

2019 MEASURING AND MONITORING HOUSING AFFORDABILITY IN YORK REGION

HOUSING IS A CORNERSTONE OF COMPLETE COMMUNITIES

Housing is a cornerstone of complete communities, which require a variety of ownership and rental housing options that meet the needs of residents and workers at all ages and stages of life. A diverse mix and range of housing options is a major contributor to quality of life, well-being, economic vitality and community health. Housing has remained at the forefront of discussions in York Region, with many residents facing continued affordability challenges. Through these various levels of government, York Region is guided by and works in partnership to support a full mix and range of housing options across all nine local municipalities.

YORK REGION MONITORS THE AFFORDABILITY OF NEW HOUSING UNITS EACH YEAR TO DETERMINE IF YORK REGION OFFICIAL PLAN AFFORDABILITY TARGETS ARE MET

Provincial policy requires York Region to establish and implement affordable housing targets. York Region's targets are identified through the York Region Official Plan (YROP), which requires that 35% of new housing in Regional Centres and Key Development Areas, and 25% of new housing outside of those areas, be affordable.

York Regional Council endorsed the Affordable Housing Measuring and Monitoring Guidelines in June 2015. An update to the [Guidelines](#) was approved in 2018 to better reflect on the ground reality in terms of how the amount, type and location of new affordable housing units are analyzed. The Guidelines establish a standardized approach to identify and measure the supply of new affordable units in order to monitor progress each year in meeting the YROP affordable housing targets and to help inform decision making around housing need. Originally, the data was presented as an attachment to the 10-Year Housing Plan Progress Report. This is now a standalone update that is reported on an annual basis. This report has become increasingly important as affordable housing continues to be a growing concern for residents in York Region.

MAXIMUM AFFORDABLE HOUSING THRESHOLDS ARE CALCULATED ANNUALLY BY TENURE

The affordable housing thresholds are calculated annually for both ownership and rental units, based on Provincial legislation and definitions in the York Region context. The thresholds provide the upper limits of what is considered "affordable" from a land use planning perspective. These thresholds are used throughout this report to determine the affordability of both new high density and ground related ownership housing supply. All new rental supply is monitored annually and the analysis is included in this report.

The affordable threshold for ownership is the maximum price that households at the sixth decile of the income distribution can afford to pay and includes the cost of a mortgage, mortgage insurance, a minimum of a 5% down payment and property taxes. As displayed in Figure 1, the maximum ownership threshold for York Region in 2019 is \$483,988 and based on a household income of \$125,041.

FIGURE 1: York Region Household Income Distribution and Affordable Ownership Thresholds, 2019¹

Maximum Household Income	\$29,755	\$47,021	\$64,922	\$83,640	\$103,422	\$125,041	\$150,599	\$184,136	\$239,995	
% of Households	10	20	30	40	50	60	70	80	90	100
Decile	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th
Maximum affordable housing price	\$115,170	\$182,001	\$251,291	\$323,740	\$400,312	\$483,988	\$586,711	\$722,746	\$950,013	
	Affordable Housing						Households that can afford threshold price or above (40%)			

Source: York Region Planning and Economic Development, 2020.

Based on Statistics Canada, Bank of Canada and Canada Mortgage and Housing Corporation data

2019 LOCAL MUNICIPAL MAXIMUM OWNERSHIP THRESHOLDS RANGE FROM \$391,965 TO \$483,988

Table 1 provides the maximum local municipal affordable ownership thresholds for 2019, for the lowest earning 60% of households in each municipality. As average household incomes vary between local municipalities, ownership thresholds are calculated both on a region-wide basis and by local municipality. Where the local municipal threshold exceeds the Regional threshold (\$483,988), the Regional threshold is used for affordable housing commitment and monitoring purposes in order to help achieve region-wide affordability. This helps to best reflect the local municipal context and the incomes of residents, impacting what would be defined as affordable across York Region's nine local cities and towns.

