

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
June 11, 2020

Report of the Commissioner of Corporate Services and Chief Planner

2019 Measuring and Monitoring Affordable Housing in York Region

1. Recommendations

1. Staff continue to collaborate with local municipalities and the Building Industry and Land Development Association – York Chapter to assess policy options and innovative solutions to address housing affordability challenges in York Region.
2. The Regional Clerk circulate this report to the local municipalities.

2. Summary

This report provides an overview of the 2019 affordable housing measuring and monitoring exercise (Attachment 1).

Key Points:

- Delivering affordable housing options continues to be a challenge for York Region, local municipalities and the development industry
- Affordable ownership and rental housing is a key component for building complete communities, supporting community health, economic vitality and growth of York Region's local cities and towns
- The annual measuring and monitoring exercise assesses new housing supply for affordability each year and is used to determine gaps in the housing system
- Regional Official Plan affordability targets have not been met for the second year in a row, with only 14% of all new ownership and rental units in 2019 affordable at the provincial threshold
- When new ownership housing is evaluated, only 11% of new units are below the affordability threshold and 99% of these are studio and one-bedroom condominium units
- In 2019, only 3% of new housing was classified as rental. There is a need for an increased rental supply, which provides an opportunity to address York Region's affordability challenges

- To solve housing challenges in York Region, continued support and collaboration across all levels of government and development industry is required, including exploring policy options through the Municipal Comprehensive Review process

3. Background

A full mix and range of housing options support growth and development of complete communities in York Region

A full mix and range of affordable ownership housing and rental housing is a key component of building complete communities. This helps to meet the needs of residents and workers of all ages and stages of life, impacting quality of life, community health and economic vitality. A mix and range of ownership and rental housing refers to a variety of housing options that are affordable based on a resident's income, in appropriate locations and suitably sized.

Affordable housing is important for businesses to attract and retain employees, supporting economic development and growth in York Region. A full mix and range of housing options is required to support York Region in meeting growth projections outlined in the Regional Official Plan.

The Regional Official Plan sets affordable housing targets that are monitored annually through this exercise

The York Region Official Plan requires 35% of new housing in the Region's Centres and key development areas be affordable, and 25% of new housing outside of those areas be affordable. The annual measuring and monitoring exercise helps to understand York Region's housing supply and assess whether Regional Official Plan targets for affordable housing are met. The targets are consistent with provincial guidance set in the Provincial Policy Statement for efficient development patterns to promote a mix of housing.

In 2019, Council adopted innovative approaches to help address continued affordability challenges impacting York Region

The provision of a full mix and range of housing, including affordable housing options, continues to be a challenge for York Region, local municipalities and the development industry. In fact, affordability is a challenge across the Greater Toronto Area. All levels of government and industry proponents have roles in supporting solutions to delivering affordable housing options to residents. Council has demonstrated commitment to housing solutions, most recently in the form of financial incentives for purpose-built rental housing, including a [36-month development charge deferral program](#) developed in 2017 and an expanded, graduated incentive program endorsed in 2019.

On October 17th, 2019, Council approved [new graduated development charge deferrals](#) for purpose-built rental housing affordable to mid-range income households. These new incentives were accompanied by development charge deferrals for large office buildings, working together to support the development of complete communities. The affordable, purpose-built rental incentives promote growth across York Region but particularly in the

Region's centres and corridors and are structured to encourage the inclusion of family-sized units in new developments to help address housing gaps identified through this monitoring exercise. These new incentives align with York Region's city building initiatives and vision for complete communities.

This exercise helps identify housing gaps and provides data to support housing policy directions for the Municipal Comprehensive Review

The Measuring and Monitoring Affordable Housing exercise provides data and identifies housing gaps to support the development of new policies and programs. The Municipal Comprehensive Review process provides the opportunity to review and develop policies to address housing challenges impacting York Region, including the development of housing targets and options to achieve them. Through technical consultations, Regional staff will continue to engage with the Building Industry and Land Development Association, local municipalities and other stakeholders to collaborate on defining and determining policies for the Regional Official Plan and implementation options focused on delivering housing solutions.

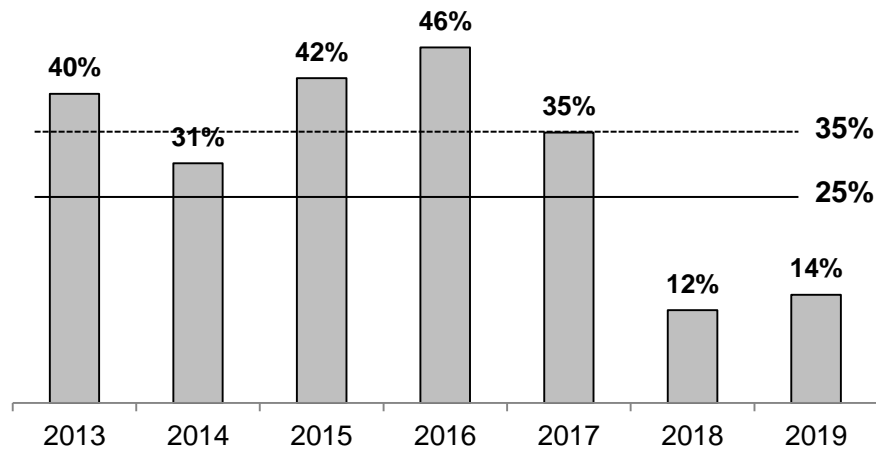
Later this year, a Housing Policy Directions report will be presented to Council on housing targets and policy updates to inform the Regional Official Plan update process. Council has provided ongoing and innovative support for the development of a healthy housing system, as exemplified through the new rental housing incentives. Addressing housing challenges in York Region will require continued policy and program initiatives, as well as partnerships with local municipalities, upper levels of government, development industry and other housing stakeholders.

