



July 7, 2025

From:  
**West End Home Builders' Association**  
1112 Rymal Road East  
Hamilton, Ontario L8W 3N7

To:  
**Members of Planning Committee**  
City of Hamilton, 71 Main Street West  
Hamilton, Ontario L8P 4Y5

### **WE HBA Letter: Inclusionary Zoning – Market Feasibility Study and Peer Review**

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The West End Home Builders' Association ("WE HBA") is the voice of the land development, new housing and professional renovation industries in Hamilton, Burlington, and Grimsby. WE HBA represents 320 member companies made up of all disciplines involved in land development and residential construction. In the Hamilton CMA in 2023, residential construction contributed over \$3.8 billion in investment value and provided nearly 17,000 jobs paying about \$1.2 billion in wages<sup>1</sup>. WE HBA notes that these economic indicators are in rapid decline as housing starts continue to drop.

WE HBA notes the report is being brought forward to the July 8<sup>th</sup>, 2025 Planning Committee meeting as part of the Inclusionary Zoning ("IZ") Market Feasibility Study ("MFS") as required by the Province to implement IZ through Protected Major Transit Station Areas ("PMTSAs"). WE HBA notes our concern that the City is spending limited resources and taxpayer funds on consultant reports to study policies that are clearly not implementable in Hamilton at this time. [Municipalities such as Waterloo](#) have paused their IZ implementation due to housing market uncertainty. WE HBA encourages the City to finalize its MTSA boundaries and studies, as this has been awaited since 2023 and is a planning policy gap that must be addressed.

The findings of the urbanMetrics MFS, the Addendum, and the NBLC peer review align with the experience of our members; both rental and condominium projects are facing extreme feasibility challenges which have accelerated in the past two years and are at their worst in decades. Very few projects are able to move forward amid the current condo market crash, and even rentals, which in 2023 and 2024 became more feasible with CMHC support and GST reductions, are nearly impossible to move forward. New housing projects of all types and forms are being delayed and cancelled, and our members are facing difficult decisions in laying off the workers we need to address the housing crisis. We appreciate that the reports acknowledge these challenges, the worsening of the market between the original MFS and the Addendum report, and the negative impact of IZ on the feasibility of projects.

As we have noted previously, IZ requires market-rate units in the associated developments to cross-subsidize, and without a proportional increase in incentives or direct financial support from the City results in new homebuyers and renters facing elevated market rents and purchase prices to subsidize the affordable units. This is an inequitable and unfair outcome. In order for IZ to be successful, there must be an increase in the investment from the private sector to provide new market supply to have a corresponding increase in affordable housing units. We encourage the City to imbed in 2.0 Goals and Objectives the need to ensure overall market project feasibility to achieve this corresponding increase.

We are pleased to see many of the industry's recommendations and concerns noted in the report, including the strong focus on market project feasibility; the need to move market projects forward to

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<sup>1</sup> CHBA Economic Impacts 2023 Fact Sheet, City of Hamilton.



address the wider housing supply crisis alongside housing for those in lower income deciles; the opportunity for provisions for off-site units; the creation of four separate market areas which have different market conditions; acknowledgement that IZ is not a silver bullet for housing affordability (noting that the market units subsidizing the non-market units would in fact become less affordable); and direction to staff to “review existing Official Plan policies and Zoning regulations for opportunities to increase heights to provide opportunities for additional dwelling units to support Inclusionary Zoning”.

We have attached previous correspondence to staff for reference. While the MFS Addendum notes that increased density will have limited ability to incentivize and promote feasibility, in a future stronger market it may be a tool to offset the cost of providing more affordable units and concurrently help the City meet its intensification targets. WE HBA has very strong concerns regarding this. If the City of Hamilton prioritizes intensification, land should be zoned appropriately to attract investment and density. The City should not deliberately “under-zone” targeted intensification areas to extract financial concessions through a transaction to “unlock” higher densities. This runs at cross purposes with City and Provincial Policy. Additionally, the City cannot delineate “Intensification Areas” within the MTSA as this does not implement PPS, 2024 direction to establish a 500-800 metre radius.

