

AFFORDABLE
HOUSING
in YORK REGION
2021 MEASURING and MONITORING



MAY 2022

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Affordable Housing is a Key Component of Complete Communities

Complete communities include a full mix and range of housing options for people of all ages, abilities, and income levels. Communities with housing options that meet the needs of residents and workers have associated positive economic, environmental, and social outcomes. While affordability of new housing has always been a priority for York Region, rapidly rising house prices prior to and during the COVID pandemic has resulted in the Region declaring a Housing Affordability Crisis and forming a Housing Affordability Task Force. To help respond to the housing crisis, two strategies are under development: the Affordable Private Market Housing Implementation Plan will identify action, advocacy, and partnership approaches for the Region to take to help address affordability in the private market, and the Community Housing Master Plan will contemplate a 40-year plan to fund and develop more community and non-profit homes across York Region. Affordable housing monitoring through the exercise captured in this report provides a mechanism to gauge the impact of any actions taken to address the housing crisis and allows for results-based accountability decision making.

Affordable housing monitoring is conducted each year

Provincial policy requires York Region to establish and implement affordable housing targets. The 2010 York Region Official Plan requires that 35% of new housing in Regional Centres and Key Development Areas, and 25% of new housing outside of those areas be affordable. Through the 2021 Draft York Region Official Plan, it is recommended that these policies be updated to require 35% of new housing in Regional Centres and Major Transit Station Areas, and 25% of new housing outside of those areas be affordable. The effect of the affordability policies in the existing and proposed Official Plan is to direct more affordability to high density nodes well serviced by transit. The update in terminology aligns with Provincial updates and direction.

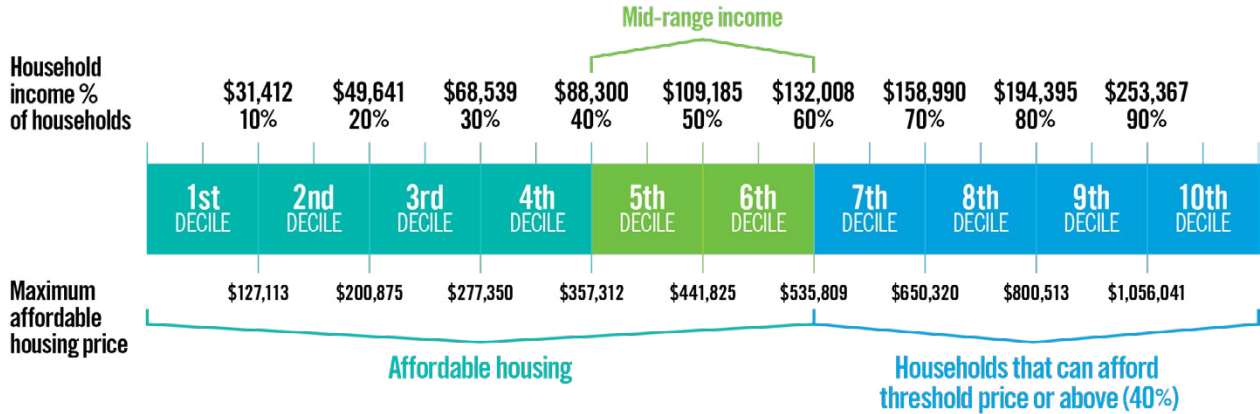
The [York Region Affordable Housing Measuring and Monitoring Guidelines](#) establish a standardized approach to identify and measure the supply of new affordable units to monitor progress each year in meeting the Official Plan affordable housing targets and to help inform decision making around housing need. The methodology laid out in the Guidelines was last updated in 2018. The Guidelines will be reviewed through a continuous improvement lens for the next monitoring exercise, which will monitor the 2022 calendar year and be presented to Council in spring 2023. This review will examine affordable housing targets, the methodology to set the affordable housing thresholds, and the approach to monitoring new units.

Maximum affordable housing thresholds are calculated annually for rental and ownership tenures

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. Ownership thresholds are used throughout this report to determine the affordability of both new high density and ground related ownership housing supply. The affordable threshold for ownership housing 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, and property taxes. It is assumed that the minimum allowable down payment is provided¹ and that the Bank of Canada posted rate for a 5-year fixed mortgage is paid. As displayed in **Figure 1**, the maximum ownership threshold for York Region in 2021 is \$535,809 and based on a household income of \$132,008.