4. Analysis

In 2019, Regional Official Plan targets for affordable housing were not achieved for the second year in a row

The York Region Official Plan affordable housing policies prescribe that 35% of new housing in the Region's Centres and key development areas be affordable, and that 25% of new housing outside of those areas be affordable. In 2019, the affordable housing targets were not achieved, with 14% of new units below the affordable housing threshold. This was a slight increase from 2018, but a large reduction from 35% in 2017 and 46% in 2016 (Figure 1). The thresholds used for this exercise are set to reflect different local municipal contexts, including variances in household incomes.

Figure 1
Percentage of New Affordable Units by Year



*Regional Official Plan Target: 35% applied in Regional Centres and Key Development Areas and 25% applied outside of Regional Centres and Key Development Areas.

For the second consecutive year, there were few affordable options across all nine local cities and towns and across all housing types. This identifies a trend of few affordable options, with limited new rental supply added to the market each year. Of the 14% of affordable new units from the 2019 housing supply, 21% are rental (rental represented 3% of the total housing supply) and 79% are affordable ownership (ownership represented 97% of the total housing supply). As identified through these numbers, rental housing accounts for a much larger portion of affordable units compared to the total new supply it brings to the market each year. In 2019, the majority of the new rental supply was 162 new Housing York Inc. units in Vaughan. Council's commitment to supporting a place for everyone plays a critical role in delivering new, affordable units to York Region's housing market.

Almost all affordable ownership options are studio and 1-bedroom condominiums, with few family-sized options available

In 2019, only 11% of new ownership units were below the affordability threshold. For ownership purposes, a household income is calculated at the 60th percentile to set the affordable housing threshold (i.e. the maximum house price that the lowest earning 60% of households can afford). Of the ownership units, 99% were studio (8.7%) or one-bedroom (90.6%) condominium units in high density developments, primarily in Newmarket and Vaughan. In 2019, there were no affordable two-bedroom or larger-sized high density units that met the threshold and only 0.7% of ground related units were affordable.

Condominium fees are not captured in affordability assessments, or the data presented in this report, as there is limited availability of condominium fees across York Region. For many households, the additional costs of condominium fees can make these units inherently unaffordable, causing a further decline in the number of new affordable units in York Region.

Compared to 2018, York Region had a 31% increase in the total number of new ownership units built in 2019. There was the same percentage of affordable ownership housing (11% each year), with almost no new affordable ground related, and family-sized high density units in both 2018 and 2019. In 2019, the increased housing supply did not result in a higher percentage of affordable ownership housing units in York Region.

As ownership housing becomes increasingly unaffordable to a greater proportion of residents, rental housing continues to be a necessary alternative

The ownership affordability threshold used in this measuring and monitoring exercise is based on the Provincial definition set out in the Provincial Policy Statement. As previously outlined, the ownership household income is calculated at the 60th percentile to set the affordable housing threshold. In 2019, York Region's annual household income at the 60th percentile was \$125,041 and a housing unit affordable at that income could not exceed \$483,988. In 2019, 11% of new ownership units are 'affordable' based on the provincial definition, and 14%¹ of units were affordable when both ownership and rental housing was included (all rental units are coded as affordable due to data limitations).

To gain a better understanding of the true affordability challenges facing mid-range and upper income households in the ownership market, a sensitivity analysis was conducted for the 40th, 50th, 70th, and 80th percentiles (Table 1). When lower household incomes are evaluated, the availability of new affordable housing units rapidly diminishes. When higher incomes beyond the provincial definition of affordable are assessed, affordability pressures remain. This sensitivity analysis identifies that only the highest income households in York Region have robust affordable ownership options.

¹ In 2019, the majority of new rental supply was 162 new Housing York Inc. units in Vaughan at Woodbridge Lane; up to 70% of the units will be offered to applicants on the Region's subsidized housing wait list. The remaining 100 are new registered secondary suites recorded across all local cities and towns. No new purpose-built rental units were added to the housing stock in 2019.

Table 1
Affordable Ownership for a Range of Income Percentiles

Percentile	Upper Household Income Threshold	Maximum Affordable House Price	% Affordable Ownership Units
40th	\$83,640	\$323,740	0%
50th	\$103,422	\$400,312	2%
60th	\$125,041	\$483,988	11%
70th	\$150,599	\$586,711	43%
80th	\$184,136	\$722,746	63%

Source: York Region Planning and Economic Development, 2020.

