

AFFORDABLE HOUSING in YORK REGION

2022 MEASURING and MONITORING



JUNE 2023

Table of Contents

Affordable Housing is a Key Component of Complete Communities	3
Affordable housing monitoring is conducted each year	3
Maximum affordable housing thresholds are calculated annually for rental and ownership tenures	3
Figure 1: York Region Household Income Distribution and Affordable Ownership Thresholds, 2022	4
2022 Local maximum affordable ownership housing thresholds range from \$467,913 to \$564,326	4
Table 1: 2022 Affordable Ownership Thresholds	5
Housing affordability targets are not being achieved with 10% of new units meeting thresholds	5
Table 2: New Affordable Housing Monitoring Analysis, 2022	5
Low affordability rates continued in 2022, impacting the Region’s ability to achieve forecasted growth targets	6
Figure 2: New Units below York Region's Affordable Threshold, 2013 to 2022	6
Purpose-built rental housing is key component to a healthy housing system	6
Figure 3: Number of Ownership and Rental Units Deemed Affordable, 2013 to 2022	7
Lower income households have fewer housing options	7
Table 3: New Affordable Ownership Housing Lower Income Supplemental Analysis, 2022	7
Higher income households also face affordability challenges	8
Table 4: New Affordable Ownership Housing Higher Income Supplemental Analysis, 2022	8
New purpose-built rental units are limited	8
2022 Affordable rent thresholds range from \$1,310 to \$2,354	9
Table 5: Private Purpose-Built Average Market Rents by Bedroom Type, 2022	9
Increases to household income haven’t bridged the gap between average house price	10
Figure 4: Monthly Change in Interest Rates and Average Resale Home Prices	10
Figure 5: Income-Based and Market-Based Affordable Housing Calculations	11
Affordable housing implementation plans are under development	11

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 positive economic, environmental, and social outcomes. While affordability of new housing has always been a priority for York Region, rapidly rising house prices resulted in Council declaring a Housing Affordability Crisis. Affordable housing monitoring through this exercise provides a mechanism to gauge the impact of actions taken to address the housing crisis and allows for results-based accountability and decision making.

Affordable housing monitoring is conducted each year

The *Provincial Policy Statement* requires York Region to establish and implement affordable housing targets. The 2022 York Region Official Plan (ROP) sets affordability targets of 35% of all new housing in Regional Centres and major transit station areas, and 25% of all new housing outside of those areas.

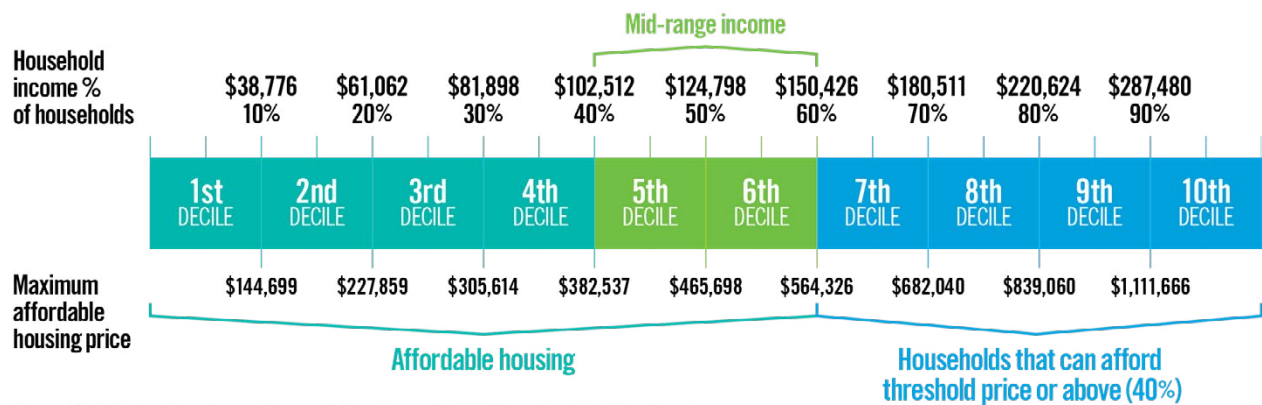
The [York Region Affordable Housing Measuring and Monitoring Guidelines](#) establish a standardized approach to identify and measure the supply of new affordable units in order to monitor progress each year in meeting affordable housing targets and to help inform decision making around housing need.