¹ The figure simplifies York Region's housing market and represents all households in York Region. The figure separates York Region's households into ten separate decile groups based on household income, each decile representing 10% of the total household population. The distribution identifies that the affordable ownership housing thresholds must provide a maximum price that is affordable to 40% of households, which is measured to the sixth decile of the income distribution.

Table 1: 2019 Affordable Ownership Thresholds²

Local Municipality	Local Municipal Threshold	Thresholds Used for Commitments and Monitoring
Aurora	\$534,650	\$483,988
East Gwillimbury	\$516,340	\$483,988
Georgina	\$391,965	\$391,965
King	\$597,434	\$483,988
Markham	\$462,174	\$462,174
Newmarket	\$476,980	\$476,980
Richmond Hill	\$463,643	\$463,643
Vaughan	\$535,169	\$483,988
Whitchurch-Stouffville	\$510,512	\$483,988

Source: York Region Planning and Economic Development, 2020.

Based on Statistics Canada, Bank of Canada and Canada Mortgage and Housing Corporation data

YORK REGION DID NOT ACHIEVE ITS AFFORDABILITY TARGETS IN 2019, WITH ONLY 14% OF NEW HOUSING UNITS FALLING BELOW THE MAXIMUM AFFORDABLE THRESHOLD

Table 2 displays the number and percentage of new affordable units in 2019 by local municipality and tenure based on the thresholds in Figure 1. For monitoring purposes, all rental units are coded as affordable due to data limitations of new rental units, both in the primary and secondary rental markets.

² Throughout the Region, there are significant variations in average household income by local municipality, which in turn impacts the maximum income-based affordable housing threshold. The local municipal threshold seeks to reflect the differences in the demographics and better reflect actual average affordable prices at the local level.

Table 2: New Affordable Housing Monitoring Analysis, 2019

Local Municipality	Ownership Units		Rental Units ¹		All Units	
	Total Units	Affordable Units	Total Units	Affordable Units	Total Units	Affordable Units
Aurora	86	0 (0%)	14	14 (100%)	100	14 (14%)
East Gwillimbury	467	5 (1%)	5	5 (100%)	472	10 (2%)
Georgina	63	0 (0%)	16	16 (100%)	79	16 (20%)
King	16	0 (0%)	-	-	16	0 (0%)
Markham	1,747	94 (5%)	2	2 (100%)	1,749	96 (5%)
Newmarket	405	81 (20%)	20	20 (100%)	425	101 (24%)
Richmond Hill	1,002	38 (4%)	-	-	1,002	38 (4%)
Vaughan	4,631	738 (16%)	201	201 (100%)	4,832	939 (19%)
Whitchurch-Stouffville	157	3 (2%)	4	4 (100%)	161	7 (4%)
York Region	8,574	959 (11%)	262	262 (100%)	8,836	1,221 (14%)

Source: York Region Planning and Economic Development, 2020

Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

1 – all rental is coded as affordable due to data limitations

Almost 91% of the new affordable ownership units were one-bedroom units. However, a declining number of one or more-bedroom units are affordable each year. Out of all the new one-bedroom units monitored in 2019, the number of affordable, one-bedroom units was 30%, a decrease from 57% in 2018, 94% in 2017 and 95% in 2016. In 2019, almost 9% of affordable housing was delivered through studio apartment units and less than 1% of units were ground related. Out of the studio apartments, all 83 units were coded as affordable. These findings highlights the continued lack of affordable ownership options across all housing structure types, relying on small unit sizes to deliver affordable housing stock to York Region’s residents. Similarly, the number of affordable two-bedroom units monitored was 0%, the same as 2018, a decrease from 11% in 2017 and 51% in 2016. This shows a lack of affordable family-sized units staff will continue to monitor.