Households that cannot afford ownership housing to meet their housing needs often turn to the rental market for suitable sized housing in central and connected locations. Purpose-built rental housing continues to be a necessary alternative to ownership, delivering stable housing options with fewer added costs for amenities. Households in this income range could afford a monthly rent of approximately \$2,100 (40th percentile) to \$4,600 (80th percentile). Average market rents for purpose-built rental in 2019 ranged from \$1,160 (Bachelor unit) to \$1,995 (3+ bedroom unit). Although many of these ownership households could afford rents, they are faced with the challenge of low rental supply. The rental incentives previously identified outline Council’s continued dedication to solving York Region’s rental supply challenges. It is expected that in the coming years, the rental incentives endorsed by Council will result in an increase of new purpose-built rental units providing additional options for households facing affordability challenges.

For both ownership and rental housing across York Region, affordable housing options are essential as a basis for economic, community, and social health and well-being. A lack of affordable housing options may continue to cause challenges in meeting growth projections set by the Province, impacting future economic growth and development of York Region.

Many factors contribute to continued affordability challenges facing York Region

Many factors contribute to the affordability challenges across York Region, and the Greater Toronto Area, evidenced by drastically increasing housing prices in recent years. A best practices scan and analysis will be completed in support of housing directions to be developed through the Municipal Comprehensive Review later in 2020. This exercise will evaluate economic, financial and community factors that impact housing costs, many of which are beyond York Region’s control. Historically, York Region has maintained strong economic growth, continues to be a desirable location to live, and housing prices have increased accordingly. This is a similar trend across the Greater Toronto Area.

It is likely that affordability is having an impact on York Region's population growth rate, which could have long-term economic implications. Additional information on the relationship between housing affordability and the Region's population growth is contained in the Growth and Development Review 2019 report being considered at this Committee of the Whole meeting. Through the Municipal Comprehensive Review, a report outlining potential housing policy directions will identify policy and other solutions to help address some of the factors causing affordability challenges in York Region.

Measuring and Monitoring Affordable Housing supports Vision 2051's Healthy Communities goal of appropriate housing for all ages and stages

Vision 2051, the Regional Official Plan, and the 2019 to 2023 Strategic Plan contain goals and policies that promote development and monitoring of affordable housing in support of creating complete communities. The measuring and monitoring of housing affordability in York Region aligns with the goals outlined in these strategic documents, providing data that supports results based solutions to housing challenges.

As affirmed through York Region's strategic plans, working to support development of a full mix and range of housing options in York Region is integral to the health, well-being and economic growth of communities. The new affordable, purpose-built rental incentives identified earlier in this report highlights Council's commitment and leadership in addressing housing need in York Region. Continued government innovation and collaboration with housing providers and development industry is essential for solving York Region's affordability challenges.

5. Financial

The work completed by staff for the 2019 measuring and monitoring of affordable housing has been completed within the existing staff complement, and within the approved business plan and budget.

The financial impact of failing to address affordable housing challenges in York Region could lead to unintended consequences, such as lower residential and employment growth rates. York Region continues to fall short of the Growth Plan forecast; a shortfall of affordable housing options may be a contributing factor. This may impact York Region's future economic and financial prosperity, particularly as new development supports payment for projects and investment in programs and policies that help to solve housing challenges.

6. Local Impact

Local municipalities are key partners in addressing housing affordability. Each year, local municipal staff works with Regional staff in supporting collection of key data for this report. Regional staff shares the data results and methodology with local municipal partners.

Local municipalities continue to partner with York Region in development of financial incentives to support purpose-built rental housing. Regional staff will continue to collaborate

with local municipal staff through the York Region Local Municipal Housing Working Group to address affordable housing needs across York Region. Local municipalities have an integral role in supporting the development of the Housing Policy Directions report and in collaborating with development proponents and York Region to define context-specific solutions in their municipalities. The housing challenges outlined impact all local municipalities, requiring continued support to deliver solutions.

7. Conclusion

As a foundation of complete communities, housing supports community health and well-being, social cohesion, economic development and growth in York Region. The continued trend of few affordable housing options places future growth and development of communities at risk.

York Region Council has set the foundation to address these challenges by encouraging a full mix and range of housing options and prioritizing investment in new affordable purpose-built rental housing projects. No one level of government or industry partner can solve housing affordability challenges alone. Staff will continue to work in collaboration with partners and local municipal staff to find innovative solutions that help achieve Regional Official Plan targets in 2020 and will continue to monitor the affordability of housing across York Region to support continued evidence-based policy solutions.

For more information on this report, please contact Danielle De Fields at 1-877-464-9675 ext. 71525. Accessible formats or communication supports are available upon request.

Recommended by: **Paul Freeman, MCIP, RPP**
Chief Planner

Dino Basso
Commissioner of Corporate Services

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

May 29, 2020
Attachment (1)
10705381