



**HOUSING
ADVISORY
BULLETINS**

SERIES 03

**INCLUSIONARY ZONING AND
INCLUSIONARY HOUSING POLICIES**

**ISSUE 3.1 - AN INTRODUCTION TO
INCLUSIONARY HOUSING POLICY IN BC**

HOUSING ADVISORY BULLETINS

1.0	INTRODUCTION	01
	1.1 Purpose of the Bulletin	02
2.0	WHAT ARE INCLUSIONARY HOUSING POLICIES AND HOW CAN THEY BE USED IN BC?	03
	2.1 A Brief Overview of Inclusionary Housing Policies in British Columbia	04
	2.2 Understanding the Difference between Inclusionary Housing Policy Tools	06
3.0	KEY INCLUSIONARY HOUSING POLICY FEATURES	11
	3.1 Methods for Determining Affordability	12
	3.2 Ownership and Operation: Options and Trade-offs	14
4.0	WHY INCLUSIONARY HOUSING REQUIREMENTS ARE CHALLENGING	16
5.0	BENEFITS AND RISKS	18
6.0	CONCLUSION AND NEXT STEPS	19

HOUSING ADVISORY BULLETINS

ISSUE 3.1 - AN INTRODUCTION TO INCLUSIONARY HOUSING POLICY IN BC

1.0 INTRODUCTION

This bulletin is part of PIBC's Peer Learning Network (PLN) Housing Advisory Bulletin Series 3, which equips planning practitioners with practical, precedent-informed guidance to support the development and implementation of Inclusionary Housing policies, including the potential for Inclusionary Zoning by-laws. Issue 3.1 provides an overview of Inclusionary Housing policy tools available to local governments in British Columbia, along with the principles that underpin their use. Opportunities and challenges associated with these tools are contextualized in Issue 3.2, which explores prominent Inclusionary Housing policies implemented locally and across North America. Key findings and considerations for planners seeking to develop their own Inclusionary Housing policies are summarized in Issue 3.3.

The PIBC Peer Learning Network (PLN) Housing Advisory Bulletins are designed to equip planning practitioners with practical insights into the financial and policy dimensions of housing delivery in British Columbia.

The bulletins are organized into three parts:

- **Series 01:** Fundamentals of Housing Development Economics
- **Series 02:** The Cost of and Funding for Infrastructure and Amenities
- **Series 03:** Inclusionary Zoning and Inclusionary Housing Policies

Together, these bulletins bridge the gap between theory and practice, supporting planners in aligning housing objectives with economic realities and legislative requirements.



1.1 Purpose of the Bulletin

This bulletin is the first in Series 3: Inclusionary Zoning and Inclusionary Housing Policies and is designed to:

- + Explain common Inclusionary Housing policies - including Inclusionary Zoning - as a planning tool, including their purpose, guiding principles, legislative context, and requirements.
- + Outline key factors to be considered when developing Inclusionary Housing policies, including acquisition, ownership, and operational models, and the general benefits and challenges associated with each.
- + Highlight the importance of financial viability testing as a requirement when developing and monitoring Inclusionary Housing policies.

These considerations are essential as planners and local governments work toward creating complete communities under a legislative environment that has shifted significantly since 2024.

The bulletin intends to complement existing provincial guides and bridge the gap between theory and practice in informing planning practitioners and local governments of their roles in shaping the future of housing development (both affordable and market priced) and viability.

KEY DEFINITIONS FOR THIS BULLETIN:

Inclusionary Housing – Housing provided below market rates (rental or ownership), including units for people with special needs, secured as a condition of new development.

Inclusionary Zoning (IZ) – the common term used to describe planning and regulatory requirements that mandate the provision of Inclusionary Housing units as a condition of development approval, implemented through a zoning bylaw. Under the Local Government Act in BC, Inclusionary Zoning is formally referred to as an Affordable and Special Needs Housing (ASNH) Zoning Bylaw.

Density Bonus (DB) – the common term for a zoning incentive that grants additional development potential (units, height, or floor area) in exchange for Inclusionary Housing units or other public benefits. In BC, the LGA refers to this tool as a Density Benefits Zoning Bylaw.

Community Amenity Contribution (CAC) – a voluntary contribution negotiated at rezoning, which may include Inclusionary Housing units, cash, or in-kind amenities provided by the developer.

2.0 WHAT ARE INCLUSIONARY HOUSING POLICIES AND HOW CAN THEY BE USED IN BC?

Inclusionary Housing Policies refer to the suite of land use mechanisms available to British Columbia’s local governments to secure below market housing units as part of private, market-based residential development. These policies operate by linking development approvals, densities, or entitlements to the delivery of housing that is affordable to households who cannot access the private market without assistance, including, but not limited to, moderate income households, low income households, and people with special needs.

At their core, Inclusionary Housing policies are intended to ensure that as communities grow, they also grow more equitably, by embedding affordability outcomes directly into the development process rather than relying solely on public funding or senior government subsidy programs. In the BC context, many local governments have utilized Inclusionary Housing Policies to secure below-market housing contributions over the years, often as a negotiated condition of rezoning.

