



To: York Region Housing Affordability Task Force
Meeting Date: September 7, 2023
From: Paul Freeman
Chief Planner
Re: **Affordable Housing Implementation Plan: Housing Needs Analysis**

This memo provides an updated Housing Needs Analysis (Attachment 1) that will inform the Affordable Housing Implementation Plan and update of the 10-year Housing and Homelessness Plan. Appendix A includes an evaluation of housing gaps across the Region by housing type, tenure, and location to help identify evidence-based approaches to addressing housing challenges and provide a common foundation on which to build future implementation plans and policy recommendations. The Affordable Housing Implementation Plan and 10-year Housing and Homelessness Plan update are currently targeted to be brought to Council for input and consideration in 2024.

The Housing Needs Analysis confirms there are very limited options in York Region for moderate and low-income households in both ownership and rental tenures

The Needs Analysis was prepared by N. Barry Lyon Consultants Limited (NBLC) and provides an assessment of current and future housing needs. This work updates past assessments delivered to Council in [March 2020](#) and [May 2012](#) and differs from the annual affordable housing monitoring, most recently reported on to Council in [June 2023](#), in that it considers the entire housing stock rather than focusing on new supply. The Housing Needs Analysis shows continued high ownership and rental costs in the Region, resulting in a lack of acceptable housing options for many households, confirming previous research and monitoring exercises. A summary of market characteristics, income deciles and affordability information is provided for each local municipality and shows that key housing themes and notable trends are generally common across all municipalities. Appendix A includes key takeaways from the housing needs assessment.

Secondary rental market plays a significant role in meeting housing needs in York Region

The Housing Needs Analysis shows that between 2016 and 2021, 56% of household growth was rental households and fewer than 5% of these households were housed in purpose-built rental housing (community or private market). This indicates an increased reliance on ownership

tenure homes being rented out, commonly referred to as the secondary rental market, to meet housing needs. Evidence indicates that this trend towards housing needs being met through secondary rentals is on the rise. Since 2018, nearly 9,000 condominium apartments have been completed in York Region, with 55% of these new units being used as rentals. The proportion is even higher over the past two years, estimated at 73%. The report also observes that condominiums are only one part of the secondary market and notes there were approximately 6,000 new ground-related leases in York Region in 2022.

NBLC has identified that the investor market has responded to growing demand for rental housing due rising ownership prices. However, affordable options in the secondary rental market are limited. The average price for a leased condo in 2022 ranged from \$1,700 (bachelor) to \$3,200/month (3+ bedroom), and the average price for a leased single or semi-detached unit ranged from \$3,100 (3-bedroom) to \$4,700 (5+ bedroom), both of which are well above regional affordable rental thresholds which range from \$1,300 (bachelor) to \$2,350 (3+ bedroom). There is a continued pressing need to address the needs of renter households across a variety of incomes and characteristics.

Approximately 50,000 households have housing that doesn't meet their needs

Approximately 50,000 households are in core housing need, which means their housing is not acceptable in that it is not affordable (household is spending greater than 30% of gross income on shelter costs), not large enough and/or not in good repair, and household income is not sufficient to access acceptable local housing.

In 2016, over 30% of renter households and 10% of ownership households were in core housing need, representing a 41% increase in core housing need households between 2006 and 2016. Households most likely to experience core housing need include renter households of all ages and one-person, lone parent, immigrant (especially recent immigrant), and senior households.

In 2016, ownership households in core housing need spent an average of 56.3% of their income on housing, and renter households spent an average of 49.4% of their income on housing. These ratios have been increasing over time, by 4.5% for ownership households and 9.8% for renter households since 2006. Increased ratios reflect modest income growth in relation to rental rates and purchase prices increasing at much higher rates in recent years. Renters in core housing need are much more likely to find their housing to be not large enough and/or not in good repair in addition to being unaffordable.

At the time of writing this report, detailed 2021 core housing need data on the characteristics of households was not available so 2016 data has been used. 2021 macro data shows a decrease in core housing need, particularly in rental households. The 2021 decrease is observed across Canada and is attributed to short-term income support programs offered during the COVID-19 pandemic.

As next steps, analysis for the Affordable Housing Implementation Plan is planned for Council's consideration in Q4 2022 and will supplement the findings from the Housing Needs Analysis by providing a list of potential options for the Region to consider to address housing challenges. Together, the attached Housing Needs Analysis and upcoming direction options will inform the development of a draft AHIP to be presented to Council in Q1 2024, outlining tangible action, advocacy, and partnership approaches to address housing challenges. This will inform a final proposed AHIP for Council's consideration in 2024.

For more information on this memo, please contact Teresa Cline, Manager Policy Planning at 1-877-464-9675 ext. 71591. Accessible formats or communication supports are available upon request.



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Bruce Macgregor
Chief Administrative Officer

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Attachments (1)

Appendix A – Housing Needs Assessment Key Take Aways
Attachment 1 – Housing Needs Assessment

Housing Needs Assessment Key Takeaways

Ownership Market	Rental Market
<ul style="list-style-type: none"> Supply of ownership housing is not meeting demand particularly from low- and moderate-income households - just 1% of the sample of 2022 resales were under \$500,000. In 2022, the region-wide affordable housing threshold was approximately \$565,000. York Region's ownership housing stock has experienced significant price growth over the last decade that far outpaces income growth. While prices decreased in the last year due to macroeconomic factors, housing costs remain high due to increased borrowing costs. Many households, particularly first-time home buyers, would be challenged to buy a new or resale home in York Region without down payment assistance. Growing unaffordability is at least partially a product of supply conditions as construction activity in York Region has slowed from more than 10 000 annual completions between 2000 and 2009 to less than 7 200 annual completions over the past decade. Lack of affordability in the ownership market means York Region is attracting an increasing share of high-income households, and new supply is focusing on this upper end of the market. Lack of affordability in the ownership market is driving 'would be' purchasers to the rental market increasing demand within an already constrained rental market. Options that might have been available to moderate income renters historically are no longer available. 	<ul style="list-style-type: none"> York Region has very little purpose-built rental housing and market rate rental housing development has been stagnant in recent decades adding less than 1,100 net new units over the past 20 years. The secondary rental market has helped bridge the gap between supply and demand, but these homes do not provide tenants with the same security of tenure as purpose-built rentals. Despite the lack of purpose-built rental investment, renter households accounted for 56 of household growth in York Region since 2016 and more than 70 of household growth in several local municipalities. Rental rates have been rising rapidly with most apartment options now exceeding \$2,000 per month and low-rise rentals exceeding \$3,000 per month. There are limited options for low- and moderate-income renter households. In 2022, affordable rents ranged from approximately \$1,300 (bachelor) to \$2,350 (3+ bedroom unit). Private low-rise rentals have become a significant part of the secondary rental market as investors have responded to the increased demand for rental homes as ownership costs have become unaffordable for many households. Renter households are more likely than owners to be in Core Housing Need (i.e. living in unaffordable, unsuitable, and/or inadequate housing) Renter households also earn about half the annual salary as owner households on average.

Ownership Market

Rental Market

- There is a pressing need to address the needs of renter households across a variety of incomes and characteristics.