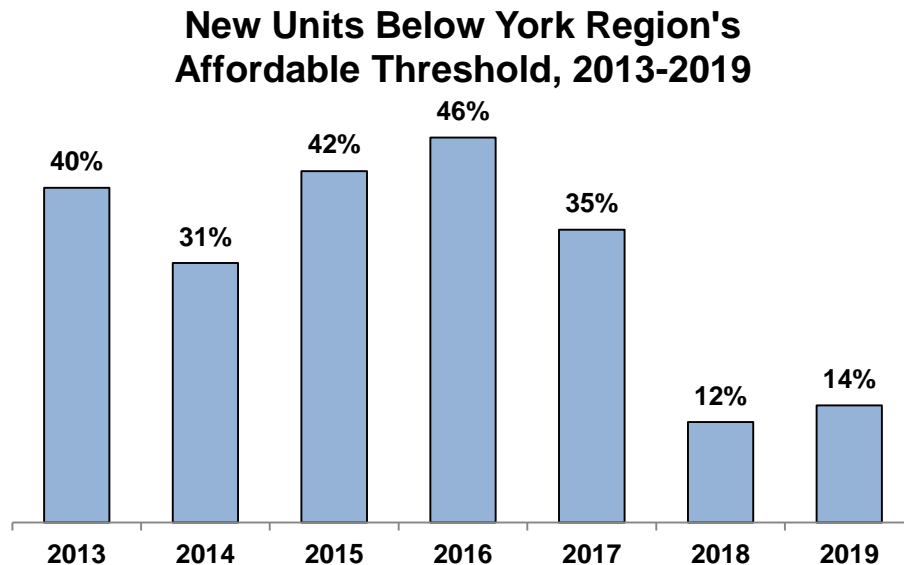
IN 2019, THE TREND OF FEW AFFORDABLE UNITS MONITORED CONTINUES

Figure 2 provides an overview of the percentage of new ownership and rental units below the affordable thresholds from 2013 – when the Region began tracking affordability – to 2019 (Figure 2). The increase from 12% in 2018 to 14% is mainly due to the 162 new community housing units in 2019.

Similar to 2018, affordable options were not consistently represented in all local municipalities and across all unit types and tenures in 2019. The same trend of few affordable options remains an issue for the long-term growth and vitality of York Region’s local businesses and economy. This uneven representation of affordable options leads to many residents choosing unsuitable housing and could cause clusters of affordability rather than the even

distribution of a mix and range of housing options found in complete communities. It may also lead to many people choosing more affordable alternatives to York Region. Across the nine local cities and towns, affordable housing is foundational to attract new business and economic growth. As affordability continues to decline, this will impact forecasted population, employment and household growth.

Figure 2: New Units below York Region's Affordable Threshold, 2013-2019



There has been an increasing reliance on new high density units to meet York Region Official Plan targets for new affordable housing stock. In 2019, 18% of new high density units met the affordability threshold compared to a few affordable units in the ground related supply (less than 1%). This reflects a similar trend to 2018, where 26% of new high density was affordable and no ground related supply was affordable. However, this was a significant decrease from 2017, with 50% of new high density units and 5% of ground related units falling below the affordability threshold. This highlights that now even new high-density ownership stock has become less affordable over time. Now there is declining affordability overall across all densities since previous monitoring years.

The majority of new housing stock monitored in 2019 is ownership housing, consistent with other monitoring years. The ownership market accounted for 79% of the affordable units region-wide and rental units accounted for 21% of affordable units. Due to data gaps, all rental units are coded as “affordable” for monitoring purposes. This included no new purpose-built rental units³, 162 community housing units⁴, and 100 newly registered second suites for a total of 262 new rental units in 2019. As rental units are all coded as affordable, these new units are used to achieve the York Region Official Plan targets each year, which may over-represent the true depth of affordability for residents. However, purpose-built rental units provide affordable options to many mid-range

³ Staff are working with CMHC staff to gather more information regarding the total number of private, purpose-built rental housing in York Region for 2019. There were 2 units identified through CMHC’s reporting on new purpose-built housing unit completions, one in King and one in Georgina. Due to confidentiality, no granular information could be provided regarding these two units. However, both staff and CMHC believe that it is likely a secondary suite belonging to a detached home, which is coded as an apartment but not a purpose built rental unit. Due to these challenges, staff have decided to remove the two units and have not counted it in this report.

