hand, and a chronic lack of affordable/social housing on the other” (Slater 2008). As deindustrialization and gentrification erase low-income groups from the central city, researchers are beginning to ask different questions to channel the research toward a more applied course (Slater 2008). Recently several
researchers have turned their attention to the factors inhibiting investment and middle class settlement. This research highlights the role of planning policy in local housing markets, albeit in a way conducive to slowing, if not stopping the flow of capital into the inner city (Ley 2008; Walks and August 2008). Policies concerning public housing play a central role in determining the direction of gentrification in particular neighbourhoods. Housing researchers studying the effects of HOPE VI for instance, are quick to point out that demolition produces a situation where low-income groups are in danger of losing affordable housing units (Goetz 2000). The claim that existing public housing units are threatened is not unique, as several studies of gentrification demonstrate that public housing units are under constant pressure (Newman and Wyly 2006). As gentrification spreads and municipal governments lift rent controls in cities such as New York, public housing remains the only source of affordable housing (2006). Given the concern and centrality of public housing units researchers have pointed to the need to protect these units, however, few have considered what municipalities can do to produce these units (Ley 2008; Newman and Wyly 2006). Under these conditions inclusionary zoning takes on greater relevance despite its limited capacity to produce affordable units in large numbers and little mention in the gentrification literature (Newman and Wyly 2006; Fainstein 2005).

Much of the research on inclusionary zoning developed as this policy gained momentum among suburban municipalities in the 1980s. At the time, municipalities struggling with affordability problems entered the housing policy field to secure housing opportunities for low-income tenants. In order to do so, governments had to overcome the perception of public housing as a federal responsibility. This requires a conceptual leap from current municipal practice regarding housing matters. Despite this barrier, Goetz argues that producing and protecting housing opportunities is entirely consistent with the original intent of building codes.
implemented to improve the lives of 19th century urban dwellers “bring these regulations back to their conceptual roots” (Goetz 1993, p.89). Local governments, however, are fundamentally limited in their pursuit of affordable units by weak taxation powers and an inability to fund major housing construction. Nonetheless, municipalities turned to the regulatory powers within local planning acts that concern housing, specifically land-use by-laws (Goetz 1993). During an earlier phase of devolution in the United States, several urban governments experimented with zoning policies to protect affordable housing. These governments designed policies to protect low-income housing, including moratoriums on development and restrictions on the conversion of rental buildings to ownership (Goetz 1993). Given the degree of devolution, there has also been an attempt to produce affordable units. Inclusionary zoning is one way municipalities began to use local policies to engage the private sector and affordable or subsidized units. Linkage fees and inclusionary zoning are ways municipalities attempt to open up the privatized development process and insert a public agenda. These efforts can be aimed at the provision of public amenities, but in the case of inclusionary zoning are directed toward mitigating the impacts of development on low-income households. There are a number of forms this policy can take, but at its core, it involves an exchange, whereby developers receive approval under the condition of the provision of affordable units (Burchell et. al. 2000). Goetz neatly summarizes inclusionary zoning as a “zoning scheme under which prospective developers are required by a municipality or county to provide, as a condition of approval, or alternatively, are given incentives to provide, low-and moderate-income housing as a part of, or in conjunction with, their proposed development projects” (1993, p.93).

The origins of inclusionary zoning emerged from a series of New Jersey Supreme Court decisions that found the municipal zoning laws of Mount Laurel Township to be exclusionary
The low-density zoning of this exclusive area, prevented developers from constructing denser subdivisions below the existing values (Rubin and Seneca 1991). The judge found that these counties were not contributing their “fair-share” of affordable housing across the greater New York region and mandated requirements that municipalities meet specific targets for the provision of housing for low-income citizens (Rubin and Seneca 1991). While developers were keen to build at higher densities for greater profit, meeting the affordable requirement as calculated below the average income, proved more difficult. Municipalities then began to use density bonusing as a way to compensate developers for providing units at below market rates (Rubin and Seneca 1998).

The appeal of inclusionary zoning is self-evident, as municipalities realize the potential of producing affordable housing while significantly lowering the financial costs of producing this housing (Goetz 1993; Rubin and Seneca 1991). It is also possible to interpret inclusionary zoning widely to allow for flexibility and pursue several different formulations. For instance, if the site is not conducive to providing units, developers may make other lands available or cash-in-lieu to allow municipalities to fund projects elsewhere (Burchell et. al. 2000). In many cases, inclusionary zoning allows planners to ensure that exclusive developments include some degree of social mix. Criticism of inclusionary zoning draws most immediately from developers forced to provide units at below market rates. Several issues arise from this scenario, including who is responsible for costs, studies often site that developers routinely pass the costs to market tenants (Burchell et. al. 2000). Other arguments from developers also cite the difficulties of marketing and selling units with a planned or socially engineered tenant structure (Burchell et. al. 2000).

The planning and urban studies literature has largely favoured inclusionary zoning, while being careful to acknowledge that it will not substitute for well-funded public housing programs.
Researchers have made the point that inclusionary zoning is critical under current political conditions where the return of significant federal funding of public housing programs appears unlikely (Goetz 1993; Wyly and Hammel 1996). The obvious need for this policy is reflected in the widespread uptake of various forms of inclusionary zoning. Part of this approval relates to the gradual uptake of zoning mechanism. Indeed researchers have documented the uptake of this policy as it has gained currency with municipalities across the United States and United Kingdom (Goetz 1993; Beer et. al. 2007).

In urban settings, inclusionary zoning and related policies such as linkage fees began to appear in major American centres in the immediate period after the devolution of public housing (Goetz 1993; Keating 1986). Goetz in particular, describes the emergence of a progressive housing paradigm, emerging in the wake of housing reduction and a significant phase of central city reinvestment that contributed to affordable housing problems for inner-city tenants (Goetz 1993). While the origins of inclusionary zoning are rooted in exurban New Jersey and Supreme Court decisions, the use of zoning to secure non-market housing in major urban centres has a different political history. The progressive housing paradigm of the 1980s emerged from local housing advocates concerned about rising real estate values and the imminent displacement stemming from major reinvestment (Goetz 1993; Keating 1986). This was common during this period, as capital was searching for a ‘spatial fix’ as a crisis in the Fordist system plunged the American economy into recession (Harvey 1989). Shifting circuits of capital also meant deindustrialization, causing significant job loss, which left inner city residents to seek white-collar employment in the emerging service economy.

Early studies demonstrate the usefulness of inclusionary zoning, particularly when implemented in urban contexts where affordable housing problems remain pressing. The
progressive housing movement Goetz describes, lost momentum during the 1990s as local
governments pursued gentrification with greater intensity. Subsequently, interest in inclusionary
zoning declined as housing researchers shifted their focus to how these policy shifts facilitate
gentrification. The central argument of this paper is that inclusionary zoning remains relevant in
certain contexts, an interpretation that only has some support among current urban researchers.
The bulk of recent research focused on housing matters related to gentrification and public
housing redevelopment does not consider inclusionary zoning in a thorough manner,
notwithstanding a strong following in practice oriented planning journals. In fact, inclusionary
zoning only receives small mention from critical urban scholars in North America. Susan
Fainstein and Elvin Wyly and Katherine Newman make brief mention of inclusionary zoning as
a useful tool in pressured housing markets where urban governments may be interested in
addressing the inequalities in the housing market (Fainstein 2005; Newman and Wyly 2006). The
low visibility of inclusionary zoning in the urban studies literature highlights two primary gaps in
this research. Given the affordability pressures in key centres like Toronto and Vancouver there
is an obvious need for policies such as inclusionary zoning, and related research on the
effectiveness of these efforts.

The theoretical development of urban studies since the adoption of inclusionary zoning is
significant, and it is necessary to connect any study of the policy to this body of work. Tom
Slater is critical of policy relevant research and urges researchers to maintain a critical
perspective (Slater 2006). A previous generation of inclusionary zoning research was not
thorough in this respect and inserting this policy into the larger debates concerning neoliberal
urban governance and housing will provide greater insight into the effectiveness and significance
of inclusionary zoning. There is an opportunity to address these questions and openings in the
literature as inclusionary zoning takes on greater potential as a policy that can potentially alleviate housing pressure implemented at the local level.