¹ For CMHC-insured mortgage loans, individuals need a minimum down payment of 5% of the purchase price for the first \$500,000, 10% of the portion of the house price that is greater than \$500,000 and less than \$1 million, and 20% down for the portion of the purchase price that is over \$1 million.

Figure 1 York Region Household Income Distribution and Affordable Ownership Thresholds, 2021²



Source: York Region Planning and Economic Development, 2022. Based on Statistics Canada, Bank of Canada and Canada Mortgage and Housing Corporation data

The rental threshold identified in both the Affordable Housing Measuring and Monitoring Guidelines and the 2021 Draft Regional Official Plan is 125% of region-wide average market rent by bedroom type. This threshold is used for negotiating affordability in new developments. However, the affordability of new rental product can not be monitored due to data limitations. As such, this exercise monitors the supply of new purpose-built rental units year over year, including community housing units, private purpose-built rental units, and additional residential units (second suites) that have been registered with the local municipality.

2021 Local Maximum Affordable Ownership Housing Thresholds Range from \$431,994 to \$535,809

Table 1 provides the maximum local municipal affordable ownership thresholds for 2021. The ownership affordability thresholds are 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). 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 (\$535,809), the Regional threshold is used for affordable housing commitment and monitoring purposes in order to help achieve region-wide affordability. Where the local municipal threshold is below the regional threshold, the local municipal threshold is used for affordable housing monitoring purposes. This helps to best reflect the local municipal context and the incomes of residents, impacting how affordability is defined across York Region’s nine local cities and towns.

Table 1: 2021 Affordable Ownership Thresholds

Local Municipality	Local Municipal Threshold	Thresholds Used for Commitments and Monitoring
Aurora	\$592,518	\$535,809
East Gwillimbury	\$571,438	\$535,809
Georgina	\$431,994	\$431,994
King	\$662,630	\$535,809
Markham	\$511,151	\$511,151
Newmarket	\$527,634	\$527,634
Richmond Hill	\$512,898	\$512,898
Vaughan	\$593,616	\$535,809
Whitchurch-Stouffville	\$565,647	\$535,809

Source: York Region Planning and Economic Development, 2022. Based on Statistics Canada, Bank of Canada and Canada Mortgage and Housing Corporation data

² 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.

York Region's Housing Affordability Targets are not being achieved with only 4% Affordable New Units, Challenging Delivery of a Complete Communities

Table 2 displays the number and percentage of new affordable units in 2021 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 rents charged on new rental units. Average market rents reported by CMHC Rental Market Housing report are used to establish the affordable rental housing thresholds and are evaluated in **Table 5**.

Table 2: New Affordable Housing Monitoring Analysis, 2021

Local Municipality	Ownership Units		Rental Units	All Units	
	Total Units	Per cent Affordable	Total Rental Units	Total Units	Per cent Affordable
Aurora	142	0% (0 units)	5	147	3% (5 units)
East Gwillimbury	468	0% (0)	6	474	1% (6)
Georgina	216	0% (0)	12	228	5% (12)
King	167	0% (0)	-	167	0% (0)
Markham	685	0% (0)	16	701	2% (16)
Newmarket	359	0% (10)	29	388	10% (39)
Richmond Hill	713	0% (0)	-	713	0% (0)
Vaughan	3,720	0% (0)	200	3,920	5% (200)
Whitchurch-Stouffville	409	0% (0)	7	416	2% (7)
York Region	6,879	0% (10)	275	7,154	4% (285)

