

# The Regional Municipality of York

Committee of the Whole  
Planning and Economic Development  
June 10, 2021

Report of the Commissioner of Corporate Services and Chief Planner

## Affordable Housing in York Region 2020 Measuring and Monitoring

### 1. Recommendation

The Regional Clerk circulate this report to the local municipalities.

### 2. Summary

This report provides a summary of the 2020 affordable housing measuring and monitoring results (Attachment 1).

Key Points:

- Affordable ownership and rental housing are a key component for building strong, caring and safe communities
- The annual measuring and monitoring exercise provides an assessment of new housing supply for affordability each year
- Lack of affordable housing options continues to be a challenge in York Region
- Regional Official Plan affordability targets have not been met for the third year in a row, with only 8% of all new ownership and rental units in 2020 affordable at the provincial threshold, a decline from 14% in 2019
- In evaluating new ownership housing, only 5% of all new ownership units are below the affordability threshold and approximately 99% of these are studio and one-bedroom condominium units
- One third of total affordable units are in rental tenure, but new rental stock accounts for only 3% of total new units in 2020. This means that a small supply of new rental units is responsible for delivering a large portion of affordable housing options in York Region and there is a need for an increased rental supply to help address York Region's affordability challenges
- Opportunities to address housing challenges in York Region requires exploring new innovations and collaboration across all levels of government, private industry and the non-profit sector

### **3. Background**

#### **A range of housing options is integral for building complete communities in York Region**

A full mix and range of housing options, including both affordable ownership and rental, is essential for communities where people of all ages, stages and incomes can live, work and play. A mix and range of ownership and rental housing refers to a variety of suitably sized housing options affordable based on a resident's income and provided in appropriate locations. Currently, York Region has limited purpose-built rental housing and missing middle housing types that support the development of complete communities. A variety of affordable options support economic development and is a major contributor to individual and community health and well-being. A full mix and range of housing options is required to support growth projections in the Regional Official Plan (ROP).

#### **Affordable housing targets in the Regional Official Plan are monitored annually**

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 ownership affordability threshold used in this measuring and monitoring exercise is based on the Provincial definition set out in the Provincial Policy Statement. 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). In 2020, York Region's annual household income at the 60th percentile was \$125,957 and a housing unit affordable at that income could not exceed \$503,145. The Measuring and Monitoring Affordable Housing exercise provides data and identifies housing gaps to support development of new policies and programs.

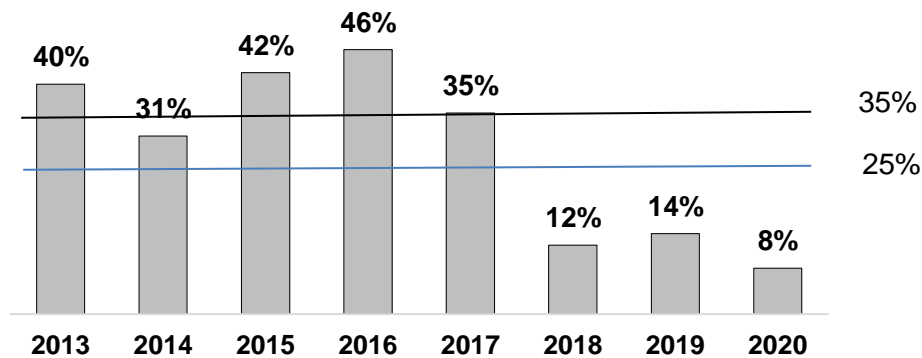
Through the Municipal Comprehensive Review, housing policy targets are being reviewed and directions were outlined in the January 2021 [Regional Official Plan Update – Housing Challenges and Opportunities](#) report.

### **4. Analysis**

#### **In 2020, Regional Official Plan targets for affordable housing were not achieved for the third year in a row**

In 2020, the York Region Official Plan affordable housing targets were not achieved, with 8% of new units below the affordable housing threshold. This was a decrease from 14% in 2019, reflecting recent declines in affordability (Figure 1).

**Figure 1**  
**Percentage of New Affordable Units by Year, 2013-2020**



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

Among all new housing units built in 2020, 97% were ownership units and only 3% were rental. Of the 8% affordable new units in 2020, one third (33%) are rental tenure (in 2019, 21% of affordable units were rental), meaning that a small supply of new rental units are responsible for delivering a growing portion of affordable housing options in York Region.