In order to reinvigorate the inclusionary zoning studies of the 1980s it is necessary to understand the studies and arguments of researchers who have mentioned the policy in relation to gentrification and housing. These primarily involve gentrification researchers whom argue in favour of inclusionary zoning in a present context to preserve any source of affordability in rapidly gentrifying Manhattan and Amsterdam (Newman and Wyly 2006; Fainstein (2005). Susan Fainstein assigns additional significance to inclusionary zoning as an example of a local policy that reflects the desires of progressive city council to provide adequate housing for even the lowest income groups in society (Fainstein 2005). For Fainstein, implementing inclusionary and retaining some public control over the housing market constitutes strong resistance to the neoliberal reforms strongly urged by forces at the national and global level that prescribed the privatization of significant portions of the public housing stock (Fainstein 2005). Inclusionary zoning appears as positive initiatives in both accounts but are not thorough examinations of this policy. A recent article from Sydney, Australia, however, has produced a study of inclusionary zoning, one that relies on empirical data and determined inclusionary zoning to be a substandard form of public housing delivery with minimal impact (Beer et. al. 2007). This conflict in the literature represents a second major area this paper seeks to address with the use of Canadian examples. Focusing on these ideas and conflicts will allow this paper to approach inclusionary zoning in a way which provides an evaluation of this policy that has relevance for both practical and theoretical discussions.
Chapter 3: Methodology

The focus of this inquiry is the growing affordable housing problem in Canadian cities and the response to these conditions by local planning departments. How well cities are able to relieve these conditions in the local housing market without significant funding from senior government is a pressing research question. The goal of this project is to trace the implementation of inclusionary zoning, a local policy developed to increase the stock of affordable housing, and reach some conclusions regarding its effectiveness. Specifically, it asks:

1. How well can the planning system provide affordable housing for low-income tenants within a gentrifying inner city?

   i) How did planners implement the affordable housing requirements and what factors influenced the adoption of these policies?

   ii) How successful are the affordable housing requirements in securing affordable units?

   iii) Are planners and developers able to overcome conflicting agendas and resistance from market residents to implement the affordable housing requirements?

An appropriate methodology for this study must draw out data that allows for a response to these questions. Information gathered through this process will provide some basis to comment on the success of these policies and speak to larger discussions concerning how local governments can manage gentrification. There are several methodological approaches used across the social sciences that are potentially useful for this project. However, previous research on inclusionary zoning has generally taken a similar path. Many researchers share an interest in evaluating the effectiveness of inclusionary zoning, and develop criteria to measure the outcomes
of this policy (Rubin and Seneca 1998). The total number of affordable units constructed serves as a key measure of the results of inclusionary zoning and allows researchers to compare this policy to other programs or periods of public housing (Beer et. al. 2007). Still, other research shows an interest in the policy development of inclusionary zoning and attempts to understand the factors leading to the development of inclusionary zoning (Goetz 1993; Rubin and Seneca 1998). A political focus can also reveal the tensions between different actors, which structure and limit inclusionary zoning, thus determining the outcomes on the ground (Goetz 1993; Keating 1986). Researchers have managed to access this political sphere through a variety of methodological approaches. In order to determine the relevancy of inclusionary zoning, Goetz conducted a survey to measure the spread of inclusionary zoning policies and identify factors leading to its uptake (Goetz 1993). This approach remains the exception, however, as most studies interested in a political focus require a specific case study in order to tease out the particulars of a given inclusionary zoning program (Rubin and Seneca 1998).

The present project concerns the policy development aspect of inclusionary zoning, and follows a case study approach to uncover the negotiations and tensions inherent in this policy in two particular locations. Toronto and Vancouver serve as the case sites for this project, a selection which reflects the affordable housing problems that beset both local housing markets and the activity of local housing policymakers. Within a Canadian context, these cities also have some of the earliest and only examples of inclusionary zoning. The use and development of this policy in Toronto and Vancouver is due in part, to the planning of two large-scale condominium developments beginning in the mid 1980s. Located on former railway lands, these sites share many similarities given their size and location adjacent to the central core. Concord Developments Inc. purchased both sites and is currently constructing 8,000 unit communities
comprised of high-density point-towers and townhomes (Punter 2003). Planning departments in both cities applied weak forms of inclusionary zoning to secure on-site affordable units. Formally introduced as the “large sites policy” in Toronto and “affordable housing requirement” in Vancouver, the development and outcomes of these policies are the focus of this project. The dual-site structure of this study creates an opportunity to draw immediate comparisons between the two cases and highlight the differences in outcomes.

An appropriate methodology for this project must access these policy discussions and draw out the tensions between different actors that pose obstacles to the successful implementation of inclusionary zoning. Adopting an approach that includes a mix of qualitative methods is the most logical choice for this particular study given its focus on policy development. This study uses a variety of approaches to the affordable housing requirements, including; 1) an analysis of policy documents, 2) in-depth interviews with key actors as the major source of primary data, 3) review of relevant literature. The least intrusive source of primary data are policy documents produced by the affordable housing office at the City of Toronto and Vancouver. These documents provide a detailed outline of the structure and motivating factors behind the inclusionary zoning programs. The information contained in these documents provides an essential first step toward understanding how planners imported inclusionary zoning and the goals it intends to meet. Detailing this information responds to the focus of question i), which aims to understand the perspective of planners involved in the development and implementation of the affordable housing requirements. This initial review of policy documents will provide a broader perspective on municipal housing policies and the priority of inclusionary zoning within an affordable housing strategy. This information will outline first, how the structure of the affordable housing requirements and how they operate. Equally useful is how these documents articulate the
position of the planning department and the motivating factors behind the adoption of the affordable housing requirements.

The major source of empirical data for this project derives from interviews with participants connected in some capacity to the inclusionary zoning program in Toronto and Vancouver. The interview responses provide essential data regarding the key questions of this project. While participants may provide greater information concerning the structure of the affordable housing requirements, the interview phase intends to draw out critical material regarding the implementation of these policies. Gathering information on the outcomes of these policies on the ground, in terms of housing units produced is useful information that directly speaks to question ii). It is not enough to base an evaluation of these policies on the number of affordable units produced given the focus of this project on the political support and acceptance of this policy among key actors in the urban planning field. Rather it is the ideas and opinions of those involved in the policy that highlight the problems and tensions involved in its implementation. The interview phase is an essential means of accessing these challenges, particularly the difficulties of implementing a policy that requires a strong degree of cooperation between public and private sector actors, the focus of question iii).

The interviews themselves are in-depth and follow a set of open-ended questions developed by the researcher (See Appendix; Babbie and Benaquisto 2002). The questions aim to draw out the opinion of the affordable housing requirements based on the experience of the participant with the program. The interviews ranged in length from 40 minutes to well over two hours depending on participant eagerness and availability. Interviews took place in person with participants based in Toronto and tape-recorded if approved by the participant. Vancouver based participants were interviewed by telephone.
The researcher used a purposive sampling technique to identify and interview relevant members of the public and private sectors as well as participants who have involvement in this policy in some capacity. Identifying these participants required the researcher to contact development corporations and city governments and ask to speak with employees involved in the negotiation of affordable housing requirements. At the conclusion of each interview, participants were asked to identify other members who had some relevant experience. Participants usually identified colleagues or others involved in implementing the affordable requirements or their counterparts working in either case site. This loose snowball technique was productive and contributed a number of participants in addition to those contacted through formal means.

This process yielded a relatively small sample size of participants from the public and private sector. In Toronto, the search returned five interview participants, including two employees of the City’s planning staff as well as a member of an arm’s length municipal non-profit housing corporation (TCHC). A representative of Concord Adex and an independent affordable housing consultant provided perspectives outside the public sector. A similar diversity of perspectives was sought in Vancouver. A total of four interviews were conducted, from the public sector, a key member of the City of Vancouver’s Affordable Housing Office participated as well as a member of the Ministry of Housing at the provincial level. Outside perspectives came from an interviewee employed by an independent non-profit managing an affordable housing portfolio in False Creek North and a representative from Concord Pacific.

The small sample size is a significant limitation of this methodology. Another problem is the extended timeline of the developments. From the mid 1980s to the present, several potential participants involved in the planning and negotiations for these developments have since moved on and were unavailable to comment. The intent of the project, however, is not to survey as
many people in the planning field about their opinions of the inclusionary zoning. Key actors currently involved in the implementation of the affordable housing requirements are the focus. These actors allow access to the success and limitations of these policies as perceived by the planning and development industry.