⁴ All Housing York Inc. units are coded as community housing. In previous monitoring years, they were identified as government assisted/non-profit housing.

income households and are a major contributor to the solution of the housing challenges facing York Region. The rental stock will become increasingly important as we see a continued decline in affordable ownership options across all housing sizes. The above breakdown of affordable housing by tenure is further exemplified when 97% of all new housing stock was ownership and only 3% was rental housing.

The percentage of affordable new units varied across local municipalities, reflecting the different challenges faced by residents depending on location. Local municipal rates of total affordability ranged from as low as 0% in King, to as high as 24% in Newmarket (mainly from growth in new rental stock and small, high density units). A number of local municipalities had no affordable ownership units, including Aurora, Georgina and King. While affordable housing options are available in other local municipalities, they may not be in suitable locations or be large enough to accommodate families. Access to services and transit options continue to impact home prices and rents. Unfortunately, the result is that affordability generally decreases as access to services and transit options increase, impacting efforts to create complete communities. Few affordable housing options will continue to impact the economic growth and development of York Region, with few affordable ownership options and a low rental supply.

THERE ARE FEWER AFFORDABLE HOUSING OPTIONS WHEN LOWER HOUSEHOLD INCOMES ARE CONSIDERED

Mid-range income households are represented by the 4th to 6th deciles of the income distribution, which are the 20% of households that are between the highest and lowest earning 40 percent of households in the Region (households earning between \$83,640 and \$125,041). The affordable ownership threshold provides a maximum affordable house price for the sixth decile, or the highest earning mid-range income household. As the ownership housing thresholds provide an upper limit, they do not address the need for an appropriate range of housing for households with incomes below this limit, also mid-range income households (4th and 5th deciles)

To understand housing need throughout the mid-range income spectrum, the Region also reviews affordability using thresholds that are affordable to 40% and 50% of households (units that are measured to the 5th and 4th deciles on Figure 1). This evaluates depth of affordability for households below the upper threshold, and identifies that affordability only applies to the highest earning households being monitored. Table 3 summarized the findings from the 2019 analysis.

Table 3- New Affordable Ownership Housing Supplemental Monitoring Analysis, 2019

Monitoring Exercise	Maximum Income	Maximum House Price	% of Units Sold Under Threshold
Provincial Definition: 6 th Decile	\$125,041	\$483,988	11%
5 th Decile	\$103,422	\$400,312	2%
4 th Decile	\$83,640	\$323,740	0%

Source: York Region Planning and Economic Development, 2020.
Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

Based on this analysis, the 2019 maximum affordable price for the lowest earning 50% of households was \$400,312, and 2% of new units (167 units) fell below this price. The 2019 maximum affordable price for the lowest earning 40% of households was \$323,740 and 0% of new units fell below this price.

FOR THE FIRST TIME, STAFF EVALUATED OWNERSHIP HOUSING AFFORDABILITY FOR HIGHER INCOME HOUSEHOLDS ABOVE THE PROVINCIAL DEFINITION OF AFFORDABLE

The continued affordability challenges for households in York Region requires further investigation beyond the mid-range income (4th to 6th deciles) groups. For the first time, staff evaluated affordability for households beyond the provincial definition to gain a stronger understanding of true housing challenges facing York Region residents and workers (Table 4).

For the 7th income decile group, the percentage of affordable units rose to 43% which is a direct result from the large number of high density units affordable to this income group (96% of affordable units were high density and only 4% of the total units were ground related for the 7th decile). A larger portion of new housing stock become affordable to higher incomes, however, it is higher incomes that can afford the majority of housing. A total of 63% of new housing units were affordable to households at the 8th decile (87% of affordable units are high density and 13% were ground related) and 84% of units were affordable to households at the 9th decile.

This analysis helps to better understand the housing affordability challenges facing Regional residents, showing that many of the units that are affordable are only affordable to a portion of households in the upper income deciles. This analysis determines that gaps still exist, even for households beyond the Provincial definition of requiring affordable housing.