We note that developments under 50 units and purpose-built rentals are proposed to be exempted from IZ. We recommend a higher threshold of 100 units. Otherwise, the result will be projects containing one or two affordable units, which could be very costly and administratively burdensome to manage individually, or a handful of units spread out through numerous projects. This is not an efficient method of delivering affordable housing. As challenges persist in the condo market, exemptions should be reevaluated through ongoing monitoring to ensure that the appropriate form of tenure is subject to IZ.

WE HBA has concerns that the proposed set-aside rates and timeline for implementation of IZ are too aggressive considering the current downturn in the market. The current 2025 market will be the worst in decades and 2026 may be even worse. As noted in the report and draft Policy Framework, ongoing monitoring and financial impact assessment will be critical in monitoring the recovery of the new home industry. IZ should not be introduced until the market is in a place to support the proposed set-aside rates. Ongoing monitoring will help ensure that IZ is introduced and does not negatively impact housing starts. Additionally, WE HBA encourages the affordability period and levels of affordability to be consulted on with our membership, as it may assist feasibility if a lower affordability period or an alternative level of affordability is considered.

WE HBA supports the creation of mixed-use, mixed-income, and complete communities centred on the historic investment in the Hamilton LRT. We look forward to further consultation with the City through the summer and fall on the draft Framework to create an IZ system that is financially supported by the City of Hamilton that supports housing supply for all.

Sincerely,

**Anthony Salemi, BURPI**

Planner, Policy and Government Relations  
West End Home Builders' Association



Previous WE HBA Correspondence re: Inclusionary Zoning – May 31<sup>st</sup>, 2023

**West End Home Builders' Association**  
1112 Rymal Road East, Hamilton  
*Serving members in Hamilton and Halton Region*

May 31, 2023

To: Melanie Pham  
**Community Planning Program Lead**  
Planning and Economic Development Department  
City of Hamilton  
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### WE HBA Submission: Exploring Inclusionary Zoning as an Affordable Housing Tool

As members of the City of Hamilton's Housing and Homelessness Action Planning Group, WE HBA is pleased to provide our organization's comments as part of the ongoing consultation *Exploring Inclusionary Zoning as an Affordable Housing Tool*. In general, the Housing Needs Assessment Report provides a very high-level overview of Hamilton's housing needs and demographic trends that is consistent with our organization's research. It confirms there is a significant need for new housing of all types and tenures across the income spectrum in Hamilton.

WE HBA is supportive of mixed-income communities that provide housing opportunities across the entire housing continuum. Our industry supports the use of Inclusionary Zoning (IZ) that includes a strong partnership model (i.e. offsets or incentives) as a planning tool to help enable municipalities to secure affordable housing in new developments. This is in keeping with the basic premise of Inclusionary Zoning, namely that affordable housing is a shared responsibility for which the delivery is best achieved through a partnership between developers, builders, and municipalities to encourage the building of affordable housing units that would not otherwise be built.

In this partnership model, an equitable agreement or policy framework must be put in place between the development industry and the City of Hamilton. In exchange for building these units to sell or rent for below-market rates, builders should be provided with incentives or concessions that help offset the costs. WE HBA notes that the provincial government has adopted a framework through regulations that support a partnership model. That being said, we believe the key information that will inform the City's Inclusionary Zoning program design will be the Market Feasibility Study that our organization is eager to review. **Any Inclusionary Zoning program must be led by project feasibility.** Fulsome consultation on the Market Feasibility Study with the industry and the community is required to ensure all stakeholders have a common understanding of the program's potential impacts. Inclusionary Zoning is not a catch-all tool that can solve the challenges our city is facing in terms of housing affordability. The only answer is to increase housing supply of all types broadly across the City. If there are not significant enough offsets provided or the program is too onerous, then the additional cost are simply layered onto the project, driving up the costs of the market rate units through cross-subsidization. It may also render the entire project not economically viable, effectively halting or hindering the addition of much-needed housing supply. Inclusionary Zoning is merely one potential tool that must be a part of a much broader overall strategy to significantly increase housing supply of all types and tenures in alignment with the City's Housing Pledge.



