

Supporting Document – Consolidated Details and Planning Rationale for Recommended Official Plan Amendment ## and Zoning By-law Amendment ## for the City of Ottawa

NOTE: BY-LAW WRITERS ARE PREPARING FINAL SUPPORTING DOCUMENT DETAILS. THE DRAFT CONSOLIDATED AMENDMENT TEXT AND RATIONALE IS BELOW.

PART A – OFFICIAL PLAN AMENDMENT RECOMMENDED TEXT AND PLANNING RATIONALE

SECTION 4.2.5 OF THE OTTAWA OFFICIAL PLAN IS DELETED IN ITS ENTIRETY AND REPLACED WITH THE FOLLOWING:

Official Plan Section	Official Plan Policies	Rationale
4.2.5: Implement Inclusionary Zoning	1. The City will establish by-laws, requirements, guidance and processes for residential development near transit to contribute inclusionary units in support of an equitable and diverse supply of affordable housing consistent with the goals of section 4.2 of this Plan and with the housing objectives as described in the 10 Year Housing and Homelessness Plan.	Establishes the enabling authority and ties the requirement directly to the City’s broader affordable housing targets (Complies with s. 16(5) & (6) of the <i>Planning Act</i>).
New Subsection to 4.2.5 (Affordability Threshold & Range of Incomes)	2. For the purposes of inclusionary zoning, an inclusionary unit is a dwelling unit that aligns with the definition of “affordable residential unit” as set out in the <i>Development Charges Act</i> , as amended. 3. The range of household incomes and the minimum depth of affordability for an inclusionary unit shall be those established by the <i>Development Charges Act</i> , so that: a. For rental housing, the rent is affordable to renter households at or below the 60th percentile of the household income distribution; and b. For ownership housing, the purchase price is affordable to all households at or below the 60th percentile of the household income distribution.	Ensures the definition of an inclusionary unit aligns with Provincial definitions to facilitate standardized implementation and calculations (Complies with s. 3(1)(3) of O. Reg. 232/18).
New Subsection to 4.2.5 (Affordability Term)	4. Inclusionary units shall remain affordable for a period of no less than 25 years, measured from the date of first residential occupancy of the unit.	Implements the mandatory minimum 25-year affordability period, ensuring the long-term retention of affordable units (Complies with s. 3(1)(6) of O. Reg. 232/18).