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

The affordable threshold for ownership is the maximum price that households at the sixth decile of the income distribution can afford to pay (based on 30% of gross income) 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 2022 is \$564,326 and based on a household income of \$150,426.

¹For 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, 2022²



Source: York Region Planning and Economic Development, 2023. Based on Statistics Canada, Local Municipal property tax, Bank of Canada and Canada Mortgage and Housing Corporation data

For this analysis, the income base was updated with the 2021 census release. The 2021 census data confirmed a larger increase in income from the 2016 base data than had been forecasted, with incomes at the 6th decile increasing by 22% between 2016 and 2021. In between census releases, the income base data is adjusted yearly based on the Bank of Canada’s Consumer Price Index (CPI), which increased by 11.43% between 2020 and 2022. Both the significant increase in income base data and CPI led to a 14% increase in the estimated household income between 2021 and 2022 for affordable housing monitoring purposes. In 2021 the gross annual income for a household at the 6th decile in 2021 was estimated at \$132,008 and the threshold for affordability was \$535,809. This increased in 2022 to \$150,426 and \$564,326, respectively based on the census data. As a result, the reported increased affordability between 2021 and 2022 may be partially attributed to the increased gross annual household income and related affordability threshold.

The rental threshold identified in both the Affordable Housing Measuring and Monitoring Guidelines and the 2022 Regional Official Plan is 125% of region-wide average market rent by bedroom type. This threshold is used to assess affordability in new developments. Due to data limitations, rents per unit are not available to monitor the affordability of new rental product on that basis. Rather, 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 municipalities.

2022 Local maximum affordable ownership housing thresholds range from \$467,913 to \$564,326

Table 1 provides the maximum local municipal affordable ownership thresholds for 2022, for the lowest earning 60% of households in each local 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 (\$564,326), 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 reflect the local municipal context and the incomes of residents, impacting how affordability is defined across York Region’s nine local municipalities.

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.

Table 1: 2022 Affordable Ownership Thresholds

Local Municipality	Local Municipal Threshold	Thresholds Used for Commitments and Monitoring	Average Resale Price
Aurora	\$594,212	\$564,326	\$1,418,746
East Gwillimbury	\$584,393	\$564,326	\$1,422,686
Georgina	\$467,913	\$467,913	\$973,046
King	\$731,650	\$564,326	\$2,332,590
Markham	\$538,377	\$538,377	\$1,370,347
Newmarket	\$539,809	\$539,809	\$1,235,441
Richmond Hill	\$532,105	\$532,105	\$1,458,199
Vaughan	\$628,325	\$564,326	\$1,409,379
Whitchurch-Stouffville	\$605,767	\$564,326	\$1,424,317

Source: York Region Planning and Economic Development, 2023. Based on Statistics Canada, Local Municipal property tax, Bank of Canada and Canada Mortgage and Housing Corporation data, and Toronto Region Real Estate Board

Housing affordability targets are not being achieved with 10% of new units meeting thresholds

Table 2 displays the number and percentage of new affordable units in 2022 by local municipality based on the thresholds in **Table 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 Canada Mortgage and Housing Corporation (CMHC) Rental Market Housing Report are evaluated in **Table 5**.

Table 2: New Affordable Housing Monitoring Analysis, 2022

Local Municipality	Ownership Units		Rental Units		All Units	
	Total Units	Affordable Units	Total Rental Units	Affordable Units	Total Units	Affordable Units
Aurora	131	0	16	16	147	16
East Gwillimbury	431	3	8	8	439	11
Georgina	174	0	22	22	196	22
King	56	0	0	0	56	0
Markham	539	0	9	9	548	9
Newmarket	311	11	33	33	344	44
Richmond Hill	294	0	63	63	357	63
Vaughan	973	0	0	0	973	0
Whitchurch-Stouffville	548	12	227	227	775	239
York Region	3,457	26	378	378	3,835	404