Table 4: Affordable Units for Households in the Upper Income Deciles, 2019

Income Decile	Household Income	Affordable House Price	Number of Affordable Units (Total High Density/Ground Related)	% of Affordable Units
7th Decile	\$150,599	\$586,711	3,648/8,574 (3,486 are high density and 162 are ground related)	43%
8th Decile	\$184,136	\$722,746	5,429/8,574 (4,742 are high density and 687 are ground related)	63%
9th Decile	\$239,995	\$950,013	7,170/8,574 (5,304 are high density and 1,866 are ground related)	84%

Source: York Region Planning and Economic Development, 2020.

Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

Note: the York Region threshold was used across all nine local municipalities

A LIMITED SUPPLY OF RENTAL OPTIONS EXIST IN THE PRIMARY RENTAL MARKET

The affordability of new rental stock cannot be monitored due to data limitations regarding rents charged for new units. As such, all new rental units are currently coded as “affordable”. Most non-luxury purpose-built rental housing units would be affordable to mid-range income earners and are reasonably considered affordable in York Region. In general, the secondary market is more expensive than the purpose-built rental market and offers less security of tenure. Through the monitoring exercise, all units that are rented are coded as rental. This includes community housing, registered secondary suites and purpose-built rental housing.

In 2019, only 262 rental units were built in York Region. Of that total, 162 units were community housing and the remaining 100 were registered secondary suites. In 2019, there were no new private-purpose built rental units built. Rental condominiums also contribute to the rental stock, with approximately 29% of units that permit renting were rented; however the average rents for one- and two-bedroom condominiums exceeded 125% Average Market Rents (set by private, purpose-built rental housing).

REGIONAL RENTAL THRESHOLD IN 2019 RANGE FROM \$1,160 TO \$ \$1,995 BASED ON THE PROVINCIAL DEFINITION

The Provincial definition of rental affordability is based on 100% average market rent (AMR), as determined by the annual Canada Mortgage and Housing Corporation (CMHC) survey. In 2018, Regional Council endorsed the updated York Region Affordable Housing Measuring and Monitoring Guidelines and an updated rental threshold of 125% average market rent by bedroom type to encourage affordability in all unit types. The higher threshold increases the opportunity for development proponents to access Canada Mortgage and Housing Corporation funding and financing options to incentivize rental development. In addition, due to the fact that the threshold is a reflection of the Region's aged rental stock, it provides a better reflection of reasonable market-affordable rents as the older rental stock may not meet current building code standards or offer amenities that are now expected by tenants in new buildings. The old rental threshold had the unintended consequence of the majority of affordability requirements being satisfied through smaller-sized bachelor and one-bedroom units. By integrating a Regional rental threshold by bedroom type, this helps to address gaps in the affordable rental supply, such as highlighting the need for more affordable family-sized units.

The 2019 threshold for affordable rental housing at 125% AMR across all bedroom types was \$1,710. The maximum 2019 rental thresholds range from \$1,160 for a bachelor to \$1,995 for a three bedroom apartment (Table 5).

In order to address these continued challenges of few affordable ownership options and a limited rental supply, York Region's recently endorsed incentives aims to provide more purpose built rental housing affordable to mid-range income households, with better incentives offered when 50% of units are family-sized and if the building is located in the Region's Centres and Corridors. These incentives define affordable housing at 175% AMR, making it affordable for mid-range income households. This income group has been identified with particular housing need, with few affordable ownership options and low rental supply available in York Region. Their housing need has been identified and evaluated through this annual Measuring and Monitoring report. These incentives work to support the development of complete communities, supporting residents and workers in York Region.

Table 5 – 2019 Percent Average Market Rents by Bedroom Type

2019 Percent Average Market Rents by Bedroom Type			
	100% AMR	125% AMR	175% AMR
Bachelor	\$928	\$1,160	\$1,624
1 Bed	\$1,270	\$1,588	\$2,223
2 Bed	\$1,437	\$1,796	\$2,515
3+ Bed	\$1,596	\$1,995	\$2,793
Source: CMHC Rental Market Report 2019. Private Apartment Rent, Table 1.1.2., 2020.			