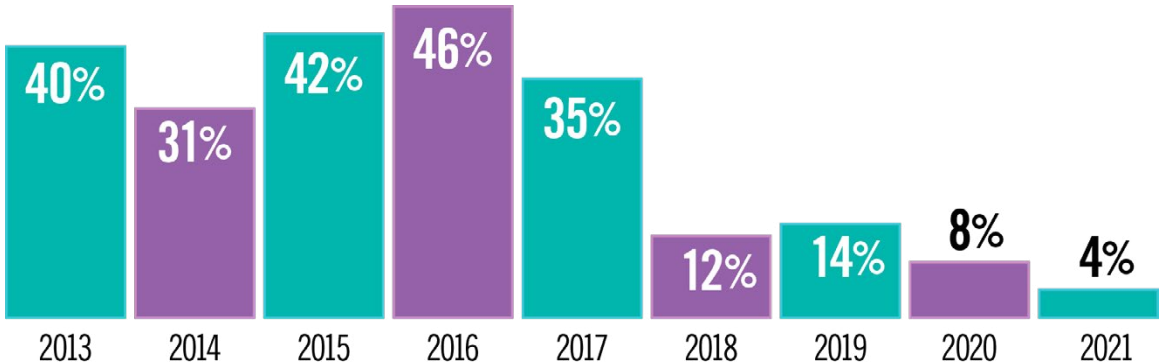
Source: York Region Planning and Economic Development, 2022. Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

In previous years, the monitoring exercise yielded information on the number of bedrooms in the high-density portion of the ownership analysis, allowing for commentary on the provision of affordable family-sized units. The data has been re-packaged by Altus Group, and bedroom count information is no longer available. High density unit monitoring has always been based on the median of the range of sale prices. Previous datasets provided the median sale price range by bedroom type, whereas the 2021 dataset provides sale price range by development, resulting in fewer units being captured as affordable as the smaller sized units are not isolated for monitoring purposes. Due to the repackaging of the high-density data, some smaller sized affordable units may not have been captured, resulting in an under estimation of overall affordability.

Declining Affordability Continued in 2021, Impacting the Region’s Ability to Achieve Growth Targets

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 2021. Affordability rates have continued a downward trend, with only 4% of new units identified as affordable in 2021. Similar to recent years, in 2021 affordable housing options were not consistently represented in all local municipalities and across all unit types and tenures.

Figure 2: New Units below York Region's Affordable Threshold, 2013 to 2021



During 2021 it was identified that the Region is not achieving growth targets, in part due to the lack of affordable housing options, which in turn impacts timing of infrastructure delivery and complete community initiatives. Council declared an affordable housing crisis, and formed a Housing Affordability Task Force comprised of the Chairman and the mayors of each local municipality. The Region has shown strong financial and policy support to do its part to help address housing need. In order to enhance, focus and streamline support, comprehensive plans to address and fund housing need are being developed through the upcoming Affordable Private Market Housing Implementation Plan and Community Housing Master Plan.

Historically some affordable high density affordable units were available for smaller sized households

Since affordable housing monitoring began in 2013, there had been increasing reliance on high density units to deliver ownership affordability. In 2013, 35% of affordable ownership units were found in the ground related stock; this has declined to 1% in 2019 and 2020. In 2021, 100% of the ownership affordability was found through ground related product, however; this only accounted for 10 back to back townhouse units in the Town of Newmarket. While house prices have been increasing disproportionately to incomes, some high-density units historically had remained under the affordability thresholds. For the first time, in 2021 we are reporting almost no affordability in the ownership market due to a combination of raising prices and the revised approach to monitoring units in the high density market because of changes to how sales data is reported by Altus. As explained earlier, previous monitoring exercises included a bedroom type analysis for the high-density stock. Bedroom type analysis monitoring began in 2014, when 48% of affordable units were 1-bedroom or less; this increased to 99% in 2019 and 2020. The increased reliance on smaller sized (1-bedroom or less) high density units to deliver ownership affordability options does not provide options for many residents, especially given the increased prevalence of work at home jobs during the pandemic and the associated need for space.

Purpose-built rental housing is key component to a healthy housing systems

As ownership housing prices rapidly increase, the importance of a healthy rental housing stock is heightened. As of 2016, York Region had the lowest proportion of its housing stock in rental tenure in the GTHA at 14%. At that time, 62% of the York Region rental stock was estimated to be in the secondary rental market, with 19% in high-rise developments and 43% in ground related units. Updated 2021 tenure statistics will be released and reported on later this year.

Due to data limitations, all rental units are reported as “affordable” for monitoring purposes. In 2021 there were 275 new purpose-built rental units, including 136 purpose built rental units in Vaughan, and 139 new registered secondary suites region wide. Since 2015, the rental stock has delivered an increasing proportion of the total affordable supply, from 4% in 2015 to 96% in 2021. This is not an indicator of an increase in rental supply, rather it is reflective of the decline in ownership affordability over the period. There has been an average of approximately 240 new purpose-built rental units³ built per year since monitoring began in 2013, with variations year over year based on completion dates for single developments. There are indicators of an increased interest in rental development, and 2,885 units are proposed in 15 buildings across the Region. The Draft York Region Official Plan includes a purpose-built rental target of 1,000 units per year, with local municipal targets based on share of growth over the time period.