Why They Matter Now: Provincial reforms have increased base development permissions in many locations and streamlined the approval process for proposals that are consistent with Official Community Plans, reducing the reliance of negotiated rezonings as the primary way to secure public benefits.

These reforms have also expanded the toolbox with which local governments may secure Inclusionary Housing, requiring codified, upfront tools in zoning to secure below-market housing contributions.



For a more detailed review of the changing legislative landscape in BC and its implications for land use planning, please refer to

PLN HOUSING ADVISORY BULLETIN SERIES 01, ISSUE 1.

2.1 A Brief Overview of Inclusionary Housing Policies in British Columbia

For several decades, many municipalities across BC relied on the discretionary nature of the rezoning process to secure Community Amenity Contributions (CACs), which often included below-market or special needs housing commitments negotiated on a site-by-site-basis. This practice originated in the City of Vancouver, where the *Vancouver Charter* granted the City broader land use authority than municipalities governed under the former *Municipal Act*. Vancouver's enhanced powers enabled it to make use of land use contracts and negotiated density arrangements, which ultimately evolved into the CAC framework that other municipalities later adapted within the limits of their own legislation.

In 1993, the province updated the *Municipal Act* -later consolidated in the *Local Government Act* (LGA)- to provide clearer authority for securing amenities through zoning. This included Section 482, which formally empowered local governments to establish Density Bonus regulations via Density Benefits Zoning Bylaws. These provisions allowed local governments to codify expectations around the number, kind, and extent of affordable or special-needs housing units to be secured through legally enforceable housing agreement, shifting a portion of affordability mechanisms from negotiated practice to legislated authority with greater structure and clarity.

Starting in 2023, the Province of British Columbia introduced a series of major housing reform bills

that reshaped land use planning and development finance tools:

- + **Bill 44** (2023) requires local governments to permit Small-Scale Multi-Unit Housing (SSMUH) in most residential lands, increasing as-of-right pathways in many areas that previously only considered single-detached and duplex housing. It also requires local governments to align their Official Community Plans and zoning bylaws to accommodate housing needs over the next 20 years, according to their most recent Housing Needs Report.
- + **Bill 47** (2023) establishes Transit-Oriented Areas (TOAs) which prohibit local governments from refusing rezoning applications in designated areas based on prescribed densities and heights, and removes minimum off-street parking requirements.
- + **Bill 16** (2024) introduced a suite of new legislative tools for local governments, including new Inclusionary Zoning (IZ) bylaws and updated rules around DB bylaws to reflect the minimum densities in TOAs. The changes also now require financial feasibility analysis and consultation with affected parties when local governments adopt or amend these bylaws, while setting a deadline of June 30, 2026 for existing DB bylaws to be brought into compliance with the new rules.

[note - Development Cost Charge (DCC) and Amenity Cost Charge (ACC) legislation under Bill 46 does not allow for Inclusionary Housing requirements. These are covered in other bulletins and not the focus of this bulletin]

CHALLENGES TO CACS – IMPLICATIONS OF LORVAL V. TOWNSHIP OF LANGLEY (2025 BSCS 1148)

On June 20, 2025, the BC Supreme Court set aside the Township of Langley’s Community Amenity Contributions policy as an unlawful mandatory amenity payment regime tied to rezoning approvals, confirming the policy was beyond the Township’s statutory authority. The decision clarifies that local governments cannot *require* CACs as a condition of rezoning; contributions must be truly voluntary, and policies that imply fixed targets or make rezoning contingent on payment risk being invalid. While the decision is subject to appeal at the time of writing, the implication of the judge’s ruling is clear: local governments seeking to secure amenities and Inclusionary Housing should prioritize legislated tools such as DB bylaws, Phased Development Agreements, Amenity Cost Charges (ACC), and the new IZ bylaws enabled by Bill 16, rather than blanket CAC regimes. Following the ruling, the Township adopted an interim approach emphasizing case by case negotiation and moved to implement an ACC bylaw, illustrating the shift away from mandatory CAC frameworks.

Implication of Recent Changes:

Between the increase in permitted densities from SSMUH and TOAs and the implications of the Lorval decision, opportunities for local governments to utilize CACs are likely to diminish. As a result, planners will be responsible for helping local governments to develop and implement carefully crafted and calibrated Inclusionary Housing policies using DB and IZ bylaws, where appropriate.

Jurisdictional Note: IZ is not available to most Local Trust Committees (LTCs) within the Islands Trust, with the sole exception of Bowen Island Municipality. Bowen Island, as an island municipality, can adopt IZ bylaws and related housing tools under provincial legislation while its plans and bylaws remain within the Islands Trust framework. LTCs retain authority to use Density Bonus (DB) zoning bylaws to secure provisions in zoning to secure amenities and affordable or special needs housing, exercised under the *Islands Trust Act* and subject to the approval requirements that apply to LTC zoning bylaws.