Official Plan Section	Official Plan Policies	Rationale						
New Subsection to 4.2.5 (Applicable Geography and Minimum Development Threshold)	5. A residential development will be required to provide inclusionary units subject to the provisions of the Zoning By-law where the development is located within a Protected Hub as shown on Schedule C1 and the B-series Schedule of this Plan; and <ol style="list-style-type: none"> a. The total number of units within the residential development, including all buildings and phases on the site, is 80 units or more; or b. The total residential gross floor area of the development on the site is 6,000 square metres or more. 	Establishes the geographic scope within Protected Major Transit Station Areas and sets the minimum development size thresholds. To ensure policy intent is met and avoid circumvention through phasing, thresholds are calculated on a cumulative basis for the entirety of the residential development. If the total site-wide proposal meets or exceeds 80 units or 6,000 square metres of residential gross floor area, inclusionary zoning requirements apply to all residential components. (Complies with s. 16(5)(a) of the <i>Planning Act</i> and s. 3(1)(1) & (2) of O. Reg. 232/18).						
New Subsection to 4.2.5 (Exemptions)	6. Notwithstanding Section 4.2.5, Policy 5), a development is exempt from inclusionary zoning where: <ol style="list-style-type: none"> a. The development meets the exemption criteria set forth in the Planning Act and applicable Provincial regulation; or b. The development provides affordable housing units that meet or exceed set-aside rates as described in Table 5 of Section 4.2.5, Policy 7), meet or exceed the affordability term established in Section 4.2.5, Policy 4), and where such units are bound by a registered agreement. 	Integrates required provincial exemptions and provides a municipal exemption for projects already delivering affordable units that meet or exceed the City's inclusionary zoning requirements through a secured agreement. (Complies with s. 8(1) of O. Reg. 232/18).						
New Subsection to 4.2.5 (Set-aside Rate)	7. The number of inclusionary units or portion of the total residential gross floor area to be set-aside as inclusionary units must be provided in accordance with Table 5 below: Table 5: Inclusionary Zoning Set-Aside Rates <table border="1" data-bbox="727 1171 1871 1346"> <thead> <tr> <th data-bbox="727 1171 1153 1225">Metrics</th> <th data-bbox="1165 1171 1871 1225">Set-Aside Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="727 1233 1153 1276">Residential Units</td> <td data-bbox="1165 1233 1871 1276">Zero (0) percent of total residential units</td> </tr> <tr> <td data-bbox="727 1284 1153 1338">Residential Gross Floor Area</td> <td data-bbox="1165 1284 1871 1338">Zero (0) percent of total residential gross floor area</td> </tr> </tbody> </table>	Metrics	Set-Aside Rate	Residential Units	Zero (0) percent of total residential units	Residential Gross Floor Area	Zero (0) percent of total residential gross floor area	Establishes the required set-aside rates based on either total residential units or total residential gross floor area, providing calculation flexibility for development applications (Complies with s. 3(1)5 of O. Reg. 232/18).
Metrics	Set-Aside Rate							
Residential Units	Zero (0) percent of total residential units							
Residential Gross Floor Area	Zero (0) percent of total residential gross floor area							
New Subsection to 4.2.5 (Range of Housing Type, Standards)	8. The range of unit types and development standards for inclusionary units are as follows: <ol style="list-style-type: none"> a. Any unit type and unit size are permitted in accordance with the Zoning By-law; b. The unit size and unit mix by number of bedrooms for required inclusionary units shall be proportional to units provided elsewhere in the building; c. The quality of finish and integration within the building shall be the same as the non-inclusionary units to ensure no differentiation; and d. Inclusionary units shall be distributed across multiple floors of a building. 	Establishes development standards mandating a proportional bedroom mix, equal finish quality, and equitable distribution across the building to ensure inclusionary units are indistinguishable from market-rate units. (Complies with s. 3(1)(4) of O. Reg. 232/18).						

Official Plan Section	Official Plan Policies	Rationale
New Subsection to 4.2.5 (Measures and Incentives)	9. The City may establish incentives and measures to support the delivery of inclusionary units.	Provides the City with the enabling authority to explore and potentially introduce future measures at its discretion. (Complies with s. 3(1)(7) of O. Reg. 232/18).
New Subsection to 4.2.5 (Net Proceeds)	10. The City will receive 50% of the net proceeds from the first sale of the unit following the end date of the affordability term. Net proceeds means the difference between the sale price of the inclusionary ownership unit at the time of the first transaction following the expiry of the affordability term and the original purchase price, adjusted for transactional costs as deemed appropriate by the City, and as detailed in the Inclusionary Zoning Guidelines.	Exercises the City’s discretionary authority to capture the maximum permitted 50 percent of net proceeds upon the first market-rate sale following the expiration of the affordability period, providing a mechanism for the City to capture value uplift for reinvestment into ongoing municipal housing programs (Complies with s. 3(1)(9) of O. Reg. 232/18).
New Subsection to 4.2.5 (Offsite Provisions)	11. The City may consider offsite delivery or consolidation of required inclusionary units where: <ul style="list-style-type: none"> a. An improved housing outcome will result, including but not limited to an increase in the number of affordable units provided, or deeper levels of affordability; b. The location of the receiving development is within the same Protected Hub as shown on Schedule C1 or within a Protected Hub on the same numbered B-series Schedule of this Plan; c. Offsite units are ready for occupancy within two years of the date of occupancy for the originating development; d. The obligation to provide inclusionary units from an originating development to the receiving development is ensured through: <ul style="list-style-type: none"> i. A Zoning By-law Amendment; or, ii. A binding and secured agreement; and, e. The units provided offsite are additional to, and do not satisfy, the inclusionary zoning or other affordable housing requirements that otherwise apply to the receiving development. 	Permits the offsite delivery of inclusionary units strictly where an improved housing outcome is achieved and legally secured. Incorporates developer feedback by offering geographic flexibility within designated transit hubs to support overall project feasibility (Complies with s. 3(1)(10-11) and 5(1-4) of O. Reg. 232/18).
New Subsection to 4.2.5 (Inclusionary Zoning Guidelines)	12. The City will develop Inclusionary Zoning Guidelines to provide details and guidance on the implementation, execution, and ongoing administration of inclusionary units, including compliance, reporting and monitoring of agreements.	Establishes the framework for supplementary municipal guidelines to ensure clear, consistent, and transparent ongoing administration of the inclusionary zoning program.