Lower income households have fewer housing options

Per Provincial direction, affordable ownership housing thresholds and analysis are benchmarked to the sixth decile of the income distribution, which provides the highest household income of the lowest earning 60% of households. 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. To understand housing need throughout the income spectrum, the Region reviews affordability using thresholds that are affordable to 40% and 50% of households (units that are measured to the fourth and fifth 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.

Based on this analysis, the 2021 maximum affordable price for the lowest earning 50% of households was \$441,825, and no new units fell below this price, a decline from 2% in 2020 and a further indicator of the erosion of affordability over time.

Higher income households also face affordability challenges

To gain a better understanding of affordability challenges facing York Region residents and workers throughout the income spectrum, the Regional also evaluates affordability for higher income households (**Table 3**).

When looking at higher income households, the percentage of affordable ownership units rose to only 3% for the seventh income decile group, 43% for the eighth income decile group, and 76% for the ninth decile group. 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 in the housing market exist even for households beyond those identified by the provincial as in need of affordable housing.

³ Includes new private purpose built, community housing and registered additional residential units .

Table 3: New Affordable Ownership Housing Supplemental Monitoring Analysis, 2021

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

Source: York Region Planning and Economic Development, 2022. Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data.
* Figures represent percent 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.

As is shown through this breakdown, there is no point at which there is equilibrium between the number of households to be housed and the availability of new affordable ownership housing. Even at the ninth decile, representing all but the highest earning 10% of households, only 76% of new housing is affordable. The remaining 24% of new housing in 2021 was only affordable to households earning over \$253,367.

New purpose-built rental units are limited

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 reported as “affordable”, and this analysis monitors the supply of new purpose-built rental units. Most non-luxury purpose-built rental housing units would be affordable to mid-range income earners and are reasonably considered affordable in York Region. Rental units include community housing, registered secondary suites and purpose-built rental housing. In 2021, only 275 rental units were built in York Region. Of that total, 136 units were private purpose-built rental housing, and the remaining 139 were registered secondary suites. In 2021, there were no new community housing units built.

Rental condominiums also contribute to the rental stock, however, units in the secondary rental market are not monitored through this analysis, as those units have already been monitored for ownership affordability. In 2021, approximately 31% of condominium units that permit rentals were rented out in the secondary market (approximately 15,000 units, or approximately 25% of all condominiums in the Region). In general, 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).

2021 Affordable Rent Thresholds range from \$1,224 to \$2,270

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% AMR by bedroom type. This higher threshold is a better reflection of rents that can reasonably be achieved in the private stock given that the existing stock, which is used to form the threshold, is generally aged and not reflective of current building code and amenity standards. Thresholds by bedroom type encourage affordability in all unit sizes, whereas the previous single threshold approach drove affordability to smaller unit sizes. The maximum 2021 rental thresholds range from \$1,224 for a bachelor to \$2,270 for a three-bedroom apartment (**Table 4**).

To help increase the purpose-built rental supply, Council approved development charge deferrals for affordable purpose-built rental buildings, subject to criteria. One of the criteria to access the program is that rents cannot exceed 175% AMR by bedroom type, which based on the 2021 data is affordable to households in the 3rd (bachelor units) through 6th (3+ bedroom units) income deciles.

Table 4: Private Purpose-Built Average Market Rents by Bedroom Type, 2021

Bedroom Type	100% AMR	125% AMR (Affordable Threshold)	175% AMR
Bachelor	\$979	\$1,224	\$1,713
1 Bedroom	\$1,328	\$1,660	\$2,324
2 Bedrooms	\$1,506	\$1,883	\$2,636
3+ Bedrooms	\$1,816	\$2,270	\$3,178

Source: CMHC Rental Market Report 2021. Private Apartment Rent, Table 1.1.2.