Individual responses were analyzed and compared to other participants as well as many of the texts on inclusionary zoning, gentrification and public housing. Formally, this process involved coding, as the interview phase progressed and certain themes began to appear (Babbie and Benaquisto 2002). It was possible to divide the responses based on a number of different themes. First, it was important to analyze the responses to assemble an outline of how the policies were implemented and their current status. This involved paying specific attention to the goals or original intent of the planners who set the affordable requirements in place. Reflecting on the current state of the policies and the results obtained to date revealed more detail themes and drew out the opinions of respondents. These responses were then divided into specific themes regarding public-private tensions and general assessments of the successes and failures of the policies.
Chapter 4: Findings

4.1 Introduction

A major goal of this project is to produce a record of how inclusionary zoning emerged in Toronto and Vancouver. Interview responses from key actors managing this policy provide the basis of this account and highlight critical issues regarding its implementation. Describing these negotiations outlines the intent of the affordable housing requirements and the complex process by which this policy took shape in these Canadian cities. The current outcomes of this policy are largely due to the decline in federal and provincial support for public housing. Despite limited success producing the desired number of units and target household incomes, housing managers and planners have managed to secure land for the production of affordable units in the downtown core. In Vancouver, several buildings are constructed and architecturally blend into the development and provide non-market tenants access to quality public services. A delay in non-market unit construction, however, has ignited tensions between planning departments and Concord Developments Inc., particularly in Vancouver. These tensions and growing opposition from local residents threaten to compromise the success of securing affordable units in an otherwise private development.

The following sections proceed in three parts. First is a discussion of the details of the affordable housing requirements in Toronto and Vancouver in terms of their structure, implementation and results to date. This section most immediately responds to sub-questions i) and ii), providing information regarding the development and intent behind these policies, as well as its mechanism and outcomes. The following two sections concern the response of public and private sector participants to these results and difficulty of implementing this policy. These
responses trace a rough outline of the success and failures of the affordable housing requirements called for in question ii), and raise specific points of conflict between the two sectors, the focus of question iii).

4.2 Waterfront Redevelopment: Opportunity and the Challenge of Scale

The negotiations for affordable housing in Toronto and Vancouver have their origins in the planning of large condominium developments. Planning for these brownfield sites involved a complex agreement between multiple actors, which transferred the title of crown-owned railway lands to a private developer (Punter 2003). The scale of these master planned communities, comprised primarily of high-density condominium towers and town homes, allowed city officials to pursue a number of public objectives during the planning of the developments. Planners in both cities were able to include affordable housing requirements in these negotiations and secure land for the construction of affordable housing units. Contextually, these developments share many of the same elements, however, there are important differences in the implementation of the affordable housing requirements and current results of these policies.

4.2.2 Pacific Place, False Creek North, Vancouver

The planning for the Concord development in Vancouver began as CP Rail considered the possible sale of its former terminus located immediately south of the core¹. After a successful bid to host the World’s Exposition in 1986, the province of British Columbia required a high-profile location for the event and decided to purchase this property from CP Railway.

¹ The following section relies upon responses from interview respondents unless cited otherwise. This information is paraphrased or indicated as direct quotations.
site served as the focus of Expo 86, the success of which signalled the emergence of Vancouver from a decade-long recession and its entry into global networks of immigration and capital flows (Punter 2003). Shortly after Expo 86, the province quickly tapped these networks and sold the entire site to Hong Kong-based Concord Developments Inc, in a bid to attract redevelopment investment to the area. The province also agreed to cover the costs of soil remediation, which limited any possible return from the agreement (Olds 1996; Punter 2003). The City of Vancouver formally approved development plans for False Creek North in 1990 (City of Vancouver 2008).

The proposal submitted by Concord Developments called for a large, high-density development that will eventually occupy the southeastern shore of the core peninsula. The issues confronting the planning department stem from the challenges and opportunities posed by planning an entirely new neighbourhood accommodating roughly 10,000 households. To address these concerns, planners sought the provision of a range of public goods, including those that strongly influence the social sphere of these developments. In addition to the public facilities that serve as the community focus for these new communities, including schools, daycares and adjacent park space, planners in Vancouver also considered the eventual demographics of these areas and the possibility of placing social housing in these sites.

There are several factors motivating the planning department to include social housing in the planning for this development. The negotiations for the Concord proposal took place just as housing managers and planners turned their attention to the declining supply of rental housing in the Vancouver market. The City of Vancouver’s Housing Centre cites continued employment growth downtown and strong immigration flows as reasons for increased pressure on the available supply of rental housing, conditions which remain today (City of Vancouver 2005). In order to alleviate these conditions, the City of Vancouver began to raise capital from
development levies and municipal budget surpluses to finance land acquisition and construction of affordable housing toward the late 1980s (City of Vancouver 2005). Non-profit housing groups already working within the social housing system supported by senior governments, managed these new inputs. Introducing affordable housing policies granted planners the ability to offset some of the pressure on the rental housing stock. In heated real estate markets, these measures have become critical for local governments attempting to purchase land for affordable housing.

A second factor motivating planners to consider placing social housing in the Concord development is the concept of social mix. As the agreements for this development took place, planning theory began to embrace the notion of socially mixed neighbourhoods that include residents from a range of income backgrounds (August 2007; Goetz 2000). Policy makers adopt social mix policies in order to stabilize and promote greater social cohesion in marginalized neighbourhoods and public housing developments isolated from mainstream society (Goetz 2000). These arguments support the deliberate introduction of market units, often critiqued as a form of state-sponsored gentrification (Goetz 2000). In this instance, policy makers cited social mix to argue in favour of mixing incomes in a private development, which represents a significant conceptual leap that may lead to a more progressive outcome (Slater 2006). When reviewing the development application for Pacific Place, Vancouver planners also drew upon their experience in False Creek South, a government-led residential development that used social mix as a strategy to place market units in a stratified social housing development. The earlier success of False Creek South suggested that social mix policies could build inclusive communities in new neighbourhoods. The planning and housing managers interviewed in
Vancouver made explicit reference to the influence of the previous development and hoped for similar outcomes in large, private-led developments such as Pacific Place.

In response to these concerns, planners in Vancouver formally adopted a 20% affordable housing requirement in 1988 and applied this policy to all large-scale redevelopments (City of Vancouver 2005). Planners arrived at the requirement for 20% affordable or non-market units, through an analysis of metropolitan demographic data, which show that 20% of all households are low-income in the Vancouver region. Implementing the affordable housing requirements allowed planners to influence the composition of an entirely new residential neighbourhood to ensure it reflects the regional average in terms of household income. These efforts prevented the Concord developments from becoming the exclusive sphere of the urban middle class, ensuring that “a diversity of people should be accommodated” in new neighbourhoods (City of Vancouver 2005). The Vancouver Housing Centre describes the 20% affordable housing requirement as a policy that “encourages the creation of balanced communities and provides the opportunities for low and moderate income households to live in conveniently located and comprehensively planned neighbourhoods” (City of Vancouver 2005). This policy represents one of the first examples of inclusionary zoning in Canada, which reflects in part, the growing interest in bonusing and extraction as a means of securing public benefits during the 1980s (Goetz 1993).

The introduction of the 20% affordable housing requirement meant that in order to gain residential zoning approval for the sale and redevelopment of these sites, the purchaser set-aside parcels of land for the construction of affordable housing and conveyed these sites to the City. Through the development negotiations, Concord Pacific sold 15 sites to the City of Vancouver at significantly reduced costs (see Figure 1. a) and b)). In Vancouver, planners were able to procure multiple sites dispersed through the entire development, including the commercial heart of post-
Figure 1. a) Location of Non-market units, False Creek North, (City of Vancouver 2008)
Figure 1. b) Location of Non-market units, False Creek North, (City of Vancouver 2008)
industrial Yaletown and locations near the waterfront as well as less favourable sites at the exits of major bridges connecting the downtown core to midtown (City of Vancouver 2008; see Figure 1. a) and b)). The City then leased these sites to non-profit housing organizations who took on management responsibilities and sought construction funds through the provincial housing ministry, BC Housing. Through the affordable housing requirement, planners retained the authority to determine the tenure structure for these units. The planning department allocated all of these units as affordable rental, specifically targeting households considered in core housing need, the deepest level of unassisted social housing available in Canada allocated to applicants spending over 30% of their income on housing (City of Vancouver 2005). Given the difficulties low-income families experience in attempting to secure adequate and affordable units in the Vancouver rental market, the City placed additional conditions on these units and allocated half of this stock to families who meet core needs eligibility (City of Vancouver 2005).