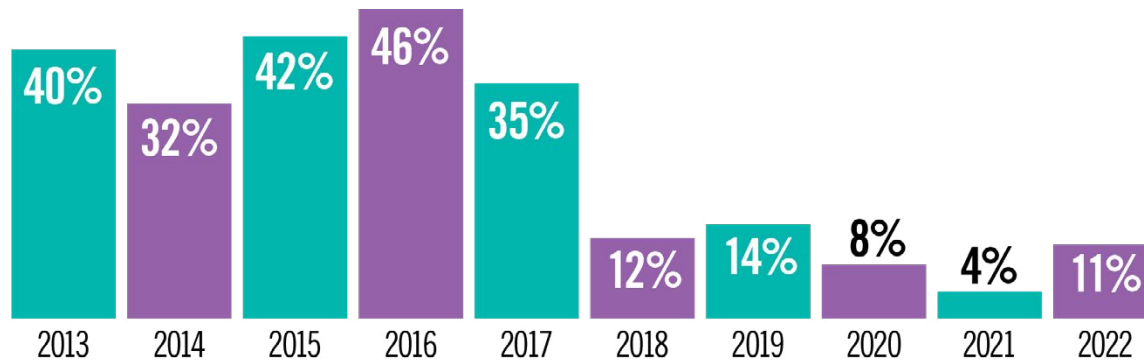
Source: York Region Planning and Economic Development, 2023. Based on Teranet, RealNet/Altus and Canada Mortgage and Housing Corporation data

Ownership affordability for high density units was not monitored by bedroom type due to data limitations. In the absence of this data, the median price of the lowest and highest priced unit for each development was used to report on affordability. This data limitation means that the more affordable high-density units (typically one bedroom units) were not included in the count of affordable ownership units. Alternative sources for high density ownership data are being explored.

Low affordability rates continued in 2022, impacting the Region's ability to achieve forecasted 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 2022. The increase from 12% in 2018 to 14% in 2019 is mainly due to the 162 new community housing units that became available in 2019. The increase from 4% in 2021 to 11% in 2022 may be due to the increased affordability threshold resulting from higher than expected household incomes explained above and a large retirement home that contributes 217 new purpose-built rental units. Similar to recent years, in 2022 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 2022



Source: York Region Planning and Economic Development, 2023

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. In response, 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. 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](#), [Community Housing Master Plan](#), and [Housing and Homelessness Plan](#).

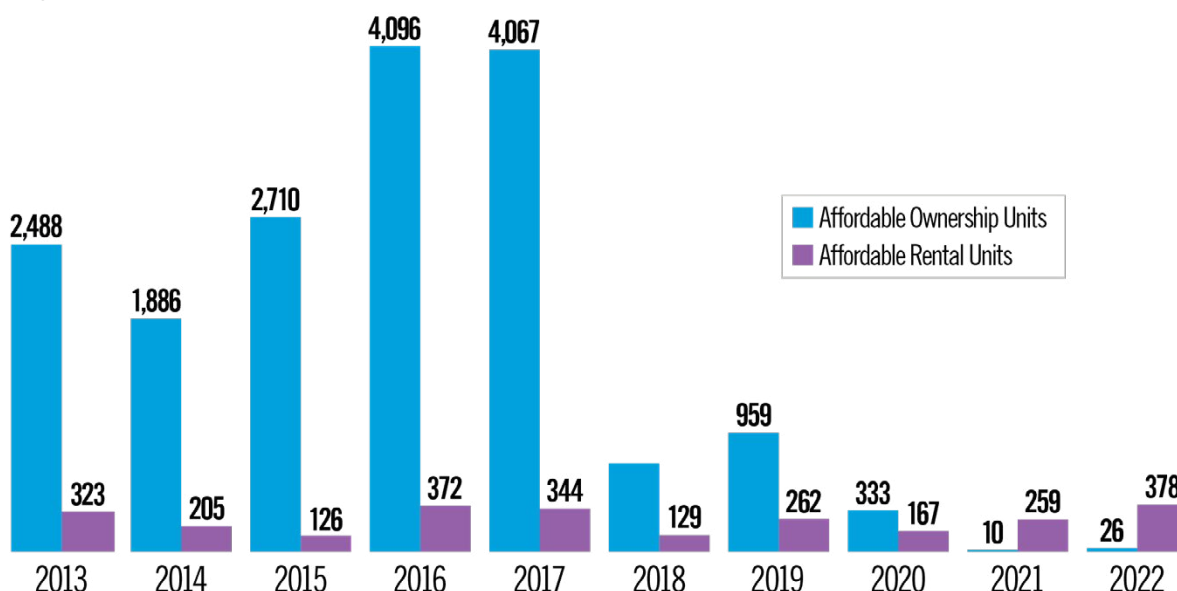
Purpose-built rental housing is key component to a healthy housing system