Official Plan Section	Official Plan Policies	Rationale
<p>New Subsection to 4.2.5 (Agreement)</p>	<p>13. The City will require a development to have a registered agreement on title for the inclusionary unit(s) which will include:</p> <ul style="list-style-type: none"> a. The start and end dates for the term of affordability; b. Requirements to maintain defined affordability thresholds for any lease, sublease, purchase or re-sale throughout the term of affordability; c. Requirements to distribute the net proceeds from the first sale of the unit following the end-date of the affordability term to the City for reinvestment in affordability programs; d. Requirements for the provision of offsite units, where applicable; and e. Any other matters as deemed appropriate by the City. 	<p>Outlines the core legal mechanisms to secure unit affordability, track net proceeds, and ensure administrative compliance on title over the long term, while preserving municipal discretion to include other appropriate provisions (Complies with s. 35.2(7) of the <i>Planning Act</i>).</p>
<p>New Subsection to 4.2.5 (Monitoring and Reporting)</p>	<p>14. Monitoring, reporting and future amendments will be subject to the following:</p> <ul style="list-style-type: none"> a. The City will commission a full update to the Inclusionary Zoning Assessment Report within five years beginning from the coming into force of these policies; b. Amendments to the set-aside rate and sub-categorization of those rates to specific geographies will be supported by the findings of the Inclusionary Zoning Assessment Report as updated from time-to-time, and the findings of a Housing Needs Assessment or similar study with focus on the trajectory of housing supply, diversity and equity near transit; c. The City will provide a biennial monitoring report to Council on the implementation of inclusionary zoning and will report on: <ul style="list-style-type: none"> i. The number, type, and location of affordable housing units; ii. The range of household incomes for which affordable housing units were provided; iii. The number of affordable housing units that were converted to market units at market value; and iv. The proceeds that were received by the municipality from the sale of affordable housing units following end of the term of affordability. d. Biennial monitoring as outlined in subsection (c) will also include indicators to assess the health of the housing market and state of housing supply, diversity and equity near transit; e. Where an amendment to the set-aside rates occurs following the update of the Inclusionary Zoning Assessment Report, a transition period of up to two years will be provided prior to the new rate taking effect, starting from date of enactment of the amendment; and f. Notwithstanding 4.2.5, Policy 14(e), where an applicant has submitted a complete application for site plan approval, draft plan of subdivision approval, condominium approval, building permit or development permit, the set-aside rate will be frozen at the level on the date of application. 	<p>Establishes a transparent, formalized tracking cycle to evaluate policy effectiveness and inform future set-aside rate adjustments, while providing certainty for existing development via a rate freeze (Complies with s. 16(10-13) and 35.2(9) of the <i>Planning Act</i>, and s. 7(1-6) of O. Reg. 232/18).</p>

Official Plan Section	Official Plan Policies	Rationale
Section 13: Definitions Amendment: Add the following new definition	Definition for Inclusionary Unit: Inclusionary unit means a dwelling unit provided pursuant to Section 16(4) of the <i>Planning Act</i> , where the price or rent meets the definition of an "Affordable Residential Unit" set out in the <i>Development Charges Act</i> .	Aligns the affordability threshold with the <i>Development Charges Act</i> and utilizes standard terminology to ensure administrative consistency with the City's Zoning By-law (Complies with s. 3(1)(3) and (8) of O. Reg. 232/18).