The form of inclusionary zoning practiced in Vancouver, however requires municipalities to assume responsibility for building construction and management on the sites set-aside for affordable housing. Securing construction funds from internal and external government sources, and establishing a management structure for non-market housing is a significant challenge that largely determines the success of the affordable housing requirements. The funding arrangements in place during the planning of these developments relied heavily on federal funds channelled through provincial governments to allow municipal housing administrators to cover the costs of construction and subsidized rents. A Vancouver housing manager noted, however, that this funding arrangement with the provincial government, “assumes stable funding as development proceeds”. As the federal government withdrew from public housing in the early 1990s, planners in Vancouver revised the tenant structure and lowered the number of core need units to 60%, and
assigned the remaining 40% to a shallow subsidy under the management of the non-profit sector (City of Vancouver 2008). Decisions made at the federal level, however, only partially determine the feasibility of inclusionary zoning as practiced in the complex Canadian public housing system. Traditionally, public housing took the form of an informal cost-sharing agreement and involved significant inputs from provincial governments who channelled and matched federal funds to specific areas of need within the public housing sector (Carter 1993; Hackworth and Moriah 2006). Despite the withdrawal of federal funding, the province of British Columbia continued to fund social housing through this period. As Pacific Place enters its final phase of development, it became increasingly apparent that families already within the BC public housing system, no longer held the top priority for the province. During the 1990s, governments at all levels came under pressure to address the social conditions and imminent gentrification of the Downtown Eastside. In response to these issues, in 2001 the Ministry of Housing shifted their funding priority toward the homeless and tenants with mental health addiction problems or those who are “hard to house” and require a variety of social services on-site. These key policy shifts away from public housing support, produce a policy environment that is less conducive to achieving the tenure structure planners originally developed. A decline in federal funding for social housing and a shift in housing priorities at the provincial level caused significant problems for housing managers. As a consequence, city and non-profit managers are currently unable to match the funding priorities of the provincial government to the buildings designated for families and seniors households. Currently seven undeveloped lots owned by the City of Vancouver or deeded to a non-profit, remain vacant as Concord enters the final phase of its construction of residential and commercial space. The inability to construct affordable housing buildings on these remaining sites has reduced the projected number of non-
markets units. As opposed to the projected 20% non-market units, construction has stalled at 1,272 affordable units, which represents only 12.94% of the total number of units (market and non-market) planned for Pacific Place (See Table 3).

A clause in the affordable housing agreement, however, permits the City to retain the option on these sites regardless of the funding availability and projected construction timeline (City of Vancouver 2005). This allows planners to hold these sites and wait for the hopeful return of provincial funding. However, this scenario appears unlikely in the near future, and planners are now considering a number of options used in other developments in Vancouver. These include accepting cash in-lieu, a strategy normally reserved for smaller developments, whereby developers only contribute funds for the construction of affordable housing elsewhere in the city in exchange for development approval. Concord has presented the City with this type of proposal, offering to purchase these sites back from the City and pay a levee to the City’s affordable housing funding. Concord would then construct market rental units, another area of need within the local housing market. Table 1 traces the development of the affordable housing requirements in the Vancouver case.

4.2.3 City Place, Railway Lands West, Toronto

Negotiations for affordable housing in Toronto began when Canadian National Rail (CN) started to explore the possibility of redeveloping the former site of its major railway hub. As these operations migrated to the suburban fringe during the mid 20th century, this land became both underutilized and highly valuable due to its size and location adjacent to the downtown core. As CN prepared for the eventual sale of this land in the mid 1980s, the City of Toronto became involved as a stakeholder in the process, due to a century-old contract which provided
<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
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<tbody>
<tr>
<td>1986</td>
<td>Vancouver hosts Expo 86 on CN lands</td>
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</tbody>
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| 1988 | Sale of land to Concord Developments Inc.  
      | 20% Affordable Housing Requirement introduced  
      | 18 sites conveyed to the City of Vancouver  
      | Designated Affordable Rental Units |
| 1990 | Official Development Plan approved (False Creek North) |
| 1994 | First market buildings constructed |
| 1996 | Federal withdrawal from social housing program  
      | (existing commitments maintained) |
| 2001 | Provincial funding shift to “hard to house” |
| 2009 | 1,272 non-market houses constructed  
      | City of Vancouver, reassess plans for remaining seven sites |

Sources; City of Vancouver 2007, Hackworth and Moriah 2003, interview respondents

for the transfer of this site to the City when no longer in active use. Planners also held an interest in influencing the direction of the future redevelopment given its potential scale and capacity to meet objectives outlined in the Official Plan, primarily increasing residential density in the deindustrializing central core. CN and the City of Toronto entered a series of agreements to
satisfy the City’s interest in the site, in preparation for the eventual sale to a private developer, Concord (Adex) Developments Inc.

Similar to the Vancouver case, planners in Toronto had become increasingly concerned about the lack of rental housing in the downtown core. By the late 1980s, the City became active in securing land for affordable housing and serving the development and management functions through Toronto Community Housing Corporation, a municipally owned non-profit housing corporation (Hackworth and Moriah 2006). These efforts indicate the degree to which large municipalities became increasingly active in the production of affordable housing, efforts which took on greater importance after the federal government made significant cuts to social housing (Hackworth and Moriah 2006). The success of the St. Lawrence Market area, developed in the mid 1980s as a mixed income redevelopment featuring a range of non-market housing types and market units, demonstrated the value of socially mixed developments. An approach to major redevelopments that includes provisions for market and non-market became influential in the planning department.

These concerns for affordable housing stock and socially mixed communities influenced the final approval of the Concord development. The City introduced a Large-Sites policy specifically for the Cityplace development. Similar to Vancouver’s Affordable Housing Requirements, this policy mandated a 20% non-market housing requirement in order to meet development approval. As a result, Concord Developments Inc. conveyed ownership of four parcels of land (of 16 total blocks) to the City in 1994, after the purchase of the site from CN rail under the new Large Sites policy (See Figure 2, sites 18A/B, 31, 32, 36, highlighted in green). The bulk of these sites are almost entirely concentrated in locations, while sites 18A/B located immediately south of Rogers Centre (Skydome) are currently leased for use as billboards to
generate revenue for construction at the remaining sites (See Figure 2). At the heart of the development is a large park and community centre that includes a school and daycare. This area serves as the public focus of the development, where approximately 300 units of non-market housing will stand in a complex shared with youth, and family oriented facilities. The majority of the affordable units, however, are located in the far northwestern corner of the development on sites 32 and 36, surrounded by roads and railway corridors on all sides. Once these sites were under its ownership, the City of Toronto became responsible for the construction of affordable units, who then transferred these sites to the city owned housing non-profit, Toronto Community Housing Corporation. A project manager for TCHC outlined the objectives for this development; “The problem with the railway lands is that they didn’t get it (formal inclusionary zoning) in the
development, there’s 10,000 or so private condos, market condos and then there is a small public component of that, so our objective on the small public component, is to create as much affordability and as many family units as we can”. At the time of the agreement, TCHC assigned these units for households in core need, reserving roughly half for families. The funding for these buildings would come from a variety of sources. A series of development levees and density bonuses, applied once planners approved a higher density, point-tower model following Concord’s development in False Creek North, provided some funds, however, the senior governments were supposed to provide the bulk of the funding.

Planners in Toronto and the municipally owned non-profit Toronto Community Housing Corporation (TCHC) also considered households in “core need” the priority tenant of the non-market units. However, the devolution of housing funding in the Toronto context was twice as severe; immediately following the significant federal withdrawal from social housing, the provincial government under the Progressive Conservative Harris government announced a halt to new construction (Hackworth 2006). This effectively eliminated the funding necessary to commence construction. As a result all three sites owned by the TCHC remain vacant (Figure 3).