As ownership housing prices have rapidly increased, the importance of a healthy rental housing stock has been highlighted. As of 2021, the proportion of York Region's housing stock in rental tenure was 18%, which was the lowest in the GTHA. Staff estimate that the majority of this stock is in the secondary market.

In 2022 there were 217 new purpose-built rental units, which were all a part of a retirement home developed in Whitchurch-Stouffville, and 161 registered new secondary suites region-wide. Since 2015, the rental stock has delivered an increasing proportion of the total affordable supply, from 4% in 2015 to 94% in 2022. Rather than being an indicator of an increase in rental supply, this shows the decline in ownership affordability over the period. This change in affordable units can be seen in **Figure 3**. There has been an average of approximately 257 new purpose-built rental units³ built per year since monitoring began in 2013, with variations year over year based on completions dates for single developments. The 2022 York Region Official Plan includes a purpose-built rental target of a minimum of 1,000 units per year, with local municipal targets based on share of growth over the time period.

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

Figure 3: Number of Ownership and Rental Units Deemed Affordable, 2013 to 2022



Source: York Region Planning and Economic Development, 2023

Lower income households have fewer housing options

The affordable ownership housing thresholds and analysis are benchmarked to the 6th Decile of the income distribution, which provides the highest price that can be paid by 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 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** summarizes the findings from the 2022 analysis.

Table 3: New Affordable Ownership Housing Lower Income Supplemental Analysis, 2022

Monitoring Decile	Maximum Income	Maximum House Price (Threshold)	Percent Units Sold Under Threshold
6 th Decile (Primary Analysis)	\$150,426	\$564,326	0.75%
5 th Decile (Supplemental Analysis)	\$135,551	\$506,108	0%
4 th Decile (Supplemental Analysis)	\$102,512	\$383,394	0%

Source: York Region Planning and Economic Development, 2023. Based on Teranet, RealNet/Altus and Canada Mortgage and Housing Corporation data.

Based on this analysis, the 2022 maximum affordable price for the lowest earning 50% of households was \$506,108, and 0% of new units (0 units) fell below this price. The 2022 maximum affordable price for the lowest earning 40% of households was \$383,394 and 0% of new units (0 units) fell below this price.

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, affordability for higher income households in the Region is also evaluated (**Table 4**).

As is shown through this analysis, 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 9th Decile, representing 90% of households, only 66% of new housing is affordable. This leaves 34% of units on the market that are only affordable to those who earn above the 9th income decile, or those who have access to assets that do not affect their gross income. Assets cannot be accurately tracked, so they are excluded from this analysis. Research from the Bank of Canada and Statistics Canada suggests that these unaffordable prices are being sustained by the assets of investor and second-time buyers as repeat buyers and multiple property owners are taking over a larger share of the market. First-time buyers are struggling to meet the price of homes based on their incomes and research from [CIBC](#) shows that about 27% of first-time buyers are relying on gifts from parents to afford their home.

