

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
May 5, 2022

Report of the Commissioner of Corporate Services and Chief Planner

Affordable Housing in York Region – 2021 Measuring and Monitoring

1. Recommendations

The Regional Clerk circulate this report to the Ministry of Municipal Affairs and Housing, Building Industry and Land Development Association – York Chapter (BILD) and local municipalities.

2. Summary

This report provides the 2021 affordable housing measuring and monitoring annual summary (Attachment 1).

Key Points:

- Annual affordable housing measuring and monitoring provides an assessment of the affordability of new ownership housing and the supply of new purpose-built rental housing each year
- A lack of new affordable housing options continues to be a challenge for York Region
- Less than 1% of new ownership units were affordable in 2021
- A total of 275 new purpose-built rental units were constructed in 2021, representing 4% of all new units monitored (rental and ownership), and there is growing interest in developing purpose-built rental housing with 2,885 units proposed across 15 buildings
- The Affordable Private Market Housing Implementation Plan and Community Housing Master Plan are under development to help address affordability challenges
- Different partners have a role in supporting the housing needs of residents and workers, including all levels of government, the development industry, housing providers and other partners

3. Background

Affordable housing options are required for complete communities and to attract population and employment growth

Communities with housing options that meet the needs of residents and workers have associated positive economic, environmental, and social outcomes. In York Region and across the GTHA, there has been declining housing affordability rates over recent years. In [January 2021](#), the correlation between the Region not achieving growth targets and the lack of affordable housing options was identified. In February 2021, Council declared an [affordable housing crisis](#), and formed a [Housing Affordability Task Force](#) comprised of the Chairman and the mayors of each local municipality. To identify opportunities to address and fund housing needs an [Affordable Private Market Housing Implementation Plan](#) and [Community Housing Master Plan](#) are being developed. While these plans are being advanced, Council continues to actively explore and develop avenues to support a mix and range of housing options, including:

- Through the 2022 DC Bylaw, charging any homes below 700 sq. ft. the small apartment rate
- Broadening eligibility to the Region's 36-month development charge deferral for purpose built rental buildings
- Endorsing a feasibility study and public benefits review of a [Vacant Homes Tax](#)

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 Draft Regional Official Plan includes a new purpose-built rental target of 1,000 units per year, with local municipal targets based on share of growth over the forecast time period. The ownership affordability threshold used in this measuring and monitoring exercise is based on the Provincial definition set out in the Provincial Policy Statement, which benchmarks the maximum affordable house price to the 6th decile of the household income distribution (i.e. the highest household income of the lowest earning 60% of households). It is assumed that 30% of gross household income can be spent on mortgage, mortgage insurance and property taxes. In 2021, York Region's annual household income at the 6th decile was \$132,008 which allows for a maximum affordable house price of \$535,809.

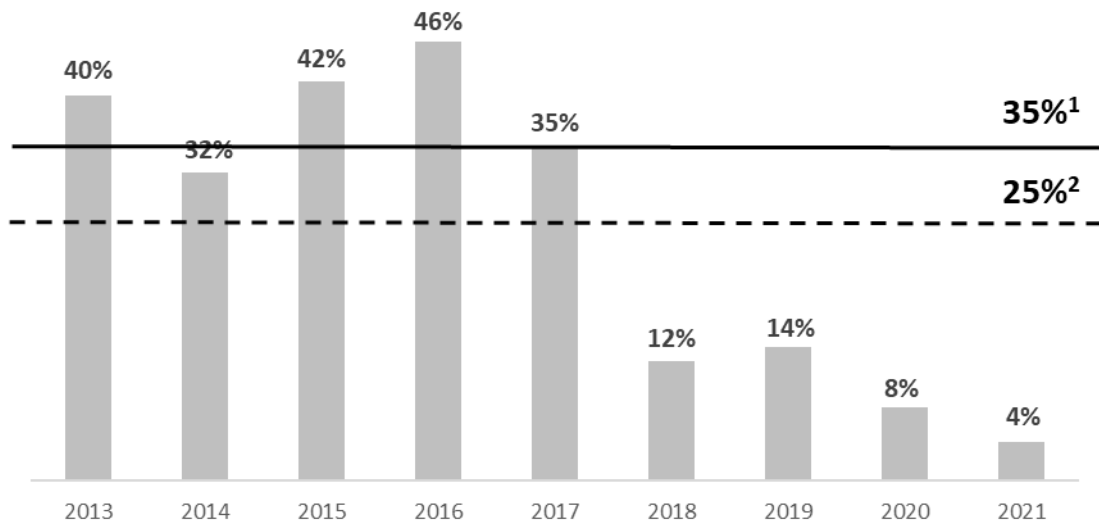
Due to data limitations, rent prices for new rental units are not available to comprehensively monitor affordability. As a result, this exercise monitors the number of new purpose-built rental units. While all increases to rental supply are positive, an affordable rental threshold of 125% average market rent by bedroom type has been established for negotiating affordability in new developments. The maximum 2021 rental thresholds range from \$1,224 for a bachelor to \$2,270 for a three-bedroom apartment.