In response to these conditions, TCHC shifted the tenant structure for the affordable sites, reducing the number of core needs units and increasing the number of shallow subsidy or Rent Geared to Income units. TCHC is now considering shifting the formula even further and introducing affordable ownership units, which targets a higher income group than those able to afford heavily subsidized rental units. Unfortunately, these measures are not able to reduce the operating costs sufficiently, forcing TCHC to consider alternate ways of securing funding. As development of these sites stalled due to a lack of funding, TCHC was in the process of redeveloping several of its largest complexes, including Regent Park.
As a way of addressing physically deteriorating units, TCHC borrowed from the HOPE VI program in the United States that aims to replace older buildings with new mixed market/non-market developments (Goetz 2000).

Introducing market units allows for a source of revenue to build new buildings/units and purportedly reduces concentrated pockets of poverty that lead to the adverse social conditions housing administrators seek to alleviate (Goetz 2000). Despite the experimental nature of this plan and having little evidence from these redeveloped properties, TCHC is moving ahead with certain aspects of this plan for the sites in Cityplace. TCHC is now planning for mixed income
developments, reducing the number of affordable units on the lots under its ownership and introducing market units as a source of construction and subsidy funding. As uncertain as this shift may be, TCHC appears to have limited options, one City of Toronto planner summarized this position; “Do we sit and wait? So let’s go for a development partner, like they’ve done in Regent...not getting as many affordable units...at least we are getting something”. Table 2 summarizes the major events shaping the Cityplace development. Table 3 compares the completion rate of affordable housing for the Toronto and Vancouver developments.

4.3 Ad Hocary; Selling the Inclusive Community

The Vancouver and Toronto cases show the degree to which the affordable housing policies rely on funding from senior levels of government. These programs allow for greater municipal involvement in the production of affordable housing, yet remain fully integrated into the public housing system and are subject to larger structural processes occurring within this sector. The difficulty of meeting the affordable housing requirements is a major source of frustration for those involved in administering this policy. One Vancouver planner remarked on the “ad hocary” of the policies, alluding to the evolving form and challenge of their implementation. The adjustment of the affordability targets and tenure mix are the result of planners and housing managers attempting to align several actors and match affordable targets with fluctuating levels of funding and provincial priorities. It is not surprising that participants representing Concord share a sense of frustration regarding the uncertainty of the affordable housing requirements. Given the social goals of the planning department it is reasonable to anticipate a low acceptance of inclusionary zoning amongst private developers. However, one Toronto planner noted that the City can expect some cooperation from private developers.
Table 2
Railway Lands West (City Place): Timeline of Events

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>Official Development Plan approved</td>
</tr>
<tr>
<td>1996</td>
<td>Sale of CN land to Concord Developments Inc.</td>
</tr>
<tr>
<td></td>
<td>Large Sites policy introduced</td>
</tr>
<tr>
<td></td>
<td>Five site conveyed to the City of Toronto</td>
</tr>
<tr>
<td></td>
<td>Designated Affordable Rental Units</td>
</tr>
<tr>
<td></td>
<td>Federal withdrawal from social housing program</td>
</tr>
<tr>
<td></td>
<td>(existing commitments continued)</td>
</tr>
<tr>
<td></td>
<td>Provincial government withdrawal from social housing program</td>
</tr>
<tr>
<td>2007</td>
<td>Alterations made to reduce subsidy levels for proposed non-market units</td>
</tr>
<tr>
<td></td>
<td>(shift to affordable ownership) and introduction of market ownership</td>
</tr>
<tr>
<td>2009</td>
<td>All four sites remain undeveloped</td>
</tr>
</tbody>
</table>

Sources: City of Toronto 2007, Hackworth and Moriah 2003, interview respondents

regarding affordable housing, particularly if “they know the rules upfront”, and work affordable housing provision into the conditions of sale. Still, unlike other public amenities secured on site, affordable housing is potentially problematic from the perspective of the developer. Including a day care and school for instance, may be seen as beneficial to homebuyers with children, a deliberate attempt by the planning department to alter the younger demographic of the
Table 3. Market/Non-market Unit Completion Rate

<table>
<thead>
<tr>
<th>Development Plan Approved</th>
<th>Total Units (Market and Non-market)</th>
<th>Non-market Units (projected)</th>
<th>Non-market Units (constructed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Place (Vancouver)</td>
<td>1990</td>
<td>9,843</td>
<td>1,967</td>
</tr>
<tr>
<td>Cityplace (Toronto)</td>
<td>1994</td>
<td>10,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Source: City of Toronto 2007; City of Vancouver 2008

development. Similarly, the large park in the western end of City Place and connections between False Creek and Vancouver’s renowned “Seawall” pathway are certainly a draw for potential residents and generate a greater “sense of place” as one developer remarked. In Toronto too, a representative of the developer considered these “value added” amenities, public elements that grant these developments greater appeal in addition to the private amenities available in the market buildings. Including public housing in these developments, however, may achieve the opposite effect and reduce the draw for potential middle class homeowners interested in maintaining a greater degree of social distance and exclusivity.
The prospect of including affordable units on this site also raises questions about the nature of these types of negotiations. Given the scale of the development, Concord had to work closely with the planning department to ensure city requirements were met and basic public services installed (Punter 2003). The affordable housing requirement is one of several amenities and concessions required by the city in order to gain development approval. Several participants in both locations mentioned that the number of requirements, including the affordable housing requirement, met resistance from Concord executives. A significant factor in this initial resistance to the affordable housing requirements stems from the uneven application of the affordable housing requirement. Planners in Toronto and Vancouver have only imposed this requirement on large-scale developments, which places a burden on Concord that developers of smaller sites avoid. This is particularly visible in the Toronto context where Cityplace is the only development to date subject to this policy. These initial reactions to the affordable housing requirements only delve into superficial issues and there are more substantive points of friction between planning department and Concord.

A major challenge for developers faced with inclusionary zoning, is how to incorporate low-income households in an otherwise private and thoroughly middle class development. There is significant potential for market tenants to express a NIMBY response similar to other examples such as fair-share housing programs, where municipalities deliberately site social housing in middle class neighbourhoods (Goetz 2000). This potential poses immediate marketing problems for the developer of these two sites and requires a certain approach to informing potential homebuyers about the affordable housing requirement. In Toronto, tactfully identifying these sites as public housing requires significant conceptual work in order to present the development as a master planned community developed in partnership with different levels of
government. The planning department is careful to distance itself from Concord regarding the eventual outcomes of the affordable housing sites. Planning a master community, however, does require both sides to cooperate, which Concord reveals to prospective homebuyers. This has the effect of getting potential homeowners to believe in some degree of government oversight regarding the development with respect to design. When asked about the sites set-aside for affordable housing, agents point to comparable levels of social housing in neighbourhoods found across the city. As TCHC prepares to shift the target households to affordable ownership, marketing these units becomes much easier, as many of the households occupying these units will have similar incomes to others in the market rate units.

Pacific Place in Vancouver is several phases ahead of the Toronto development and offers greater insight into the problems associated with responses to social mix. Reducing the visibility and stigma commonly associated with public housing is often cited in the housing literature as a means of avoiding the failure of past periods of development (Carter 1993; Goetz 2000). In the Canadian context, an earlier generation of policy makers attempted to address these issues during the coop period by introducing a limited number of smaller-scale developments to different neighbourhoods within the city (Carter 1993). The Vancouver sites are more consistent with this earlier approach and are more dispersed throughout the site. The results of this site plan are already apparent, as several Vancouver respondents working in all sectors remarked as to how well the buildings blend into the surrounding development and note the low incidence of NIMBY response from neighbouring market rate tenants.

This earlier success of the affordable housing requirements, however, is now muted. The completion dates for the non-market units are becoming longer as city managers are unable to secure funding for the final five sites of affordable units. This has become a major source of
friction between planners and the developer. Unfinished sites produce an incomplete neighbourhood and draws attention to these sites as public subsidized housing. Empty sites invites speculation regarding its final use, which can easily translate into a NIMBY response regarding any further public housing placed in the development. Participants report that residents are voicing concern over the addition of more public housing units to the development. It is important to remember that these sites remain designated for low-income seniors and families, not households in need of deep subsidy. Opposition to further construction of public housing can also be attributed to fears over the neighbouring Downtown Eastside and recent controversy regarding the siting of shelters for the “hard to house” in False Creek North.