**The trend of limited affordable ownership options continues, with few family-sized options available**

The majority of affordable units in York Region are studio or one-bedroom ownership condominiums and rental units in the secondary market, with limited family-sized options available. In 2020, only 5% of new ownership units were below the affordability threshold. Of the affordable ownership units, 99% were studio and 1-bedroom condominium units in high density developments, primarily in Newmarket, Markham and Vaughan. In 2020, there were no affordable two-bedroom or larger-sized high-density units and only four low density units were coded as affordable. This impacts the ability for many families to come to York Region, and find suitably sized or adequate housing for their needs.

In 2020 monitoring, new rental supply mainly consisted of newly registered second suites captured through local municipal registries (131 units, or 78% of 167 rental units) and the remaining units are from one private purpose-built rental housing building in Markham (22%, or 36 units). Due to limited data on secondary suite rents, all are coded as affordable. Rental units in the secondary market are traditionally more expensive than purpose-built rental housing. This means that many units reported in this data exercise may not be affordable to households requiring affordable housing options at the 60th percentile. Condominium fees are not captured in affordability assessments as there is limited data available. For many households, the additional costs of condominium fees can make these units less affordable.

## Home ownership is unaffordable to an increasing proportion of residents across the income spectrum

In 2020, 5% of new ownership units were affordable based on the provincial definition (i.e. to households with incomes of \$125,957), compared to the 8% of units that were affordable when both ownership and rental housing was evaluated (as identified, all rental units are coded as affordable due to data limitations).

To evaluate true affordability challenges facing mid-range income and upper income households in the ownership market, a sensitivity analysis was conducted for households at the 40th, 50th, 70th and 80th income deciles (Table 1). The reporting shows that when evaluated for depths of affordability for mid-range income households (40th – 60th percentiles), the number of affordable units rapidly declines from 5% to 0%. When higher incomes are assessed (above the 60th percentile), affordability pressures remain. Table 1 shows that even higher incomes are not able to afford a larger proportion of new units in the housing market and may struggle to find affordable options. In 2019, households at the 80th percentile (household income of approximately \$185,486) could afford 63% of new affordable ownership units compared to 58% in 2020 and households at the 70th percentile (household income of approximately \$151,703) could afford 43% of new units with a decrease to 30% affordable in 2020.

**Table 1**  
**Percentage of Affordable Ownership for a Range of Incomes**

Percentile	Upper Household Income Threshold	Maximum Affordable House Price	% Affordable Ownership Units
40th	\$84,253	\$336,554	0%
50th	\$104,181	\$416,157	2%
60th	\$125,957	\$503,145	5%
70th	\$151,703	\$611,073	30%
80th	\$185,486	\$752,770	58%

Source: York Region Planning and Economic Development, 2021.

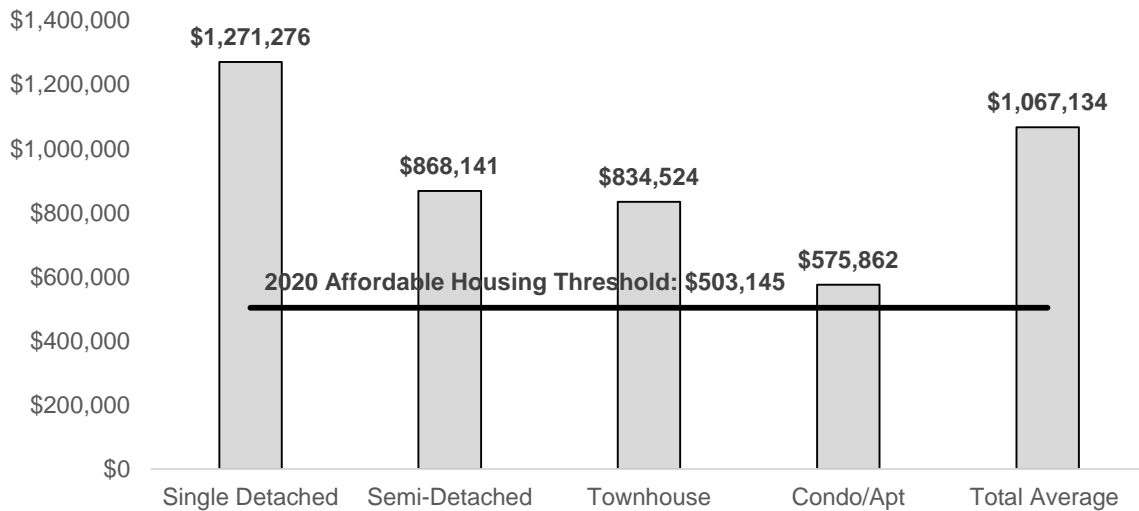
## The resale market also provided limited affordable housing options in 2020