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Our association is concerned that Inclusionary Zoning has been promoted by some as a silver bullet to increase affordable housing supply without direct government funding by downloading the costs of an affordable housing program onto new home buyers. There is no such thing as free affordable housing—there is always a cost. Asking new home buyers to cover the cost of an affordable housing program is unequitable and unfair. As such, this burden should not be embedded into the amortized mortgages of home purchasers (many of which would be young first time buyers in multi-unit buildings on transit), but rather be spread across the community from a shared tax pool which can support the costs of an Inclusionary Zoning program and its associated offsets. WE HBA is supportive of such a partnership model being developed with shared costs between the public and private sector.

## **Ongoing Hamilton Housing Supply Shortages**

Hamilton is in a housing crisis as a result of years of taxpayer disinvestment from public housing projects, combined with homebuilding that has been unable to keep pace with Ontario's population growth. As a result, Hamilton has a fundamental shortage of all types of housing that has led to significant displacement of residents from our community to others nearby, in particular St Catharines-Niagara and Brantford.<sup>1</sup> Inclusionary Zoning should be used as one tool to incentivize and encourage the construction of additional affordable homes that would not otherwise be built. Thus, the policy must be carefully designed to “ensure that residential development continues to be viable and does not significantly disrupt the supply of market rate housing”.<sup>2</sup> Failing to address the underlying housing shortage will not just cause living in Hamilton to become less affordable, but it will also strain the social and economic viability of the community.<sup>3</sup> Further, not addressing the broader shortage of market rate units will also push more current and future Hamiltonians into a position where they require subsidies to afford market units or require below market units. This will place even further strain on all three levels of government.

## **Feasibility and Offsets**

Project feasibility is a critical component of the Inclusionary Zoning discussion in a time when Hamilton is in desperate need of all types of new housing. It is important to recognize that Inclusionary Zoning is a market-based tool for affordable housing development. We appreciate the City's recognition that the policies will have a financial impact on the private development industry and recommend that an emphasis is placed on the policy's economic viability for all sites within each MTSAs, and we recommend the policy is paired with additional offsets or incentives to ensure this.

Furthermore, given Inclusionary Zoning is a market-based tool, it cannot meaningfully create non-market housing without being paired with the creation of a significant component of market housing. Therefore, to achieve the construction of new non-market homes through an Inclusionary Zoning program, the City of Hamilton must ensure market feasibility and conditions for which there will be significant investment by the private sector in new market housing within the MTSAs. Without a significant volume of new market housing construction, there will not be a corresponding increase in affordable housing units.

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<sup>1</sup> “Ontarians on the Move - Local Intelligence Report - Hamilton.” Smart Prosperity Institute, June 2021.

<https://institute.smartprosperity.ca/publication/ontarians-on-the-move>.

<sup>2</sup> “How Does Inclusionary Zoning Work in Ontario.” City of Hamilton, March 2023. <https://www.hamilton.ca/build-invest-grow/planning-development/zoning/inclusionary-zoning>

<sup>3</sup> “Who Will Swing the Hammer?” Smart Prosperity Institute, May 2023.