4.4 Public Access to Community

“Think about what we have experienced for the last 10 years, 20,000 units per year of development in the city of Toronto and let’s say you had a very modest inclusionary zoning policy and you said you want developers to produce 5% of those units as or pay equivalent thereof, 20,000, 5% is a 1,000 units per year, 10 years, 10,000 units. And developers would have shouted bloody murder and said you shutting down our industry...and they would have gone and done it because there is money to be made. And we would have been 10,000 units ahead of where we are today and would have better communities”. Non-profit Developer, Toronto.

“If the planning department had the authority to do inclusionary zoning, mandatory inclusionary zoning as its don’t in the States, then Concord Adex would look at lot different...in each one of Concord Adex’s buildings there would be some portion of affordable housing”. Affordable housing manager, Toronto.

Most public sector participants expressed some disappointment regarding the empty sites in Vancouver and shift to higher income targets in Toronto, yet respondents were quick to point to other achievements of the affordable requirements. Planners originally developed this variant of inclusionary zoning as a tool available at the local level when funding for social housing
remained strong, a policy to work within the existing social housing system, not to function as a substitute. To this end, the affordable housing requirements did secure land in the downtown core suitable for construction. Securing this land also allowed planners to achieve some degree of social mix and prevent these new communities from becoming the exclusive sphere of the middle class. The halt to construction, however, raises serious questions regarding the viability of these policies, which participants responded to in a variety of ways.

In Toronto, when asked about the declining number of affordable units and shift of the remaining units toward a shallower subsidy, policymakers outlined a second set of objectives that the large sites policy will meet. A non-profit housing developer insisted that at a minimum, the units produced will provide tenants in the TCHC system access to quality public goods and services in these new communities. This list includes the public components of these developments, specifically the schools, parks and daycare facilities. Viewed from this perspective, access to these facilities for TCHC tenants serves as a key marker of the success of the affordable housing requirements. This theme of accessibility also extends to the opportunities for TCHC tenants that lay in other areas of the downtown core located immediately adjacent to these developments. These neighbourhoods contain a greater range of public and commercial amenities as well as access to strong local employment markets that are within walking distance or a short trip on public transportation.

Placing an emphasis on the location of these affordable units in the downtown core allows policymakers to address concerns that these policies would isolate TCHC tenants. There is significant potential for inclusionary zoning policies to isolate and exclude subsidized households from participating in these new communities (Slater 2006). Indeed, the majority of the commercial consumption spaces cater to middle class residents that dominant the
community. Private amenities, such as athletic and social spaces within the condominium buildings further segregate the market and non-market residents of these new neighbourhoods. A Toronto non-profit housing developer stresses that because non-market tenants are “in this huge private market community I don’t see this as being the creation of an isolated or ghettoized community”. This comment again speaks to the availability of public goods on-site and connectivity to surrounding areas as goods, which address the potential for social exclusion. Despite the difficulties securing proper funding, these alternate goals allowed public sector respondents to recover some of the positive outcomes of this policy.

A second response public sector participants offered in light of the poor results of the affordable housing requirements, concerned the possibility of improving these policies. In several cases this involved comparing the affordable housing requirements in the two case sites to examples of inclusionary zoning policies found in other cities. Several participants identified inclusionary zoning as practiced in the United States, specifically the policy used in Boston, as a model policy. There is considerable variation between the structure and strength of inclusionary zoning policies found in metropolitan regions across the United States. These examples, however, share a sufficient number of basic elements that several interview participants consider a coherent American policy in place, which invites comparison to the Toronto and Vancouver policies. These are several differences found in what policy makers consider formal inclusionary zoning policies practiced in American cities such as Boston and San Francisco. First, these policies require the developer to integrate a percentage of affordable units into the market building. While this may represent a profit loss for developers, these losses are recouped through the use of incentives, primarily a density bonus that allows developers to build a greater number of units (Rubbin and Seneca 1998). Integrating units in this manner, relieves local housing
authorities the responsibility of securing funding to construct the affordable units. A second significant difference is the target affordable ownership. Whereas the affordable requirements in Toronto and Vancouver attempt to provide for households in need of affordable rental, the inclusionary zoning policy in Boston targets affordable ownership in order to draw low-income households out of low-end rental market and into subsidized ownership. Implementing an ownership strategy eliminates the requirement for continual rent subsidies from government and costs related to management.

A mandatory inclusionary zoning policy, formally incorporated into the city planning act, contrasts sharply to the more flexible and negotiated nature of the Toronto and Vancouver examples (see Table 4). The most attractive aspect of inclusionary zoning practiced in Boston is the greater burden placed on the private sector. Integrating units within a market building and eliminating rental subsidies reduces the insecurity of senior government funding. This system has the potential to overcome the funding problems that is largely responsible for the difficulties experienced in the Concord case studies summarized succinctly by a Toronto housing manager; “we are getting a serviced piece of land, the problem with that is...what are we supposed to do with it? We still need millions of dollars to build those buildings”.

Despite the immediate benefits of the inclusionary zoning program in Boston, respondents pointed out several potential problems associated with this policy that would temper the outright adoption of a similar policy in the case cities. Foremost among these concerns are which households are eligible for affordable units. Housing managers representing the City of Vancouver and Province of British Columbia both raised concern regarding the affordable ownership income target. The Toronto and Vancouver policies, rooted in the public housing system, seek to provide for a broader range of subsidized units, placing an emphasis on
Table 4

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Usage</th>
<th>Placement</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>Units</td>
<td>Mandatory</td>
<td>Integrated</td>
</tr>
<tr>
<td>Toronto</td>
<td>Land transfer</td>
<td>Negotiated</td>
<td>Off-site</td>
</tr>
<tr>
<td>Vancouver</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Source: Rubbin and Seneca 1998, respondents

households requiring deeper levels of subsidy. Maintaining the focus on affordable rental while using formal inclusionary zoning, however, appears unlikely;

“if you could set up an inclusionary zoning system that secured rental units from a private condo. developer, that’s probably an ideal. How you would do that...I don’t know. It doesn’t make sense in the economics of inclusionary zoning and condo development to take a unit and to give it to a non-profit developer that would then rent it out.” Affordable housing manager, Toronto

The tension between the different policy models points to fundamental tradeoffs between which policy makers would have to decide. Offering shallower subsidy units (affordable ownership) may compromise the desire to provide for households in deeper financial need. However, for some local policymakers in Toronto, a policy which is less prone to the funding irregularities of senior government, is an important factor. The draw of formal inclusionary
zoning as practiced in several cities in the United States remains strong; “And the final results is an integrated mixed income community where nobody knows which one is the affordable unit...”

Affordable Housing Manager, Toronto.
Chapter 5: Discussion

A major goal of this project is to provide an outline of how planners developed inclusionary zoning policies in Toronto and Vancouver. Focusing on key aspects of the affordable housing requirements, particularly the involvement of different actors and motivating factors behind these policies, will demonstrate how planners introduced this translation of inclusionary zoning firmly within the public housing system. Establishing the significance of the structure of these policies will provide the basis for a broader evaluation of the affordable housing requirements. Reflecting on the outcomes of these policies and connecting these results to the broader gentrification literature will also provide an opportunity to respond to the opening questions of this project regarding the effectiveness of the planning system in securing affordable housing.

Inclusionary zoning policies typically focus on municipal governments interested in developing policies that aim to shore up inequalities in local housing markets. Inclusionary zoning is an attractive option for municipalities seeking a policy confined to the local level, rooted in an agreement negotiated between planners and private developers. The forms of inclusionary zoning practiced in major American cities such as Boston, however, are difficult to implement in Canadian municipalities. Fewer taxation powers to raise necessary funds and the lack of legal consent to mandate the integration of non-market units produce a policy environment ill suited to inclusionary zoning. Consequently, the inclusionary zoning policies developed in Toronto and Vancouver require significant management and funding inputs from other actors. In both cases, the municipal government has little interest in assuming management responsibilities, and sought arm’s length, or independent, non-profits to provide maintenance and tenant services. While municipalities are able to protect affordable housing stock through
restrictive zoning, undertaking the production of this housing requires substantial funding beyond what is available internally. As a result, the affordable housing requirements developed in Toronto and Vancouver rely on senior governments for construction funds and unit subsidy.