PART B – NEW INCLUSIONARY ZONING SUB-SECTION REGULATORY TEXT AND PLANNING RATIONALE

1 – NEW INCLUSIONARY ZONING SUB-SECTION

New provisions to be added as a new sub-section under the following:

- New Zoning By-law: Part 7 (Housing Provisions)
- Zoning By-law 2008-250: Part 5 (Housing Provisions)

By-law Provision	Rationale
1. The following provisions apply to development on a lot located within the areas shown on Schedule YYY where new dwelling units are provided, pursuant to the <i>Planning Act</i> and associate regulations as amended.	Establishes the relationship between the zoning requirements and mapping of the Protected Hubs consistent with the <i>Planning Act</i> , O. Reg 232/18, and the Official Plan.
2. For the purposes of this section: <ol style="list-style-type: none"> a. An inclusionary unit is a dwelling unit that aligns with the definition of “affordable residential unit” as set out in the <i>Development Charges Act</i>, as amended. b. Total residential gross floor area refers to the gross floor area of all dwelling units within a development, not including common areas. 	Aligns inclusionary unit definitions with the Official Plan and the <i>Development Charges Act</i> , and establishes the parameters for calculating gross floor area to ensure the consistent, standardized application of set-aside rates.
3. Any new development or redevelopment identified in (1) must provide inclusionary units where: <ol style="list-style-type: none"> a. Contains 80 dwelling units or more; or b. Has a total residential gross floor area of 6,000 square metres or more. 	Establishes the minimum project size thresholds for which inclusionary zoning requirements apply, directly implementing the corresponding Official Plan policies.

By-law Provision	Rationale						
<p>4. Notwithstanding (3), a development is exempt from providing inclusionary units where:</p> <ul style="list-style-type: none"> a. The development contains fewer than 80 dwelling units or less than 6,000 square metres of total residential gross floor area; or b. A building or part of a building used for any of the following uses: <ul style="list-style-type: none"> i. Post-secondary educational institution; ii. Residential care facility; iii. Group home; iv. Shelter; v. Retirement home; or c. The development is otherwise exempted by the <i>Planning Act</i> or associated regulations, as amended. 	<p>Integrates mandatory statutory exemptions and provides targeted municipal exemptions for specific institutional and care facilities where inclusionary zoning is functionally incompatible (Complies with s. 8(1) of O. Reg. 232/18).</p>						
<p>5. The number of inclusionary units to be provided will be calculated based on the number of dwelling units or total residential gross floor area in accordance with Table XX.</p> <p>Table XX: Inclusionary Zoning Set-Aside Rates</p> <table border="1" data-bbox="388 917 1569 1078"> <thead> <tr> <th>Metrics</th> <th>Set-Aside Rates</th> </tr> </thead> <tbody> <tr> <td>Residential Dwelling Units</td> <td>Zero (0) percent of total residential units</td> </tr> <tr> <td>Residential Gross Floor Area</td> <td>Zero (0) percent of total residential gross floor area</td> </tr> </tbody> </table>	Metrics	Set-Aside Rates	Residential Dwelling Units	Zero (0) percent of total residential units	Residential Gross Floor Area	Zero (0) percent of total residential gross floor area	<p>Establishes the specific inclusionary unit set-aside requirements based on dwelling units or gross floor area, fulfilling the <i>Planning Act</i> mandate to encode these metrics directly within the Zoning By-law to provide regulatory certainty for development applications. (Complies with s. 35.2(2)(a)(i) and (ii) of the <i>Planning Act</i>).</p>
Metrics	Set-Aside Rates						
Residential Dwelling Units	Zero (0) percent of total residential units						
Residential Gross Floor Area	Zero (0) percent of total residential gross floor area						
<p>6. The inclusionary unit size and mix by number of bedrooms must be proportional to dwelling units provided elsewhere in the same building, distributed across multiple floors, and finished to the same level as non-inclusionary units.</p>	<p>Translates the Official Plan integration policies into zoning regulations to guarantee proportionality in bedroom mix and finish quality (Complies with s. 35.2(2)(c) of the <i>Planning Act</i>).</p>						
<p>7. The depth of affordability for an inclusionary unit is as established by the <i>Development Charges Act</i>.</p>	<p>Anchors the pricing and rent of inclusionary units to the <i>Development Charges Act</i> to ensure statutory compliance and guarantee a standardized, predictable depth of affordability (Complies with s. 35.2(2)(g) of the <i>Planning Act</i>).</p>						
<p>8. An inclusionary unit must remain affordable for a period of no less than 25 years, measured from the date of first occupancy of that unit.</p>	<p>Translates the mandatory minimum affordability period into a zoning provision, ensuring long-term retention of affordable units (Complies with s. 35.2(2)(b) of the <i>Planning Act</i>).</p>						
<p>9. Where an inclusionary unit is sold at market price following the end of the affordability period, the City will receive 50 percent of the net proceeds of the first sale.</p>	<p>Secures the municipal mechanism to capture value uplift upon the first market-rate sale following the expiration of the affordability period (Complies with s. 4 of O. Reg. 232/18).</p>						