2.2 Understanding the Difference between Inclusionary Housing Policy Tools

Understanding how Density Bonusing, Inclusionary Zoning, and combined approaches operate is essential for planners working within BC's updated legislative and regulatory framework. Each tool serves a different role and can be used independently or together to support the delivery of below-market housing.

Density Bonusing

Density Bonusing (DB) is a planning tool that allows additional development in exchange for community benefits, such as below-market housing. Under Section 482 of the Local Government Act, local governments in British Columbia may use this tool by adopting a Density Benefit Zoning Bylaw, which identifies when and how additional development potential may be permitted.

Recent changes introduced through Bill 16 added new requirements for adopting these bylaws, including consultation with affected parties and a **financial feasibility analysis**.

DB provides an additional advantage by giving both the development community and local residents a clear understanding of the maximum densities that can be achieved under the zoning bylaw without the need for site-specific Comprehensive Development zoning. This predictability helps reduce uncertainty in the approvals process, supports more efficient project design, and limits reliance on individual rezoning negotiations.

By establishing an upper limit to density in the bylaw, local governments can clearly articulate how far development can go and the corresponding expectations for public benefits.

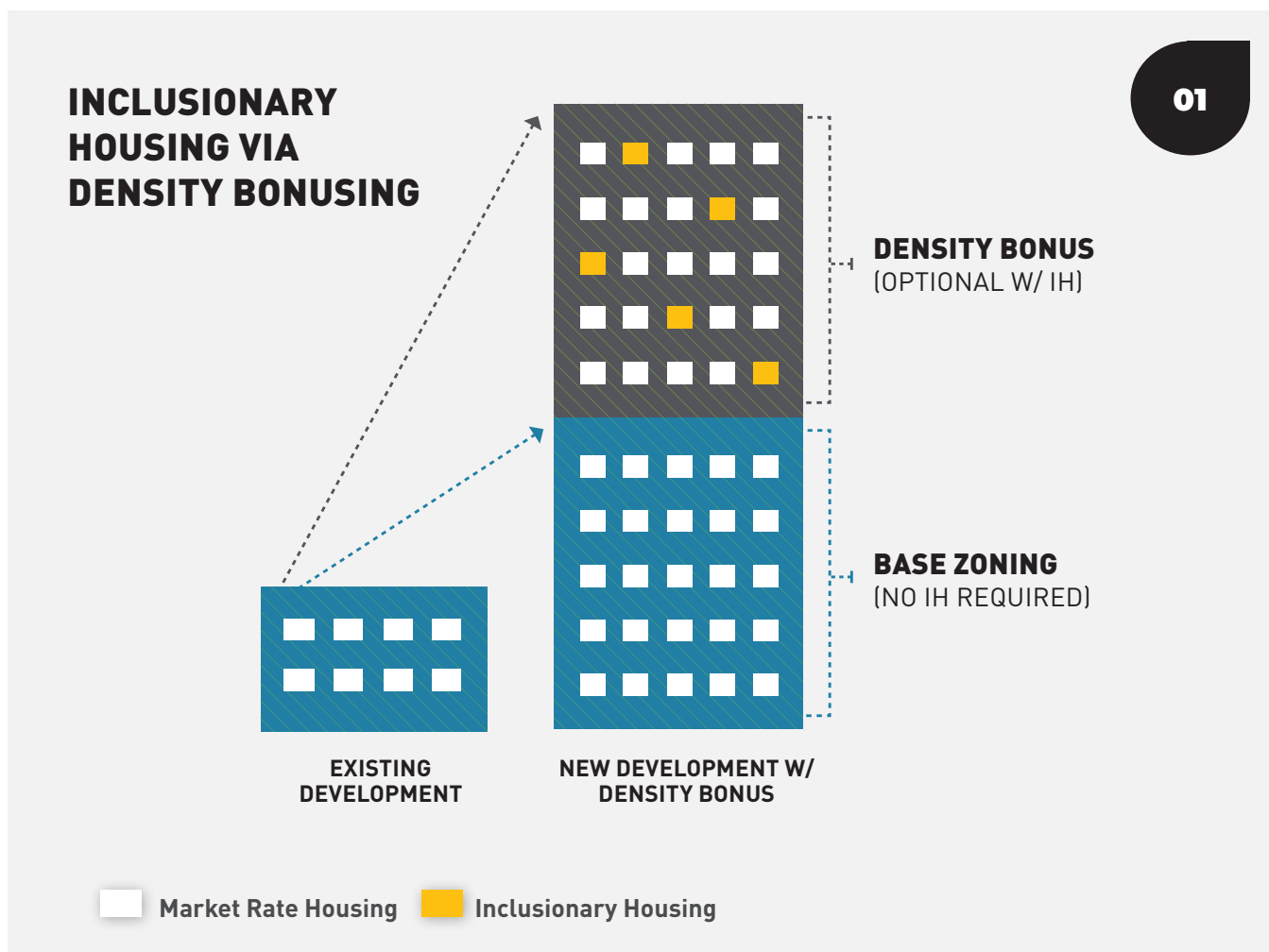
FINANCIAL FEASIBILITY ANALYSIS

The core elements of financial feasibility and how planners should consider it are detailed in **PLN HOUSING ADVISORY BULLETIN SERIES 01, ISSUE 2**.