4. Analysis

Like most municipalities, affordable housing continues to be out of reach for many in York Region

In 2021, 4% of new units were either below the Provincially defined affordable housing threshold for ownership or were constructed as purpose-built rental housing. This was a decrease from 8% in 2020, reflecting ongoing declines in affordability (Figure 1).

Figure 1
Percent of New Affordable Units, 2013-2021



1. York Region Official Plan requires that 35% of new housing in Regional Centres and Key Development Areas be affordable
2. York Region Official Plan requires that 25% of new housing outside of Regional Centres and Key Development Areas be affordable

Source: York Region Planning and Economic Development, 2021

The significant drop in affordability between 2017 and 2018 represents the tipping point where the majority of condominium units were no longer affordable. In 2017 half of all high-density units were affordable, including 11% of two-bedroom units. In 2018, only a quarter of high-density units were affordable, none of which were in two-bedroom units or larger. In York Region, among all new housing units sold (ownership) or completed (rental) in 2021, 96% were ownership units and 4% were rental. Since 2015, the rental stock has delivered an increasing proportion of the affordable housing supply. For the first time ever, in 2021 the Region was almost fully reliant on the rental market to provide affordable options.

There is growing interest in developing purpose-built rental housing

In 2021, the new purpose-built rental supply consisted of 136 private purpose-built rental units in the City of Vaughan and 139 secondary suites registered with local municipalities.

Forty-five (45) of the private purpose-built rental units received a development charge deferral through the Region’s Affordable Development Charge Deferral for Purpose-Built Rental Buildings policy. As reported in the 2021 Regional Centres and Corridors Update report on this agenda, there is growing interest in building purpose-built rental housing, with 2,885 units proposed across 15 buildings.

Rental condominiums also contribute to the rental stock, however, the number of units in the secondary rental market are not monitored through this analysis as those units are monitored for ownership affordability. In 2021, approximately 31% of condominium units that permit rentals were rented as part of the secondary market (approximately 15,000 units). There was an increase of over 1,300 rented condo units between 2020 and 2021. Generally, the secondary market is more expensive than the purpose-built rental market and offers less security of tenure. In 2021, the average rents for units in the secondary market (\$2,214) exceeded the average affordable rental threshold (\$1,803).

Home ownership is beyond reach for most households not already in the ownership market

In 2021, 0.15% of new ownership units were affordable based on the Provincial definition which provides a threshold based on a gross household income of \$132,008, or the 6th decile of the income distribution. To better assess affordability throughout the income spectrum, an analysis was conducted for households at the 4th decile and above (Table 1). Households below the 4th decile generally require additional support for housing.

Table 1
Percent of Affordable Ownership by Income Decile

| Decile | Maximum Gross Household Income | Maximum Affordable House Price (Threshold) | % Units Sold Under Threshold ¹ |
|-----------------|--------------------------------|--|---|
| 4 th | \$88,300 | \$357,312 | 0% |
| 5 th | \$109,185 | \$441,825 | 0% |
| 6 th | \$132,008 | \$535,809 | 0.15% |
| 7 th | \$158,990 | \$650,320 | 3% |
| 8 th | \$194,395 | \$800,513 | 43% |
| 9 th | \$253,367 | \$1,056,041 | 76% |

Source: York Region Planning and Economic Development, 2021

1. Figures represent % of units affordable within each decile. For example, 0.15% of new units were affordable to households in the 6th decile and 76% of new units were affordable to households in the 9th decile

Virtually no new ownership housing units in 2021 were affordable based on Provincial definitions, and this drops to no options when the 4th and 5th income deciles are evaluated. When higher deciles are assessed, affordability pressures persist. In 2020, households with incomes of approximately \$160,000 could afford 3% of new units and households with incomes of approximately \$195,000 could afford 43% of units. At the 9th decile, 76% of new housing is considered affordable. The remaining 24% of new housing in 2021, or almost a quarter of the new housing supply, was affordable to households earning over \$253,367, the highest earning 10% of households.

Housing affordability for first time homebuyers and renters is a key focus area

Between the first affordable housing monitoring exercise in 2013 and 2020, there was an overall trend towards an increasing proportion of affordable ownership units found in smaller sized (1-bedroom or less), high density units. High density bedroom type information was limited for the 2021 analysis so monitoring looked at the median price of all units within developments. Based on this approach, in 2021 no new high-density units were identified as affordable. While these findings are consistent with the trend of declining affordability since 2018, the updated approach to monitoring is not as robust as in past years, and some affordable ownership units within the high-density category may not have been captured. Only 10 ownership units in the Region were recorded as affordable in 2021, being 10 ground related units in the Town of Newmarket. This most recent analysis yields almost no affordable options based on Provincial definitions and best available data.