By-law Provision	Rationale
<p>10. Where inclusionary units are required, the approval and issuance of any building permit or the use of any building or lands for development purposes is conditional on:</p> <ol style="list-style-type: none"> Demonstration that the owner has entered into an agreement pursuant to the requirements of this section and with section 35.2 of the <i>Planning Act</i>; and Demonstration that the agreement has been executed and registered on title. 	<p>Mandates the execution and registration of an agreement as a strict condition of building permit issuance, serving as the primary municipal enforcement mechanism to secure inclusionary zoning requirements prior to development (Complies with s. 35.2(2)(i) of the <i>Planning Act</i>).</p>
<p>11. The Agreement referenced in (10) must include:</p> <ol style="list-style-type: none"> The number, size, type and location of the inclusionary units; The requirements to maintain the affordability of those inclusionary units for the period prescribed by the Official Plan; Administration, reporting, and monitoring requirements; and Any other matter required to implement the inclusionary zoning policies of the Official Plan. 	<p>Specifies the legal parameters to be secured on title, ensuring that unit details, affordability periods, and reporting obligations are legally binding on the owner (Complies with s. 35.2(2)(i) of the <i>Planning Act</i>).</p>
<p>12. This section does not apply where a complete application for an Official Plan Amendment, Zoning By-law Amendment, or Site Plan Control application was filed on or before the date of passage of this By-law.</p>	<p>Provides statutory exemption provisions, exempting complete applications filed prior to the passage of this By-law to provide certainty for the existing development pipeline and prevent retroactive regulatory impacts (Complies with s. 8(1)(c) and (d) of O. Reg. 232/18).</p>

2 – NEW DEFINITION

Add new definition to:

- New Zoning By-law: Part 1, Section 199 (Definitions)
- Zoning By-law 2008-250: Part 1, Section 54 (Definitions)

By-law Definition	Rationale
<p>Inclusionary Unit means a dwelling unit provided pursuant to Section 16(4) of the <i>Planning Act</i>, where the price or rent is aligned with the definition of an “Affordable Residential Unit” as set out in the <i>Development Charges Act</i>.</p>	<p>Aligns the terminology for inclusionary units directly with the <i>Planning Act</i> and anchors the affordability threshold to the <i>Development Charges Act</i> to ensure statutory compliance and administrative consistency across municipal by-laws (Complies with s. 3(1)(3) and (8) of O. Reg. 232/18).</p>

3 – NEW SCHEDULE

Add new SCHEDULE YYY to:

- New Zoning By-law: Part 16 (Schedules)
- Zoning By-law 2008-250: Part 17 (Schedules)

New Schedule	Rationale
SCHEDULE YYY – INCLUSIONARY ZONING	Establishes the visual geographic boundaries for the application of inclusionary zoning regulations, mapping the specific areas subject to the provisions outlined in this By-law to provide clarity and predictability for landowners.