The involvement of multiple actors represents a significant departure from inclusionary zoning policies found in other North American cities. As originally developed in the United States, inclusionary zoning places greater emphasis on the capacity of local actors to supplement weaker external funding for these programs. The heavy involvement of senior government and various non-profits distinguish the Toronto and Vancouver examples. Local governments still play a central role in applying the affordable housing requirements and successfully negotiating for land with private developers and crown corporations. The interview responses, however, illustrate a complex system that receives significant funding and management inputs from other key actors.

The structure of the affordable requirements outlined above is perhaps not surprising, given recent trends within the Canadian public housing sector prior to the development of these policies. Interview respondents raised the St. Lawrence Market and False Creek South developments of the late 1970s, as key influences in the designs for affordable housing on the Concord sites. These public housing developments serve a range of non-market housing tenants as well as market units. Producing this stratified mix of market and non-market units required the support of local governments, developers and nonprofits, as well as significant resources from provincial and federal governments. The specific approach to master planned communities on these prior developments continues demonstrates the value of a strong public sector presence involving contributions from multiple levels.
Equally influential is the strict adherence to the ideals of social mix. The notion that planners can manipulate the tenure structure of a master planned community to influence its eventual demographics has proven a compelling idea. Planners and housing managers readily acknowledge the approach to social mix in the St. Lawrence Market and False Creek South developments as informing the planning of the Concord sites. Although used in a slightly different context, planners and housing managers maintained that these private-led communities would benefit from greater social diversity in terms of household income. As a private development, planners had to determine a percentage of affordable housing that met their idea of social mix that was also acceptable to the developer, in this instance 20% non-market. What is interesting about this process is the pervasive influence of these prior developments and the role of the planner in determining the tenant structure.

The purpose of highlighting the strong presence of public sector and the motivations influencing the adoption of affordable housing requirements is to demonstrate how planners translated inclusionary zoning to a Canadian context. The strong correlations between these components of the affordable housing policy and the St. Lawrence and False Creek South developments tie the affordable housing requirements to the Canadian public housing system. These elements contrast the Boston example of inclusionary zoning, which aim to devolve more of the cost and planning to municipalities and private sector. Adopting inclusionary zoning in Toronto and Vancouver involved a certain degree of translation, which planners achieved by placing this policy well within the system of social housing delivery of the period. The affordable housing requirements and large-sites policies are not independent of the larger public housing system and its specific history. The interview findings support the interpretation that planners introduced these policies as another tool to secure land, a critical input into the existing
public housing program. While these policies express a progressive politics at the municipal level, these are also bureaucratic planning exercises tied to the social housing program of the period, and not solely the product of social movements and local political action as is the case in the San Francisco and Boston (Goetz 1993).

Consequently, these policies rely on funding support from senior government, which has generated mixed results on the ground. Of the units constructed in Vancouver, planners succeeded in providing units for a range of households that require significant subsidy to remain in the city. Initially, planners also succeeded in attaining support for these units and used their strong relationship with the developer to argue that these units represent legitimate public goods. The anticipated success of the affordable requirements, however, has not materialized. At first, relying on senior government for construction funds and unit subsidies may have appeared useful and allowed planners to provide for a range of income levels, not simply the affordable ownership targeted by the Boston policy. As funding for social housing declined at the federal and provincial level, the affordable housing requirements lost a crucial input, causing numerous problems. In Vancouver, several unbuilt sites remain, souring the relationship between housing managers and Concord as well as drawing resistance from condominium owners. Reaching 20% affordable units in this development is proving difficult and creating a laborious situation for housing managers scrambling to secure funding and maintain the goodwill of the developer. In Toronto too, a loss of funding has resulted in lowered expectations for the units planned and intensive work for housing staff. Efforts there are now concentrated on revising projected unit totals and their level of subsidy as well as drawing up different funding formulas that include courting developers to avoid cost overruns.
These results appear to confirm the findings and arguments of the study conducted on Sydney’s inclusionary zoning program. Despite a difference in the level of funding support related to a stronger provincial presence in British Columbia, the results are similar in terms of production. The Toronto and Vancouver policies appear too unstable to reach their goals. Developed at a time when the federal government had some interest in public housing, the loss of this funding has had significant impacts on the success of these policies. Although developed just after the peak of the social housing program, the neoliberalization of the social housing sector in Canada and subsequent cuts to social housing funding, has severely limited the ability of these affordable requirements to meet the objectives of these policies. The situation in both cities is so severe, that the affordable requirements are one of the key methods of land procurement, a role never envisioned for this policy originally. These results appear to conform to the observation that the affordable housing efforts of local municipalities and the private sector are inferior to the social housing programs of the previous era (Beer et. al. 2007; Brenner and Theodore 2002). It is perhaps not surprising that Beer et. al. found Sydney’s inclusionary zoning symptomatic of the chronic underfunding of social housing and inability of local governments to produce affordable housing in heated real estate markets (Beer et. al. 2007). Declining interest in housing matters exposes the struggle at the local level of unprepared municipalities experimenting with different policies to fill the void left by senior government.

The difficulty of implementing these inclusionary zoning policies and the poor results that follow capture the essence of “roll out” neoliberalism surfacing in two globally connected and inflated urban housing markets (Brenner and Theodore 2002).

A reading of these results that emphasizes the problems inherent in inclusionary zoning reflects an interest in public housing sector as an abstract, aspatial service delivered in any
number of cities. It is important to interpret the results of this policy from a grounded perspective as well, one concerned explicitly with gentrification. This study takes its inspiration from current gentrification literature to understand the complex relationship between inclusionary zoning and the gentrification of the inner city. Recently there has been a shift in the gentrification literature, as researchers ask different questions designed to understand ways to block this process as opposed to identifying its different forms and movement through the inner city (Walks and August 2008; Ley 2008). The presence of social housing in these studies frequently appears as a means of anchoring low-income residents in rapidly changing neighbourhoods and in some instances posing physical barriers capable of slowing or halting gentrification altogether (Walks and August 2008; Ley 2008). As a way of producing social housing under these conditions, it is crucial to understand how these examples of inclusionary zoning interact with gentrification.

The interview responses reveal an ambiguous relationship between inclusionary zoning and gentrification. The motivations for approving these developments and applying inclusionary zoning have a weak connection to larger processes of gentrification beyond these developments. Several factors supported the approval of the Concord sites. Increasing demand for middle class housing in the inner city and the desire for a greater residential presence in the core, led the planning department to approve these developments, outweighing any problematic consequences of their construction (City of Vancouver 2005). This approach to inner city planning conforms to the findings of Lees and Davidson who document instances when planners view brownfield redevelopment as beneficial, and not as new-build gentrification sites, which can introduce thousands of middle class households and negatively impact surrounding working class neighbourhoods (2005).
Traditionally, planners apply inclusionary zoning to alleviate tight conditions within a local housing market, often a direct response to political pressure (Goetz 1993). What is interesting about the Toronto and Vancouver examples is the policies implemented in these cities do not share these motivations. Interview participants emphasize securing land for public housing and ensuring that these developments do not exclude low-income groups. Policy makers have an interest in attaining a social mix to pull the demographics of local sites toward the metropolitan average. This approach to these sites, ignores the social processes working through the housing market, primarily gentrification. Unlike other inclusionary zoning programs, the Canadian examples are dislocated from a housing movement and local struggle over gentrification.

Despite this ambiguity, inclusionary zoning in these instances have produced certain positive results. While limited when compared to previous eras of public housing, planners have been partially successful in securing affordable units, the significance of which lies in their central core location. Using available political leverage with developers, planners attempted to manage gentrification to pursue somewhat more progressive outcomes for low income groups. It is difficult to understate the importance of these policies given the largely pessimistic view gentrification researchers hold of current planning practice (Slater 2004). The Toronto and Vancouver cases demonstrate that there is an opportunity for local governments to assert a progressive housing agenda while pursuing gentrification. Deciding to impose these inclusionary zoning requirements on developers of large condominium sites directly responds to concerns Lees and Davidson have regarding the growing privatization of new-build gentrification developments in London (Lees and Davidson 2005). Inclusionary zoning does represent an attempt to channel gentrification forces and provide affordable opportunities in rapidly
gentrifying downtown cores. Regardless of the motivating factors and particulars of the Canadian context, these policies have created new units at a variety of tenure levels in developing neighbourhoods. These new units deliver the promise of inclusionary zoning that Newman and Wyly identify as potentially useful in an unequal New York housing market (2006). Despite connections to a previous era of social housing the affordable housing requirements are relevant for researchers and policymakers concerned with the gentrification of Toronto and Vancouver’s downtown core. Pursuing affordable housing production in this environment is significant and these policies should be evaluated by the areas they are shaping, as much as their levels of production.