While this monitoring exercise has traditionally focused on new housing supply in York Region, 2020 average resale prices were also evaluated against the monitoring thresholds to consider if residents can turn to the resale market to find more affordable options. Compared to the 2020 affordable housing threshold (\$503,145), only resale condominiums are close to the affordable threshold when average resale house prices across housing types were analyzed. This data shows that both semi-detached and townhouse units are more than

\$300,000 above the threshold, making it very difficult for households in and around the mid-range income range to get into the ownership market. As identified on Figure 2, the average price of resale housing across all housing types in 2020 is greater than the monitoring threshold leaving a growing gap between what many households can afford and average market resale prices.

**Figure 2**

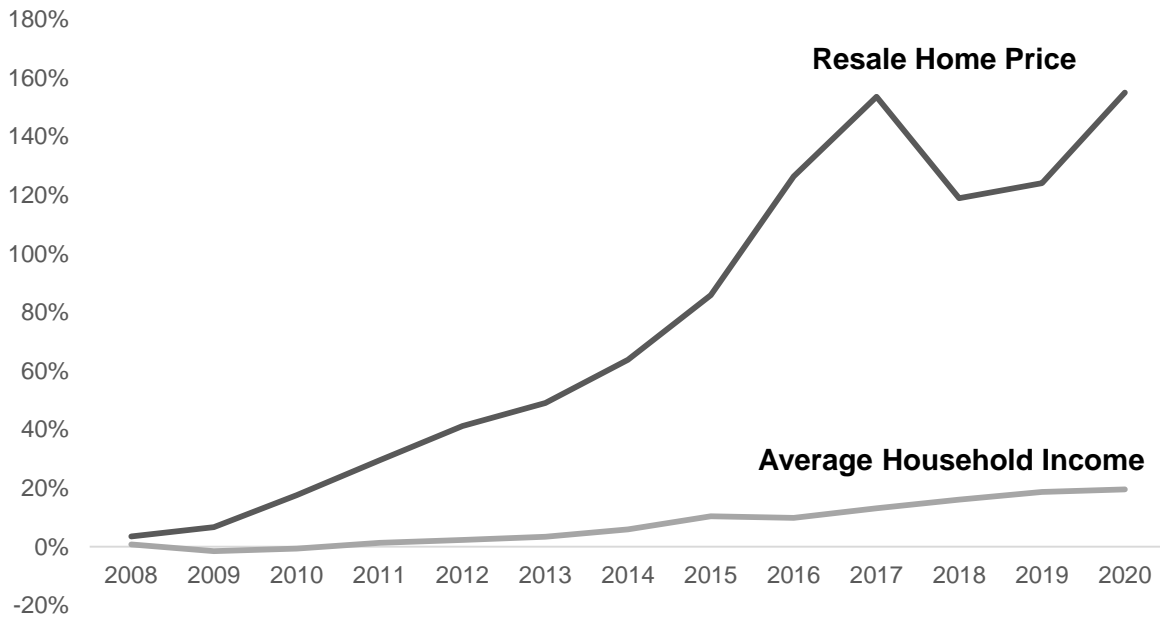
**York Region Affordable Housing Threshold and Average Resale Prices, 2020**



Source: TREB Market Data, 2021.

Comparing average resale house price increases over time to average household incomes highlights that affordability challenges are increasing (Figure 3). Despite there being a market correction that caused a slight decline in 2018 for resale house prices, there has been rapid growth in resale housing prices compared to lower growth in average household incomes from 2008 to 2020. This shows the growing disparity for residents between what they must pay to enter the housing market in York Region and the inability for income growth to match these market trends.

**Figure 3**  
**York Region Average Household Incomes Compared to Average Resale Prices, 2008 - 2020**



Source: TREB Market Data, Bank of Canada, Statistics Canada, 2021.