There are several factors on both the demand and supply side that contribute to the affordability of new homes. In York Region, there is a healthy [housing supply](#), with almost 50,000 residential units draft approved, registered or in ministers zoning orders, representing approximately 6 years of growth. Other factors impacting affordability include interest rates, accumulated appreciation in housing and the associated commodification of the housing stock, the amount and type of immigration received and the type of housing that is built (i.e. smaller sized units with modest finishes are generally more affordable).

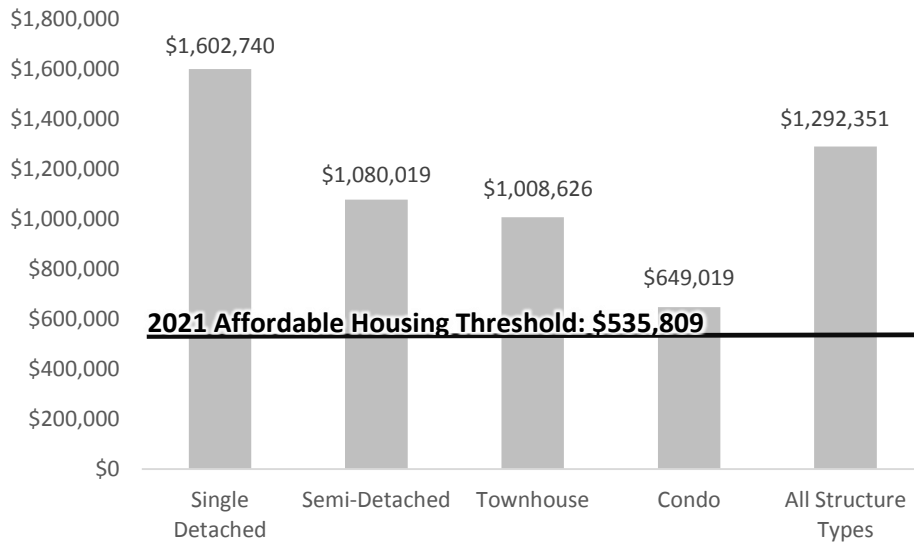
Notably, assets are not considered when calculating what households are able to afford. It is important to provide a mix and range of housing options for all residents and workers. Those that require the greatest focus when considering approaches to increasing affordability are those that are working to access the housing market for the first time and may not have assets in existing real estate, accumulated wealth at their disposal or the ability to benefit from intergenerational wealth transfers.

Affordability in the resale market is increasingly limited

The primary focus of this monitoring exercise is on the affordability of new homes, to assess progress towards achieving Official Plan targets. Average resale prices are also evaluated against the monitoring threshold to assess resale affordability. As is shown on Figure 2, the average price of resale housing across all structure types was above the affordable threshold in 2021.