Table 4: New Affordable Ownership Housing Higher Income Supplemental Analysis, 2022

Monitoring Decile	Maximum Income	Maximum House Price (Threshold)	Percent Units Sold Under Threshold
6 th Decile (Primary Analysis)	\$150,426	\$564,326	0.75%
7 th Decile (Supplemental Analysis)	\$180,511	\$682,040	12%
8 th Decile (Supplemental Analysis)	\$220,624	\$839,060	30%
9 th Decile (Supplemental Analysis)	\$287,480	\$1,111,559	66%

Source: York Region Planning and Economic Development, 2023. Based on Teranet, RealNet/Altus and Canada Mortgage and Housing Corporation data.

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 coded 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. This includes community housing, registered secondary suites and purpose-built rental housing. In 2022, only 378 rental units were built in York Region. Of that total, 217 units were private purpose-built rental housing part of a retirement home developed in Whitchurch-Stouffville, and the remaining 161 were registered secondary suites. In 2022, 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 2022, approximately 33% of condominium units that permit rentals were rented out in the secondary market (approximately 16,500 units). In general, the secondary market is more expensive than the purpose-built rental market and offers less security of tenure. In 2022 the average rents for units in the secondary market was \$2,605, which exceeded the affordable rental threshold of \$1,861 by 40%.

2022 Affordable rent thresholds range from \$1,310 to \$2,354

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, York Region Council established, and the Province approved through the ROP definition, a rental threshold of 125% AMR for monitoring affordability. This higher threshold is a better reflection of rents that can reasonably be achieved 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. Threshold by bedroom type encourage affordability in all unit sizes, whereas the previous single threshold approach drove affordability to smaller unit sizes. The 2022 threshold for affordable rental housing at 125% AMR across all bedroom types was \$1,861. The maximum 2022 rental thresholds range from \$1,310 for a bachelor to \$2,354 for a three-bedroom apartment (**Table 5**).

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, based on 2021 data is affordable to households in the 5th (bachelor units) through 8th (3+ bedroom units) deciles.

Table 5: Private Purpose-Built Average Market Rents by Bedroom Type, 2022

Bedroom Type	100% AMR	125% AMR (Affordable Threshold)	175% AMR
Bachelor	\$1,048	\$1,310	\$1,834
1 Bedroom	\$1,383	\$1,729	\$2,420
2 Bedrooms	\$1,539	\$1,924	\$2,693
3+ Bedrooms	\$1,883	\$2,354	\$3,295

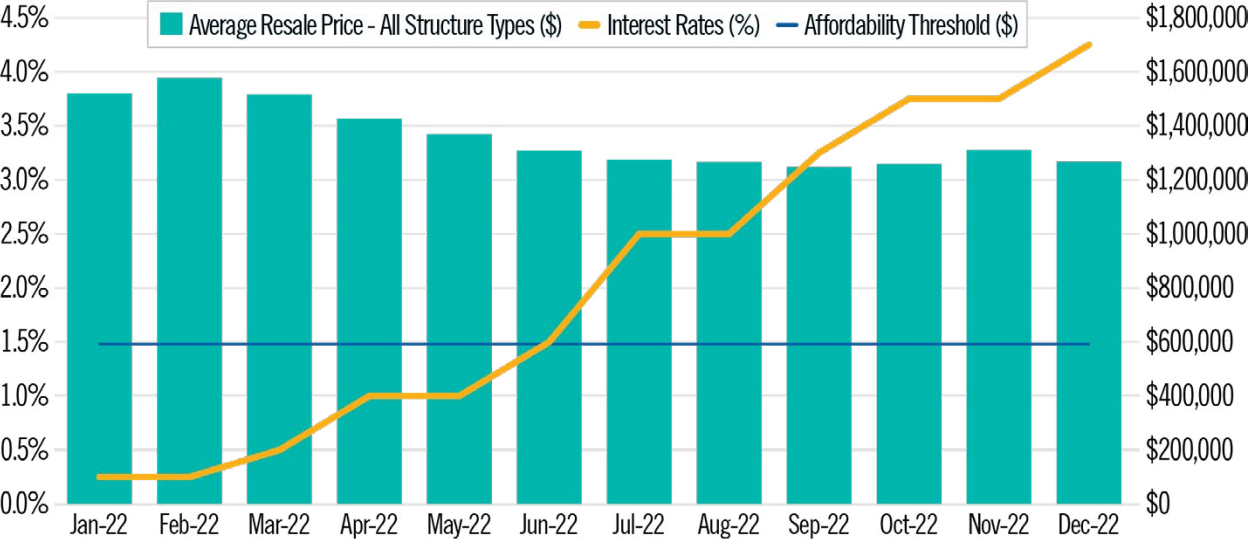
Source: CMHC Rental Market Report 2022. Private Apartment Rent, Table 1.1.2.