Provincial guidance highlights the importance of maintaining transparent and predictable DB structures so developers understand how bonus density is valued and how contributions are calculated. This clarity supports more informed land acquisition decisions and enhances the likelihood that bonus density provisions will be used. At the same time, communities gain assurance that the additional density permitted through DB is tied to specific and consistent benefits, such as below-market housing or other amenities identified through planning processes.

Note: Local governments cannot count bonus density towards their capacity to accommodate the 20-year need identified in their most recent Housing Needs Report. This must be achieved in the base density before DB can be considered. DB also cannot be used in relationship to residential height or density below the prescribed minimums for any property located within a designated TOA.



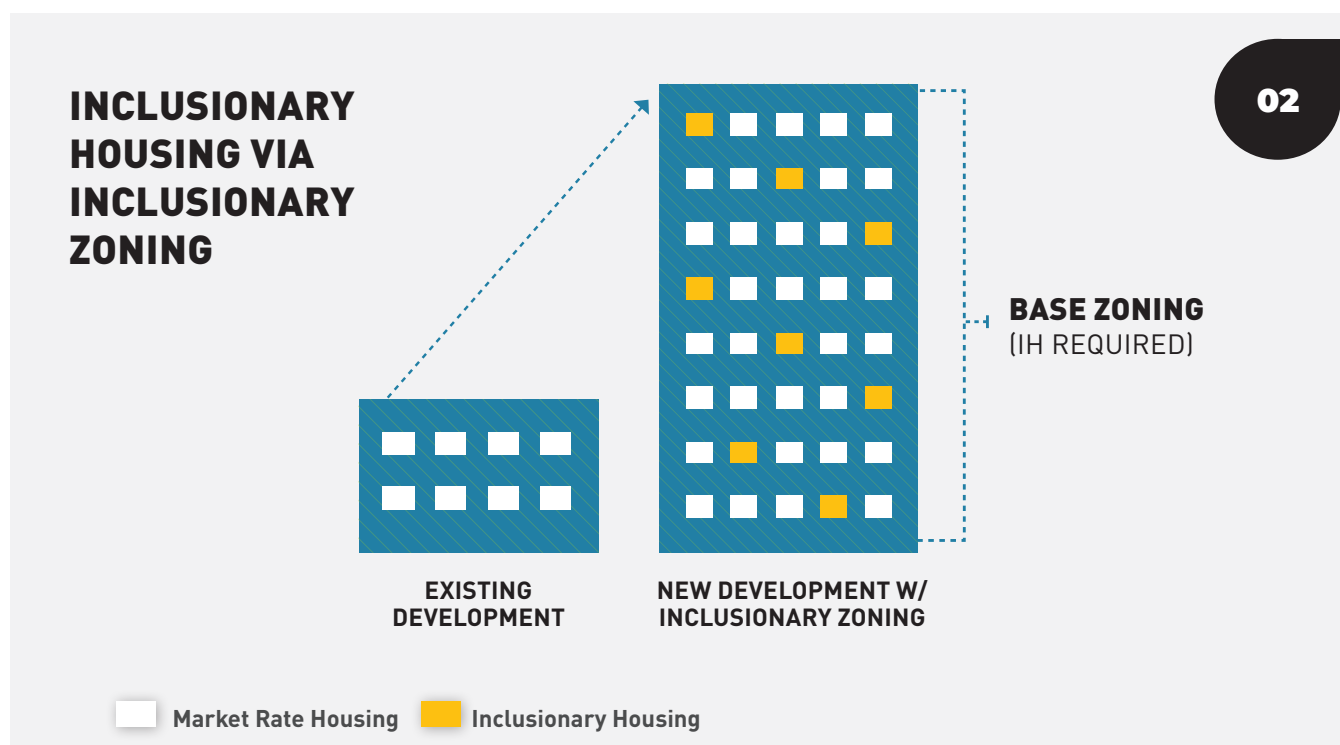
Inclusionary Zoning

Inclusionary Zoning is a zoning-based tool introduced through Bill 16 that allows local governments to require that a proportion of units in new residential development be **set-aside** as below-market housing. This requirement is implemented through the adoption of an Inclusionary Zoning bylaw and applied against the base density already established in the zoning bylaw, including minimum prescribed densities within a designated TOA.

IZ bylaws must establish affordability expectations up front, including unit numbers, price or rent levels, and the duration of affordability. Like the new requirements for DB, provincial legislation requires local governments to undertake consultation and **financial feasibility analysis** and to reflect current Housing Needs Reports when developing or updating IZ bylaws.