Through the annual measuring and monitoring analysis, staff are able to identify housing challenges and support recommendations to Regional Council to develop policy options in support of affordable housing.

THE EXISTING HOUSING STOCK CONTINUES TO PROVIDE LIMITED AFFORDABLE HOUSING OPTIONS

A 2019 snapshot of average housing costs by tenure and type is provided in Appendix D. The snapshot depicts the range from the lowest local municipal average price to the highest local municipal average price for the 2019 calendar year. While the snapshot provides an accurate range of home prices and rents, the number of housing units available throughout the range varies.

When average resale prices are benchmarked against the affordable thresholds, there are limited affordable ownership options in all municipalities (Table 6). The average price of resale condominiums fell below the Regional affordable threshold in four local municipalities; no municipalities had average resale single detached, semi-detached or row houses under the Regional affordable threshold. While affordable resale options are available region-wide, there are limitations by local municipality, structure and bedroom type. Staff report on the average resale price to provide a broader indication of housing options across the Region. In 2019 it was determined that, on average, little to no ground related product are affordable in the resale or new housing market. Some resale ground related units fell below the average and provide affordable housing options to residents. Both ground related and high density affordable options are found predominately in central and northern municipalities in the Region, often with pockets of affordability, not delivering a full mix and range of housing across communities.

Table 6 - Affordable Average Ownership Resale Options by Local Municipality, 2019

	Resale Single Detached	Resale Semi-Detached	Resale Row	Resale Condo
Aurora	X	X	X	✓
East Gwillimbury	X	X	X	✓
Georgina	X	X	X	✓
King	X	X	X	X
Markham	X	X	X	X
Newmarket	X	X	X	✓
Richmond Hill	X	X	X	X
Vaughan	X	X	X	X
Whitchurch-Stouffville	X	X	X	X

Source: York Region Planning and Economic Development, 2020
Based on Toronto Real Estate Board data.

IN 2019, REGIONAL COUNCIL ENDORSED INCENTIVES FOR NEW AFFORDABLE PURPOSE-BUILT RENTAL HOUSING

In October 2019, Regional Council approved new [development charge deferrals](#) for affordable, purpose-built rental housing. These incentives support the growth of affordable housing and jobs for York Region’s changing population and workforce, aligning with York Region’s [city building](#) initiatives and vision of creating [complete communities](#).

The affordable purpose built rental housing incentive is a graduated program, where developments will receive a longer deferral depending on size and location. Under the program, the full development charges payable could be deferred, interest-free, for between 5 and 20 years. The affordable rental incentive program is available to a total of 1,500 housing units over the next three years. In addition to other criteria outlined in the policy, average rents must not exceed 175% AMR, buildings must be a minimum of 4 storeys in height, and similar or better local municipal participation is required in order to qualify for the incentives.

There has been a growing interest in the new incentives for purpose-built rental housing amongst proponents in the development industry. It is expected that these new incentives will support the development of purpose-built rental in York Region and impact the number of affordable housing units in York Region for subsequent years, with the ability to monitor annual rents for these new developments receiving the incentives.

THE NEED FOR CONTINUED INNOVATION IS REQUIRED TO ADDRESS HOUSING GAPS

Innovative programs and policies are required to continue to address housing gaps, particularly as affordable housing options are necessary in the development of healthy and thriving communities. Monitoring affordability of new housing units each year allows staff to monitor the Region’s progress in meeting affordability targets identified in the YROP. In addition, the monitoring exercise also allows Council to identify areas where affordability challenges persist, and formulate policies and programs, as well as advocate to senior levels of government to assist in responding to these challenges. Staff continue to work with our partners to encourage affordable housing, coordinated through a variety of consultation and engagements including the general public, consultations with BILD and through the York Region Local Municipal Housing Working Group.

Supporting the growth of York Region's rental supply and affordable ownership housing market is imperative to the creation of complete communities across York Region. This annual measuring and monitoring exercise allows staff to track our progress in meeting Council objectives and attaining Regional Official Plan goals. The finalized document posted online will include all relevant data tables, as staff receive regular requests for this information.