While the pandemic provided a relief to affordability challenges in the rental market with prices declining between 2020 and 2021 across most bedroom types, 2022 has seen significant price increases. Bachelor units increased from \$979 to \$1,048 (7%), 1-bedroom units increased from \$1,328 to \$1,383 (4%), 2-bedroom units increased from \$1,506 to \$1,539 (2%) and 3+ bedroom units increased from \$1,816 to \$1,883 (4%). Higher increases in rents were observed in other Greater Toronto Area (GTA) municipalities.

Increases to household income haven't bridged the gap between average house price

As described previously, the income base data for this analysis grew 22% between 2016 and 2021 which resulted in a higher threshold of affordability. High incomes reflect high inflation, which Bank of Canada addressed by increasing the overnight target interest rate in 2022. Higher interest rates have slowed the ownership market as households navigate higher carrying costs of home ownership. Prices in the resale market have slowly dropped in response to the increased interest rates, which grew from 0.25 in January 2022 to 4.25 by December 2022. As shown in **Figure 4**, from the peak of the market in February 2022 resale prices in York Region have fallen by about 20%. The impact of interest rates has resulted in the number of sales falling 42% from 2021. Affordable ownership options continue to be limited in this high interest rate environment with only 26 new affordable homes sold in 2022.

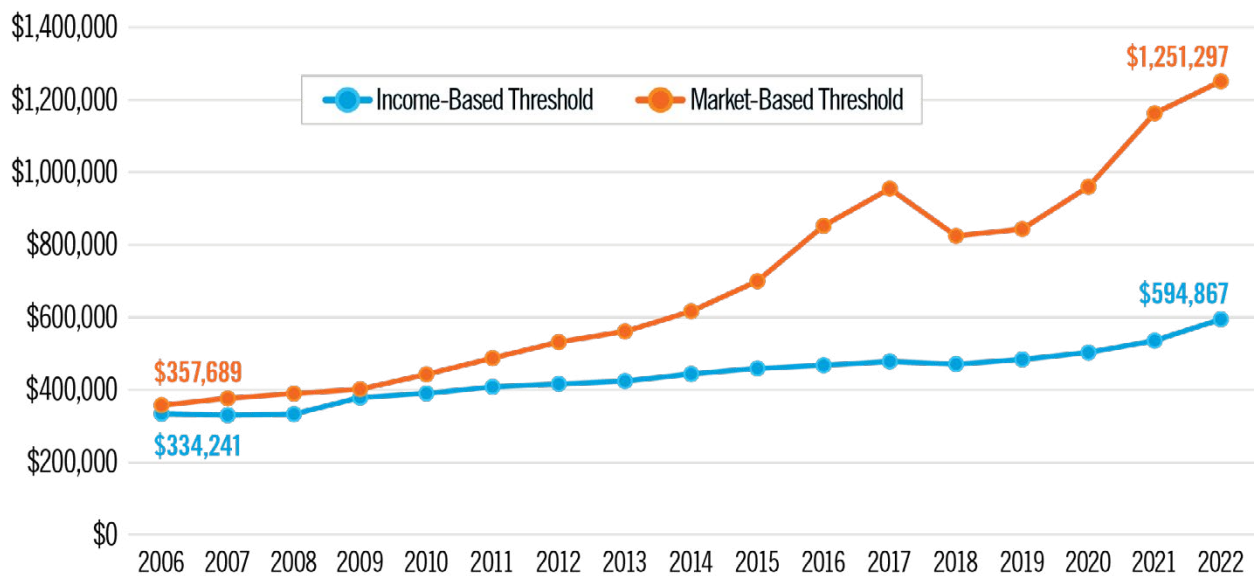
Figure 4: Monthly Change in Interest Rates and Average Resale Home Prices