Community Amenity Contributions

Although provincial amendments reduce reliance on rezoning, Community Amenity Contributions may continue to serve as a tool for securing below-market housing in situations where rezonings still occur – particularly for complicated development applications that do not conform with any existing zoning schedule. CACs remain voluntary, and local governments must ensure CAC frameworks complement rather than duplicate IZ and DB requirements. To avoid conflict, it is recommended that local governments rely on IZ and DB where possible and retain CACs only for special cases that cannot easily be covered by the former.



A Case for Using the Tools Together – Transit Oriented Areas

Transit Oriented Areas established under Bill 47 introduce minimum residential densities and remove minimum residential parking requirements, both of which increase the development potential of affected sites and can strengthen overall project finances. Because these minimum densities are now prescribed by provincial legislation, local governments cannot negotiate CACs for the portion of density that corresponds to the required minimum. However, the increased development capacity created by higher base densities and reduced parking obligations supports more viable conditions for securing below-market housing through IZ, which can be applied to the new provincially mandated minimum density.

For any additional density proposed above the minimum that Bill 47 requires, local governments may consider either a DB bylaw or voluntary CACs where rezonings still occur. DB provides a structured, bylaw-based mechanism for securing enhanced affordability outcomes or deeper affordability levels in exchange for increased density, while CACs continue to offer flexibility for site-specific rezonings beyond the prescribed minimum.

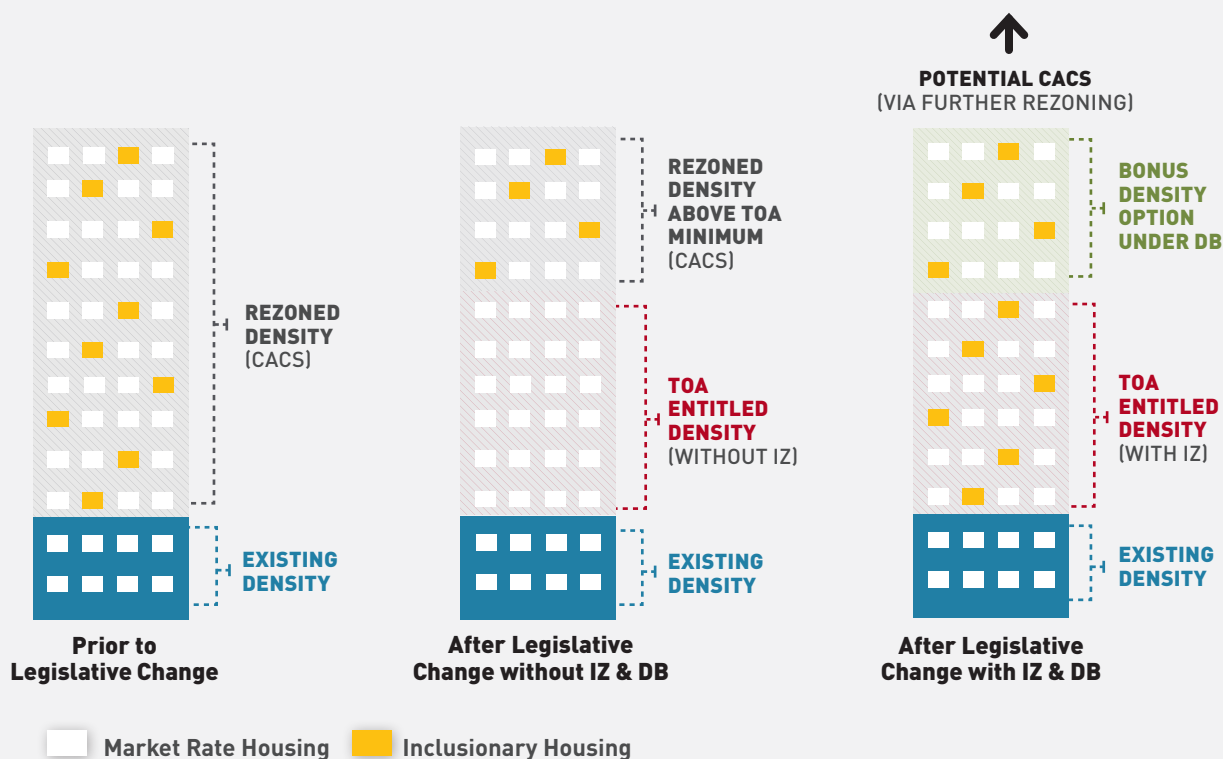
This tiered approach enables local governments to establish clear expectations for affordability at the base density level through IZ, while also using DB or CACs strategically to secure further contributions when projects pursue densities higher than those mandated in the TOA framework.



APPLYING INCLUSIONARY HOUSING TOOLS IN TRANSIT ORIENTED AREAS

This hypothetical, generalized example illustrates the change for a low-density (two storey) residential property that falls within the portion of a TOA that now grants a minimum of 8-storeys in height. While currently zoned for the existing use, the OCP supports redevelopment up to 12-storeys. Where the local government could have previously negotiated CACs on the additional 10-storeys of density over what exists today as part of a rezoning application, the new TOA legislation no longer grants discretion over the first 6 of those additional floors. This limits the amount of Inclusionary Housing that could potentially be secured by CACs alone.