Figure 2

Affordable Housing Threshold and Average Resale Home Prices, 2021

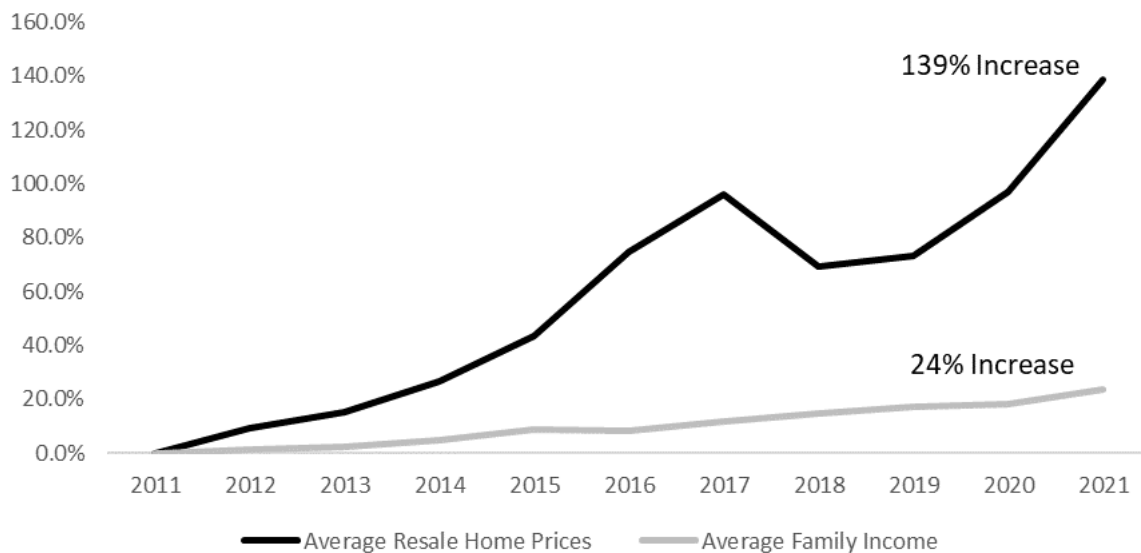


Source: York Region Planning and Economic Development, 2021

The average prices of resale condominiums in 2021 were more than 20% or \$100,000 above the affordable housing threshold. Average prices of townhouses were more than 80% above the threshold, semi-detached more than double the threshold and the average price of a single detached resale unit was almost 3 times the affordable threshold.

Comparing average resale house price increases over time to average household incomes highlights that affordability challenges are increasing (Figure 3). Despite 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 2011 to 2021. Between 2011 and 2021, average resale home prices increased by 139% whereas average income increased by only 24%. Over time, home ownership has become increasingly out of reach for many households. Low interest rates increase buying power and may have contributed to some lower income households to accessing the market over the last decade. As both house prices and interest rates are anticipated to continue to rise over the coming months, this combination will likely preclude many households from becoming first time home buyers.

Figure 3
Percent Increase: Average Resale Home Prices and Average Family Income, 2011-2021



Source: York Region Planning and Economic Development, 2021

To effectively address housing challenges, all orders of government have a role to play. In [April 2022](#), Council received a report outlining comments and concerns on Bill 109, which is meant to begin implementing the Ontario More Homes for Everyone Plan. As provided to Council in [April 2022](#), the 2022 [Federal Budget](#) includes substantial investments in the housing system that will work to address both supply and affordability challenges.

Updates to the Affordable Housing Measuring and Monitoring Guidelines are planned for 2023

Achieving Regional Official Plan affordability targets is increasingly challenging. Updates to the methodology used for the housing affordability analysis communicated through this report are planned for 2023. The updated method will strive to provide a more fulsome analysis by type, size, tenure and degree of affordability. The update will also work to better tie affordability to household incomes and what people can afford. This will allow for better assessment of the impact of proposed approaches to address housing affordability that are identified through the Community Housing Master Plan and Affordable Private Market Housing Implementation Plan.

The three main elements of the monitoring exercise are the Regional Official Plan affordability targets, affordability thresholds, and the approach to monitoring. Each of these elements will be reviewed for potential updates. The updated 2021 census base data is anticipated to be delivered in time to inform the affordable housing monitoring update, which will evaluate the 2022 calendar year and be made available in spring 2023.

Monitoring new housing for affordability supports the Region’s corporate performance management framework

The annual affordable housing measuring and monitoring exercise supports residents’ Vision that “York Region is safe and welcoming with accessible opportunities for recreation and affordable housing” as well as the Corporate Strategic Plan objective that focuses on “delivering and promoting affordable housing”. This exercise supports the Regional Official Plan by tracking progress towards meeting housing affordability targets.

5. Financial

The work completed for the 2021 measuring and monitoring of affordable housing has been completed in accordance with the approved Planning and Economic Development business plan and budget.

Lower growth rates because of a lack of affordable housing impact the Region’s ability to collect Development Charges to pay for infrastructure and complete community initiatives. [Research](#) by the Toronto Board of Trade and WoodGreen estimated that the direct and indirect economic costs of the GTA’s housing affordability crisis are between \$5.88 billion and \$7.98 billion per year.

6. Local Impact

Local municipalities are key partners in addressing housing affordability. Each year, local municipalities support data collection for this report. Data results and methodology are shared with local municipal partners. Local municipalities continue to partner with York Region to find new solutions to the housing crisis that respond to the local municipal context. Collaboration with local municipalities will continue to assess and 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

The affordability of new ownership housing and the supply of new rental housing is monitored on an annual basis. The 2021 analysis identifies a continuation of a downward trend of ownership affordability and an ongoing lack of new purpose-built rental supply, with only 0.15% of new ownership units affordable and 275 new rental units identified. Ownership affordability and challenges attracting purpose-built rental developments is an issue in York Region, across the GTHA and, increasingly, throughout southern Ontario.

Council has declared a housing affordability crisis and formed a Task Force to help address affordability issues in the private market. Staff are working to develop comprehensive plans to help enhance, focus and streamline support in both the private and community housing segments of the market.

No one level of government or industry partner can solve housing affordability challenges alone. Work continues in collaboration with partners and local municipalities to find innovative, evidence-based solutions to the affordability of housing across York Region.

For more information on this report, please contact Paul Bottomley at 1-877-464-9675 ext. 71530. 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

April 21, 2022
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