Source: York Region Planning and Economic Development, 2023

The Provincial definition of affordable requires that an income based and a market-based approach to affordability be calculated for each tenure and that the lower of the two form the affordability threshold. The ownership income-based calculation assumes that 30% of gross household income can be spent on mortgage, mortgage insurance and property taxes assuming the lowest allowable down payment and the 5-year fixed rate mortgage posted by the Bank of Canada. As is shown in **Figure 5**, going back to 2006, the ownership income-based calculation has been lower than the ownership market-based ownership calculation and thus has formed affordability threshold. However, in 2006, the market-based calculation was only 7% greater than the income-based calculation (approximately \$358,000 and \$334,000 respectively) whereas today the spread is 110% (approximately \$1,251,000 and \$594,000). Between 2006 and 2022 the income-based threshold has increased 78% and the market-based threshold has increased 250%.

Figure 5: Income-Based and Market-Based Affordable Housing Calculations



Source: York Region Planning and Economic Development, 2023. Based on Teranet, RealNet/Altus and Canada Mortgage and Housing Corporation data.

Affordable housing implementation plans are under development

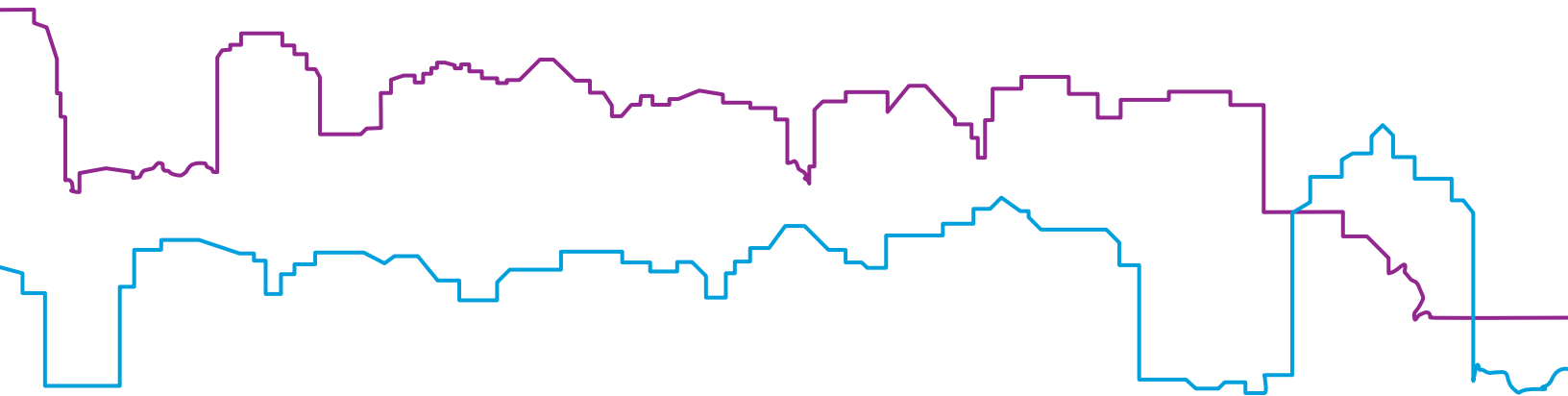
To identify and fund on the ground approaches to housing affordability and implement the housing and homelessness plan, three plans are currently under development:

1. Council directed staff to develop an Emergency and Transitional Housing System Plan throughout latest Housing and Homelessness Plan progress [report](#) in June of this year; and
2. The forthcoming Community Housing Master Plan will contemplate a 40-year plan to fund and develop more community and non-profit homes across the Region; and
3. The upcoming Affordable Private Market Housing Implementation Plan (AHIP) will identify actions, advocacy and partnership approaches the Region should be pursuing to address private market housing gaps in the short, medium, and long term.

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. A gaps analysis is currently being completed by consultants in support of the AHIP. The findings of this analysis will also be considered when updating the Affordable Private Market Housing Measuring and Monitoring Guideline.

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For more information on housing affordability
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