As an alternative, the local government could implement an IZ bylaw to secure Inclusionary Housing in the density entitled by the TOA, while a DB bylaw could be utilized to incentivize redevelopment to the full 12-storeys in exchange for additional Inclusionary Housing units.



Alignment with Other Tools:

Inclusionary units secured as a condition of IZ or DB are not subject to Amenity Contribution Charges, which are another way to secure public amenities as a condition of development. For a more detailed review of these tools and how they can be used, please refer to **PLN Housing Advisory Bulletin Series 02**.

3.0 KEY INCLUSIONARY HOUSING POLICY FEATURES

While the details of Inclusionary Housing or zoning policies can differ significantly between the communities that have implemented them, the policy frameworks are built around several core features:

Feature	Description
Affordable Unit / Share Set-Aside	<ul style="list-style-type: none"> + Specifies the required percentage of units or floor area that must be secured as 'affordable' + Policy examples range from 5 to 30 percent, with some policies having requirements that slide based on a range of factors
Definition and Depth of Affordability	<ul style="list-style-type: none"> + Details on what counts as 'affordable' for the purpose of the set-aside + Methods can vary based on policy objectives and data availability (detailed further in Section 3.1)
Duration of Affordability	<ul style="list-style-type: none"> + Specifies the minimum term and whether affordability is perpetual, time-limited, or reset when an occupier sells or vacates the unit + Longer terms provide durable outcomes, but may require additional incentives or operational partnerships and grants to remain viable
Tenure	<ul style="list-style-type: none"> + States whether the program targets rental, ownership, or both + Rental programs often support deeper affordability and more durable outcomes, while ownership programs may help to built household equity
Geography and Typology	<ul style="list-style-type: none"> + Identify the areas, zones, and built forms to which the inclusionary requirements apply + Based on financial feasibility analysis and market dynamics, policy requirements may vary based on neighbourhood or built form
Delivery and Opt-Out Options	<ul style="list-style-type: none"> + Many programs offer alternatives to delivering requirement on-site, including providing cash-in-lieu payments, or allowing the construction of the Inclusionary Housing units off-site + Smaller projects may only deliver a limited or partial number of Inclusionary Units, which may not offer the scale that affordable housing operators need to operate efficiently + This type of flexibility is important to support viability, but is often only offered at the discretion of the local government
Developer Incentives	<ul style="list-style-type: none"> + Many successful Inclusionary Housing policies offer incentives or cost-offsets for developers + Common incentives include density bonuses, fast tracked approval processes, reduced parking requirements, flexible design standards, reduced development fees, and tax abatements
Administration and Governance	<ul style="list-style-type: none"> + Identify who administers eligibility, compliance, and monitoring of affordability requirements, and how non-compliance is addressed + Depending on their scope and mechanism of delivery, Inclusionary Housing policy frameworks can require considerable staff resourcing to implement and manage + Approved third-party organizations may help local governments and developers with administration, but their engagement may also require ongoing funding support to operate

3.1 Methods for Determining Affordability

Determining affordability is one of the most consequential steps in developing an Inclusionary Housing requirement. A clear affordability definition establishes what the policy is intended to deliver, identifies who will benefit, and sets expectations for both local governments and development proponents. Selecting the appropriate method requires balancing community objectives with what private development can realistically support, informed by local market conditions, development economics, and operational realities.

Because affordability targets directly influence development viability, the choice of method should be grounded in evidence, supported by transparent rationale, and tested through financial feasibility analysis.

Local governments in British Columbia generally rely on three commonly accepted methods for defining affordability: the **benchmark approach**, the **income-based approach**, and the **market-based approach**. Each option carries benefits and limitations and is best suited to different policy goals and market conditions.

A. Benchmark Approach

The benchmark approach uses external reference data, typically Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR), to set affordability levels for rental units in the BC context. This method is widely used because AMR reflects a broad range of units across the market and is updated regularly. A local government may determine, through its Housing Needs Report, what proportion of AMR is suitable for local households.

Benchmark targets commonly range from 80 percent of AMR for deeper affordability to 100 percent of AMR for moderate affordability. Because AMR reflects both new and older units, benchmark levels are often below asking rents for newly constructed units.

Considerations:

- + Simple to implement and communicate
- + Does not directly reflect household ability to pay, since it applies a uniform threshold regardless of income differences

B. Income-based Approach

The income-based approach defines affordability according to what local households can afford, typically by ensuring housing costs do not exceed 30 percent of household income. Local governments often draw on Statistics Canada income deciles or median household income to align affordability levels with specific income groups.

A variation of this method is rent-geared-to-income (RGI), which can provide deeper affordability but generally requires ongoing operational subsidy to remain viable at scale.