<https://institute.smartprosperity.ca/WhoWillSwingTheHammer>



Over the past few years, Hamilton has seen significant fluctuations in the market and consideration should be given for how the policy will function and maintain the delivery of new housing supply in downturned economic conditions. Over the past decade, Hamilton had hugely benefitted from a market that could bear marginally increasing costs alongside the increasing price of housing. A strong market existed that was able to absorb a degree of rising costs. More recently, our membership has identified that the Hamilton market cannot bear cost increases at this time as builders struggle to move inventory in a high interest rate environment. WE HBA further adds that the costs of construction (both labour and materials) has increased substantially since the onset of the pandemic. The City of Hamilton is experiencing many of the same construction related cost pressures for civic projects and municipal infrastructure. If the market cannot bear the increased costs, it results in projects that would have moved towards construction being cancelled, delayed, or deferred-stalling the delivery of much needed new housing supply. Inclusionary Zoning must then be seen as a tool for incentivization of new housing, rather than extraction from new housing. WE HBA would recommend thoroughly investigating the opportunities presented by providing financial incentives.

### **MTSA Mapping and Impacted Properties**

As the delineation of the City's Major Transit Station Areas (MTSAs) and associated planning work is completed, WE HBA recommends consultation with affected landowners about how their properties will be impacted with an applied Inclusionary Zoning framework in place. We recommend a tailored approach to Inclusionary Zoning that recognizes there are regional market differences between each of the proposed MTSAs. Through separate consultation, WE HBA will be providing further comments on the need for a revised approach to planning within the MTSAs to accommodate greater heights and densities with reduced or fully eliminated parking requirements to encourage Transit Oriented Development.

### **Partnership Models**

We want to emphasize that for Inclusionary Zoning to achieve the desired outcomes for all parties a partnership between developers, builders and Hamilton needs to be created. This must be done to encourage the building of affordable housing units that would otherwise not be built.

WE HBA agrees there is significant potential for creating mixed income neighbourhoods in the Hamilton MTSAs along the Hamilton LRT and GO Stations. One area we recommend further investigation into is the potential for leveraging city-owned land for affordable housing. We believe there is tremendous opportunity that can be harnessed through a partnership model with the public, private, and non-profit sectors.

Finally, understanding and leveraging existing partnerships between for-profit and not-for-profit housing providers is critical to understanding of how an Inclusionary Zoning policy will be actionable. Without the introduction of any affordable housing requirements such as an Inclusionary Zoning policy, some builders are already entering into voluntary partnerships with local not-for-profits to achieve the inclusion of affordable housing in their communities. Investigating (and potentially incentivizing) this voluntary approach to affordable housing development should be a key area of focus as the City moves forward with Inclusionary Zoning.

### **Whole of Hamilton Approach – The Need for a Housing Strategy**

Providing affordable housing by increasing the costs of market housing runs counter to the objectives the City of Hamilton has as it relates to reaching a balanced and healthy housing continuum. WE HBA



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appreciates that through the City of Hamilton's Housing and Sustainability and Investment Roadmap the City has identified the need for a "whole of Hamilton approach" to housing. Inclusionary Zoning is but one tool of many that should be investigated to restore balance to Hamilton's housing continuum. Collaboration between the Planning and Economic Development Department, the Housing Services Department, and the new home construction industry (through the West End Home Builders' Association) is paramount. Changes that impact one sector of the City's housing continuum often have impacts across the entire spectrum. As such, our Association echoes the need for a broadly focused Housing Strategy to ensure coordination and alignment on housing city-wide.

## **Conclusion**

WE HBA wishes to reiterate that we support mixed-income communities and believe that if implemented with cautious and careful consideration for market feasibility, that the industry can support Inclusionary Zoning. For Inclusionary Zoning to achieve a desired outcome for all parties, a partnership between all parties involved needs to be created to encourage the building of mixed income communities that include below-market affordable housing units that would otherwise not be built. WE HBA requests a specific industry consultation meeting for our members, industry colleagues, and consultants—alongside the project team working on the Market Feasibility Study—to review and understand their recommendations with City Staff and to provide our own to help inform the policies being put forward.

Regards,

**Michelle Diplock, RPP, MPI**

Manager of Planning and Government Relations  
West End Home Builders' Association

[westendhba.ca](http://westendhba.ca)



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ASSOCIATION**