For the first time since the affordable housing monitoring exercise began in 2013, average market rents have marginally declined year over year for all but the larger 3+ bedroom units. Bachelor units declined from \$995 to \$979 (-1.6%), 1-bedroom units declined from \$1,369 to \$1,328 (-3.0%), 2-bedroom units declined from \$1,537 to \$1,506 (-2.0%) and 3+ bedroom units increased from \$1,743 to \$1,816 (4.2%). The decline in rents was not observed in other GTA municipalities.

The existing housing stock provides limited affordable housing options

When average resale prices are benchmarked against the affordable thresholds, there are limited affordable ownership options in all municipalities. **Table 5** provides at which decile resale housing is affordable on average by municipality and structure type. The only resale product that is affordable based on the primary analysis to the sixth decile of the income distribution is condominiums in East Gwillimbury. At the seventh decile, resale condominiums in King, Newmarket and Richmond Hill are also affordable on average, and at the eighth decile, condominiums are affordable in all municipalities. At the ninth decile (maximum household income of \$253,367), there are some ground related products that are affordable on average. Resale single detached housing is only affordable to the top earning 10% of households based on average prices by local municipality.

Table 5: Resale Housing Market and Ownership Affordability by Income Decile, 2021

Municipality	Single Family Detached	Semi-Detached	Town/Row	Condominium
Aurora		9th Decile	9th Decile	8th Decile
East Gwillimbury		9th Decile	9th Decile	6th Decile
Georgina		9th Decile	9th Decile	8th Decile
King				7th Decile
Markham				8th Decile
Newmarket			9th Decile	7th Decile
Richmond Hill				7th Decile
Vaughan			9th Decile	8th Decile
Whitchurch-Stouffville				8th Decile

Source: York Region Planning and Economic Development, 2022. Based on Teranet, RealNet/Altus and Canada Mortgage and Housing Corporation, and Toronto Regional Real Estate Board data.

For the 2021 analysis, approximately 75% of ownership sales were in the resale market. Lack of affordability in the resale market is one indicator of the rapidly rising price increases in the ownership housing market in comparison to increases in incomes.

Rapidly rising home prices contribute to income inequality

Between 2020 and 2021 the average price of a resale home increased by over 20%. Increases in home prices outpace increases in income, consumer goods and most other assets. As such, those that are homeowners have reaped financial benefits not available to non-owner households, thus increasing the divide between the rich and the poor. Future work to address housing challenges will focus on those that do not currently have a stake in the real estate market. This may include enhancing home ownership opportunities or working to increase the supply of purpose-built rental housing.

The York Region Official Plan and 10-Year Housing and Homelessness Plan provide a policy foundation to support more affordable housing options

The York Region Official Plan is being updated. The housing related policies in the updated Draft Regional Official Plan streamline and enhance existing policies to align with Provincial direction and incorporate best practices. This policy foundation is meant to support future work to address housing challenges. The Regional Official Plan focuses on land use planning related approaches to affordability and is supplemented by the Region's 10-Year Housing and Homelessness Plan, which provides a roadmap to help ensure residents have access to a range of housing options and services at all ages and stages of their lives.

Affordable Housing Implementation Plans are under development

To identify and potentially fund on the ground approaches to housing affordability, two plans are currently under development:

1. The Affordable Private Market Housing Implementation Plan will identify actions, advocacy and partnership approaches to address private market housing gaps in the short, medium, and long term.
2. The Community Housing Master Plan will contemplate a 40-year plan to fund and develop more community and non-profit homes across the Region.

These Plans will work hand in hand to help identify solutions to affordability challenges in both the community housing (non-profit) and private segments of the housing market.

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

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 listed below, and will be reviewed for potential updates:

- 1. Targets:** The Draft York Region Official Plan requires that 35% of new housing in Major Transit Station Areas and Regional Centres be affordable, and that 25% new housing outside of those areas be affordable. The targets will be reviewed for overall appropriateness and more nuanced approaches may be considered
- 2. Affordability Thresholds:** The method to establish the affordable housing thresholds will be reviewed, and the incorporation of utility and/or condo fees will be considered. Tying rental thresholds to household incomes rather than to market averages will be considered
- 3. Monitoring:** The method to monitor new ownership and rental units will be reviewed and updated approaches will be explored

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.

AFFORDABLE HOUSING in YORK REGION 2021 MEASURING and MONITORING

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