Considerations:

- + Strong alignment with ability to pay
- + Requires conversion of income data into rent or price levels
- + Relies on data that is updated every five years, which may reduce responsiveness to current conditions

C. Market-Based Approach

The market based approach defines affordability as a discount from current market rents or market sale prices, usually based on newly constructed units. This approach can closely reflect contemporary housing costs and may support affordability for moderate income households.

However, because market data can change quickly and may be difficult to measure consistently, this approach introduces uncertainty into both policy implementation and long-term operations.

Considerations:

- + Reflects current housing conditions
- + Less stable over time and may require frequent updates
- + Does not necessarily align with local household ability to pay



Selecting the Appropriate Method

The choice of affordability definition influences the number and depth of affordable units that can realistically be secured and operated over time. Higher affordability requirements may produce deeper affordability benefits but will reduce the number of units that can be delivered while maintaining project viability. Conversely, more moderate affordability targets may allow local governments to secure a greater number of units.

In practice, determining what is affordable for residents and what a local government can require must be considered together. This requires **financial feasibility analysis** to ensure that affordability targets reflect both local household capacity and the economic conditions under which development occurs.

3.2 Ownership and Operation: Options and Trade-offs

The long-term success of an Inclusionary Housing program depends not only on how units are secured, but also on how they are owned and operated once delivered. Decisions regarding ownership, management, eligibility criteria, and stewardship influence whether affordability is preserved, who benefits from the units, and how effectively obligations can be monitored over time. These choices should be made early, informed by program objectives, local capacity, and feasibility testing.

+ **Transfer to a non-profit or municipal entity**

One approach is to transfer completed units to a qualified non-profit housing provider or municipal housing corporation. This model is often preferred for deeply affordable or supportive housing, as experienced operators are better positioned to deliver specialized services and maintain long-term affordability. This approach typically requires a higher upfront contribution from the developer, which must be recognized during feasibility testing and reflected in the design of incentives and bonuses.

+ **Developer ownership with contracted management**

In some cases, units may remain under developer ownership, with day-to-day operations handled by a contracted property manager. This model can work effectively at modest levels of affordability where stable operating revenues are achievable. Affordability requirements in this scenario are secured through housing agreements and monitored through periodic reporting.

+ Non-profit operation with developer ownership

A hybrid approach involves the developer retaining ownership while a non-profit organization manages the units. This model can improve operational performance where tenants require additional supports while allowing the developer to maintain ownership of the asset. Clear roles for tenancing, maintenance, and compliance should be defined through agreements approved at the development stage.

+ Affordable ownership programs

Where the objective is to deliver affordable ownership opportunities, specific stewardship mechanisms are recommended. These can include resale controls, eligibility screening, and oversight of closing procedures to ensure public investments in affordability are preserved at turnover. Programs must also account for fee escalation in strata or condominium buildings so that affordability is not eroded through rising monthly costs.

+ Alternative contribution forms

Some projects are too small to practically support on-site inclusionary requirements. For example, a 10 percent set-aside on an 8-unit project would not result in a full unit, and rounding partial requirements up to a whole unit can create a substantial burden. Further, if rental housing is the goal, small numbers of units spread across multiple properties can present inefficiencies that may discourage operators. In these cases, alternative forms of contribution, including cash-in-lieu options, may be more appropriate to support viability and efficient administration.

Comparative research highlights that jurisdictions are more successful when ownership and operating models are aligned with the depth of affordability being sought and when programs incorporate the use of calibrated incentives or partnerships. These supports help maintain overall housing supply while delivering deeper affordability tiers. Ongoing monitoring is strongly encouraged so that local governments can adjust programs where projects stall or where operating deficits threaten long-term sustainability.



4.0 WHY INCLUSIONARY HOUSING REQUIREMENTS ARE CHALLENGING

Inclusionary Housing policies are a powerful tool that present considerable opportunity. They grant local governments the means to ensure new development contributes towards affordable housing objectives, providing a good that otherwise can be difficult for local governments to achieve. These tools enable affordable outcomes to be secured in a predictable, bylaw-based way, which supports a more proactive planning system.

At the same time, they introduce considerable challenges, complexity, and risk that must be managed with care. These include:

- + **Financial and procedural challenges.** Inclusionary requirements can significantly alter project revenues and costs, which can affect whether developments proceed, where proponents invest, and how quickly new supply is delivered. Depending on the complexity of the requirements, these programs can also introduce significant challenge for a developer, housing operator and even the local government as it seeks to implement and monitor the policy.
- + **Impact on overall housing delivery.** Studies show that increased set aside rates and deeper affordability requirements can reduce total production if not balanced with incentives or supportive conditions, while well-designed programs can produce urgently needed affordable units, depending on market strength and program design. This evidence underscores the need for careful calibration and ongoing monitoring.
- + **Neighbourhood and built-form differences.** High-rise concrete, mass timber mid-rise, and wood-frame apartments carry very different cost and revenue profiles. A uniform requirement can be viable in one context yet stall projects in another, which is why provincial legislation requires feasibility analysis and clear valuation methods.
- + **Spillovers across neighbourhoods and jurisdictions.** If requirements are set above what local land economics can support, activity can shift to sub-areas or neighbouring jurisdictions with more workable rules, reducing intended outcomes in priority locations. Regional work emphasizes the value of tiered requirements and form-specific testing to limit unintended displacement of investment.