Paired with other planning measures to protect existing affordable housing, inclusionary zoning is useful as part of a strategy to provide units in the inner city and preserve some measure of social mix. Achieving this degree of policy coherence requires urban governments to have a strong interest in affordable housing. It is difficult for municipalities to shift planning powers successfully in one direction however, where elsewhere in the inner city these facilitate redevelopment and subsequent gentrification. The larger struggle facing urban governments in a neoliberal period is now surfacing in contradictory local housing policies that pursue urban redevelopment and social welfare provision imperatives. As an attempt to re-regulate new-build gentrification developments to meet affordable housing needs, inclusionary zoning embodies these competing demands as a useful tool that is also limited in its ability to replace social housing programs of a prior generation and the inner city housing stock lost to gentrification. These results reveal the limited effectiveness of pursuing public housing production through the planning system.
Chapter 6: Conclusion

As the shortage of affordable housing units in the inner city increases, municipalities are becoming more interested in developing ways of addressing the needs of low-income households. Inclusionary zoning is one way that cities can produce affordable housing without waiting for the return of public housing programs, an unlikely prospect in the near future. In Toronto and Vancouver, community activists and city planners are revisiting similar programs already in place as well as considering formal inclusionary zoning as a possible supplement to these initial efforts. There are, however, several lessons to draw from the large sites and affordable requirement policies currently used in these cities.

A key question guiding this project is to understand how planners implemented the affordable housing requirements. The findings from this study show how planners developed an interesting approach to inclusionary zoning that reflects the social housing program of the period. The scale of the case sites forced planners and developers to develop a working relationship to discuss many of the planning and design aspects of the development. As the two sides negotiated a package of public goods, planners were able to add affordable housing to these discussions, which in Vancouver, progressed to the point that allowed planners to integrate these units into the sites successfully. These policies indicate the degree to which public and private sectors are able to cooperate. Whom these units serve is also an important consideration, as planners targeted a range of household income levels within the public housing system. These aspects of the development indicate the degree to which the public housing program influenced planning for these units. The ideals of social mix, supported by sufficient funding, allowed planners to pursue these goals. In light of the status of these developments, however, it is apparent that these goals are too ambitious and securing adequate funding to implement these policies is a problem.
In the rush to adopt a more financially feasible and flexible policy, it is worth recovering some aspects from these initial attempts, including the relationship between public and private sectors, range of incomes and integration of units. Abandoning these key aspects of the policy for a much more antagonistic inclusionary zoning policy that narrowly defines affordable housing needs in terms of affordable ownership compromises the work of a prior generation of researchers and policy makers.

Still, the findings of this research reveal significant problems with these policies. Attaining 20 percent affordability in the Concord developments may have appeared feasible at first, but have now proven too ambitious politically and the findings from this study highlight some areas for improvement. Conceptually these policies are worth pursuing given their potential to provide for low to moderate-income households in the downtown core. Structuring land deals around public goods that include social housing is becoming accepted practice for the development industry, however, the stall in the development of non-market housing is causing resistance to this policy from market residents. The mixed results of the Canadian examples underscore the significant political commitment required to implement inclusionary zoning. Urban governments must be committed to invest significantly in negotiations with private developers and secure funding from internal sources or other inter-governmental arrangements. In the absence of this commitment, the inclusionary zoning policies practiced in Toronto and Vancouver demonstrates the limited capacity of local governments to produce affordable housing units in inner cities undergoing significant gentrification.
Bibliography


Appendix

Appendix A: Planner Interview Schedule:

(i) This section asks about the goals for the Concord developments.

1. a) What opportunity did the Concord proposal present for the planning department?

b) What planning goals does the Concord development appear to achieve? Does this development meet demand for a specific housing stock, promote the redevelopment of brownfield sites?

c) Have these goals changed over time as redevelopment through the central-city continues?

2. a) Did planners draw from particular planning concepts when working on the Concord development?

b) What was the intended relationship between this site and the surrounding area? Did the development achieve this relationship?

c) How does city staff perceive the Concord development currently? Is this perception different from your discussions with developers or housing managers?

(ii) The second question set concerns the affordable housing strategy.

1. a) What role does the Concord development play within the City’s broader housing plan?

b) What affect did the scale of this development have when determining its place in the housing strategy?

c) Was affordable housing a policy concern when the City received these proposals?

d) Where does the Concord development fit within the City’s affordable housing strategy?

e) Does the City consider inclusive redevelopment or achieving a balanced social mix a priority? At what scale; city-wide, central-core?
f) Is this concern differentiated by tenure type, in terms of preserving affordable housing for both owners and renters?

2. a) How was inclusionary zoning implemented and enforced on this site?

b) What specific issues and trends were present that made inclusionary zoning a policy option?

c) What arguments did those in favour of this policy use and to what effect?

d) What experience did the City have with inclusionary zoning prior to the Concord development?

e) Did the planning department draw on the experience of inclusionary zoning programs in other cities?

(iii) This final section considers the outcomes of inclusionary zoning.

1. a) What results did this policy obtain, how many units of non-market housing?

b) Is the City satisfied with the number of units produced?

c) How do the outcomes of this development compare to similar developments?

d) What problems remain in the inclusionary zoning program?

e) Does this policy continue to hold potential as a policy option?
Appendix B: Developer Interview Schedule

(i) This section asks general questions about the ideas influencing this development.

1. a) Why did Concord enter this market?
   
   b) What social and housing trends did project staff identify that influenced the decision to develop this site?
   
   c) What was desirable about this particular site (location, size)?

2. a) How did project managers approach this site?
   
   b) What concepts and ideas influenced the development?
   
   c) What goals do staff have for this development?

3. a) What contribution does this development make to the city as a relatively new urban space?
   
   b) How does the scale of this development influence the way staff thought about this site and its relation to the remaining city?
   
   c) Does Concord understand the significance of this development and the firm’s role as a city builder?
   
   d) How does Concord position itself in relation to corporate social responsibility?
   
   e) What aspects of the site demonstrate this position?

(ii) This section concerns the implementation of inclusionary zoning, focusing on the interactions with City staff.

1. a) What components of the Official Plan did this development meet in terms of redevelopment, housing needs, park space or urban design?
   
   b) Did the proposal conflict with the Official Plan, what changes did the city request?
c) Did conversations with the planning department indicate that this development coincides with the direction the City is headed?

2. a) What public amenities are present on site?
   b) Does this include affordable/non-market housing provision?
   c) Did the provision of this housing take the form of a negotiation (density bonusing for example) or were there mandatory requirements based on inclusionary zoning bylaws?

3. a) Describe how Concord representatives interacted with City officials regarding this requirement.
   b) Was there conflict between the two sides or was Concord willing to accept these conditions in order to proceed with the development?
   c) What arguments did either side make during the planning for this requirement?
   d) Did Concord draw upon internal experience or knowledge from within the industry to meet non-market housing requirements?
   e) How many units did this process produce?
   f) How did these units affect the larger plan for the site?

(iii) This final section concerns larger questions regarding inclusionary zoning.

1. a) What are the successes and failures of inclusionary zoning from the developer’s perspective?
   b) Are there particular issues that require attention?
   c) How can municipalities address these problems?

2. a) Does Concord anticipate some form of inclusionary zoning policy when submitting proposals?
   b) Is it possible to build inclusionary zoning into site design or construction costs?
c) Does the firm find this policy manageable or difficult to incorporate into site planning?

3. a) Is inclusionary zoning considered routine business practice for your firm?

b) Does this extend to the development industry as a whole? Can you explain the reasoning behind this perception?

c) Is Concord involved in other projects (suburban developments) subject to similar inclusionary zoning policies? Why or why not?

4. a) Is it possible to understand the City’s position regarding affordable housing and the implementation of this policy?

b) What issues do you think motivate the use of inclusionary zoning policies?

5. a) Should developers be called upon to provide affordable housing?

b) What concerns are there related to the involvement of the private sector in producing non-market housing?