### **Addressing affordability challenges may support York Region in meeting population forecasts**

To provide an evaluation of the impact of York Region’s housing market on population growth, Watson and Associates Economists (Watson) was retained to provide an analysis for the January [Regional Official Plan Update- Housing Challenges and Opportunities](#) report and the March [Proposed 2051 Forecast and Land Needs Assessment](#) report. Watson’s analysis identified several key findings on the role housing affordability has on population and economic growth potential and municipal competitiveness that expand on the data outlined in this report. These findings identified York Region needs to attract young families for economic development, require larger, affordable family-sized units, needs additional rental units due to continued low vacancy of existing rental units and identified townhouse units as a way to provide more affordable ground related housing options.

The findings confirm that limited housing options and affordability are impacting population growth. If more affordable options are available elsewhere for prospective residents, York Region may not achieve anticipated levels of growth. Watson identified that addressing the interconnection between the Region’s competitive economic position and housing needs by market segment could assist the Region in meeting population and employment forecasts.

## **Purpose-built rental housing remains a key solution to addressing housing challenges in York Region**

Purpose-built rental housing continues to be an integral part of a healthy mix and range of housing options. Council has demonstrated commitment to housing solutions, particularly in supporting the development of purpose-built rental housing. Council has approved 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. In addition, Council approved [a purpose-built rental servicing allocation reserve](#) (subject to capacity) to help encourage new rental supply. In 2020, two developments accessed the incentive program for a total of 261 units, 216 units in Newmarket and 45 units in Vaughan. An additional development is in early stages of discussion to participate in the incentive program that would provide approximately 64 affordable units, which would be reported in future monitoring years. In the [2020 Regional Centres and Corridors Update](#) report, it was identified that there are currently 3,080 purpose-built rental units proposed by eight development applications that may be able to access the Region's incentive program and support the development of more affordable housing options in the future for York Region residents.

## **Opportunities to address housing affordability through innovative housing options continues**

Council has continued to demonstrate a commitment to responding to the affordability challenges in York Region, but affordability remains a growing challenge across the Greater Toronto Area. On February 25, 2021, Council approved a motion to declare a [Housing Affordability Crisis in York Region](#) on February 25, 2021, to recognize and respond to the affordability challenges facing York Region.

All levels of government and industry proponents have roles in supporting solutions to delivering affordable housing options to residents through innovative housing options to support a diverse mix and range of housing options, including:

- Maintaining adequate supply
- Tiny Houses and Modular Construction
- Secondary/Accessory Dwelling Units
- Missing middle housing types, including multi-unit or clustered housing options

Attachment 3 [Innovative Housing - Options to Support Affordable Housing](#) to the January 2021 [Regional Official Plan Update – Housing Challenges and Opportunities](#) report provides further detail.

There are a number of ways to address affordability challenges through public and private partnerships, as well as advocacy. In addition to further analysis and recommendations by staff, the York Region Housing Affordability Task Force will advise Council on strategies to

address housing supply and affordability challenges facing York Region, looking at policy options, market forces and other potential innovative solutions to work to respond to the growing affordability challenges outlined in recent years through this annual reporting exercise.

### **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. Measuring and monitoring housing affordability in York Region aligns with the goals outlined in these strategic documents, providing data that supports results-based solutions to housing 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.

## **6. Local Impact**

Local municipalities are key partners in addressing housing affordability. Each year, local municipal staff works with Regional staff in supporting data collection for this report. Regional staff shares the data results and methodology with local municipal partners. Local municipalities continue to partner with York Region in working towards finding new solutions that respond to their local municipal context. Regional staff will continue to collaborate with local municipal staff to address affordable housing needs across York Region. The housing challenges outlined impact all local municipalities, requiring continued collaboration and ongoing support to deliver solutions.



## 7. Conclusion

York Region Council has set the foundation to address housing challenges by encouraging a full mix and range of housing options and supporting investment in new affordable purpose-built rental housing projects. As outlined in this report, only 8% of new housing in 2020 was affordable, with a growing portion of these affordable units being studio or 1-bedroom condominiums that are unsuitable for families. Continued research and analysis to understand the true affordability challenges facing residents across different ages and stages of life and incomes is required. 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, including evaluating potential [innovative housing options](#) and will continue to monitor the affordability of housing across York Region to support evidence-based policy solutions.

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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.

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**Dino Basso**  
Commissioner of Corporate Services

Approved for Submission:



**Bruce Macgregor**  
Chief Administrative Officer

May 28, 2021  
Attachment (1)  
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