- + **Changing market conditions.** Interest rates, construction costs, asking rents, and land values can shift quickly. CMHC reporting shows that rent levels, vacancies, and turnover conditions vary over time and across regions, which can affect proforma and the ability of projects to absorb inclusionary costs. Requirements that are not periodically reviewed can drift out of alignment with current conditions. Provincial guidance recommends that local governments comprehensively evaluate and update IZ and DB bylaws on a three-to-five-year review cycle, although rapidly changing market conditions may warrant interim updates sooner to maintain alignment with current feasibility realities.
- + **Operational funding constraints and shifting funding support.** Affordability requirements typically restrict operators, be they developer owners or third-party not-for-profit organizations, from setting and increasing rents at a rate that permits for significant capital improvement and upkeep. This can be challenging as capital requirements increase faster than the ability to raise rents, particularly at deeper affordability levels. Certain built forms may also be more exposed to operational cost increases beyond their direct control, such as Inclusionary Housing units in condominium buildings where strata fees are shared with the rest of the building. To remain functional, these operators often rely on grant funding from other levels of government, though this funding also often comes with its own requirements, and may not always be guaranteed as Provincial and Federal priorities and budgets permit.



5.0 BENEFITS AND RISKS

Inclusionary Housing policies and their associated bylaws can be an effective way for local governments to secure affordable housing if carefully designed. Successful approaches balance affordability requirements with incentives and are grounded in a solid understanding of development economics. When flexibility, feasibility analysis, and incentives are built into the policy, local governments can achieve affordable housing goals without discouraging private land development.

Aspect	Benefits	Risks
Affordable Housing Supply	Secures below market units within private development, creating durable affordability without relying only on senior government capital programs.	If requirements are not updated to reflect changing market conditions, applications, starts, and completions can fall, reducing total supply.
Predictability	Codifies expectations in zoning, reducing negotiation and shortening approvals where projects align with adopted policy.	Fixed rules can become misaligned with changing costs and revenues if not reviewed and updated.
Market Feasibility	Requires feasibility analysis and alignment of targets to local land economics and typologies.	Uniform set asides can shift activity to jurisdictions or sub areas with more manageable obligations.
Integration with Other Tools	Can be paired with incentives, density bonus, and TOA reforms to maintain viability while improving affordability outcomes.	Financial impact from other tools, such as DCCs, design standards, and minimum unit sizes, can erode feasibility and delay housing delivery.
Long-term Outcomes	Housing agreements and stewardship frameworks preserve affordability and improve accountability.	Insufficient stewardship and deep affordability restrictions may weaken long-term upkeep and viability, particularly in mixed-strata buildings.

6.0 CONCLUSION AND NEXT STEPS

Inclusionary tools can help local governments align housing outcomes with community objectives while meeting expectations set by senior governments. They are not simple to design or maintain. Effective programs require attention to local land economics, built form differences, administrative capacity, and changing market conditions. In some contexts, local government resources may not be sufficient to implement and steward comprehensive programs. In others, poorly calibrated requirements can produce unintended housing outcomes such as reduced overall supply or a shift in investment to other jurisdictions. These risks can be moderated by rigorous feasibility analysis, clear administration, and routine monitoring and updates.

Issue 3.2 summarizes a review of recent case studies from from BC and the United States, highlighting how jurisdictions address market variation, incentives, and long-term stewardship. Issue 3.3 summarizes best practices and provides guidance for practitioners who intend to proceed with inclusionary policy development, including recommended approaches to calibration, administration, and monitoring.



Works Cited

Aiken, C. (2023). *Evaluating inclusionary zoning policies*. NYU Furman Centre.

Canada Mortgage and Housing Corporation (2025). *Rental Market Report*. Canada Mortgage and Housing Corporation. British Columbia

Ministry of Housing and Municipal Affairs (2025). *Inclusionary zoning and density bonusing: Comprehensive guidance*. Government of British Columbia.

Ministry of Housing and Municipal Affairs (2025). *New local government tools: Inclusionary zoning and density bonus*. Government of British Columbia.

Phillips, S. (2024). *Modeling inclusionary zoning's impact on housing production in Los Angeles: Trade offs and policy implications*. UCLA Lewis Center for Regional Policy Studies.

Ramakrishnan, K., Treskon, M., & Greene, S. (2019). *Inclusionary zoning: What does the research tell us about the effectiveness of local action?* Urban Institute.

SHS Consulting; CPCS (2024). *Inclusionary housing policy review and regional model policy framework*. Metro Vancouver Regional District.





SERIES 03

**INCLUSIONARY ZONING AND
INCLUSIONARY HOUSING POLICIES**

**ISSUE 3.1 - AN INTRODUCTION TO
INCLUSIONARY HOUSING POLICY IN BC**