



Report of the Commissioner of Corporate Services and Chief Planner **2023 Housing Supply and Affordability Update**

1. Recommendation

The Regional Clerk forward this report to the Minister of Municipal Affairs and Housing, Building Industry and Land Development Association (BILD), local Members of Parliament and Members of Provincial Parliament and local municipalities for information.

2. Purpose

This report summarizes the 2023 affordable housing monitoring exercise and provides a 2024 housing supply update.

Key Points:

- As of March 2024, the Region has an approved housing supply of approximately 46,000 units with an additional 16,000 units currently under construction
- This represents a supply of 5.8 years of growth, within the Provincial requirement to maintain a 3-7 year supply of draft approved and registered units. Housing affordability challenges within York Region persisted in 2023 despite strong supply and increased rental completions
- Threshold for affordable ownership housing in 2023 was \$536,706, and the threshold for affordable rental housing ranged from \$1,278 for a bachelor unit to \$2,526 for a 3+ bedroom unit (per month)
- In 2023, Regional Official Plan affordability targets were not met for the sixth year in a row, with 15% of units being captured as affordable; for 2023 all were new purpose-built rental units, with no new affordable ownership units

- Of 1,271 new rental units in 2023, 935 (74%) were purpose-built (including 670 private and 265 community housing units) and the remaining 336 units were newly registered additional dwelling units

3. Background

Housing supply in development approval pipeline is monitored and reported regularly

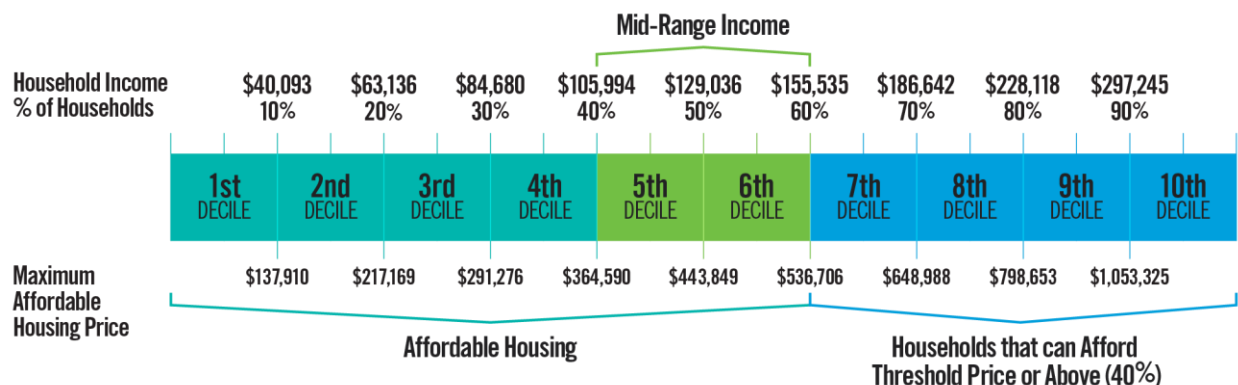
Housing supply is monitored regularly to track progress towards planning and developing complete communities, confirm conformity with Provincial supply requirements, and ensure the development pipeline is moving efficiently providing consistent housing supply. An update was last presented to the Housing Affordability Task Force in [September 2023 with comparable housing supply](#).

Affordable housing targets are monitored annually

Provincial Policy Statement, 2020 benchmarks maximum affordable ownership housing at 30% of gross income for households with incomes in the lowest 60% of income distribution. This being the maximum house price the lowest earning 60% of households can afford, assuming 30% of household income is spent on mortgage payments, mortgage insurance and property taxes. Figure 1 shows the maximum price households can afford at each decile across the income spectrum. In 2023, York Region’s annual household income at the 6th decile was \$155,535 allowing for a maximum affordable house price of \$536,706 (Figure 1).

Figure 1

Household Income and Affordable Ownership Threshold by Decile, 2023



Source: York Region Planning and Economic Development, 2023

Affordable rental thresholds in York Region benchmark maximum affordable rental housing at 125% of average market rent (AMR). In 2023, maximum affordable monthly rent thresholds ranged from \$1,278 per month for a bachelor unit to \$2,526 per month for a 3+ bedroom unit. For monitoring purposes, all rental supply (15% of all new units) is considered and reported as affordable since unit rents are not available.

4. Analysis

York Region's approved housing supply is approximately 46,000 units across all nine local municipalities

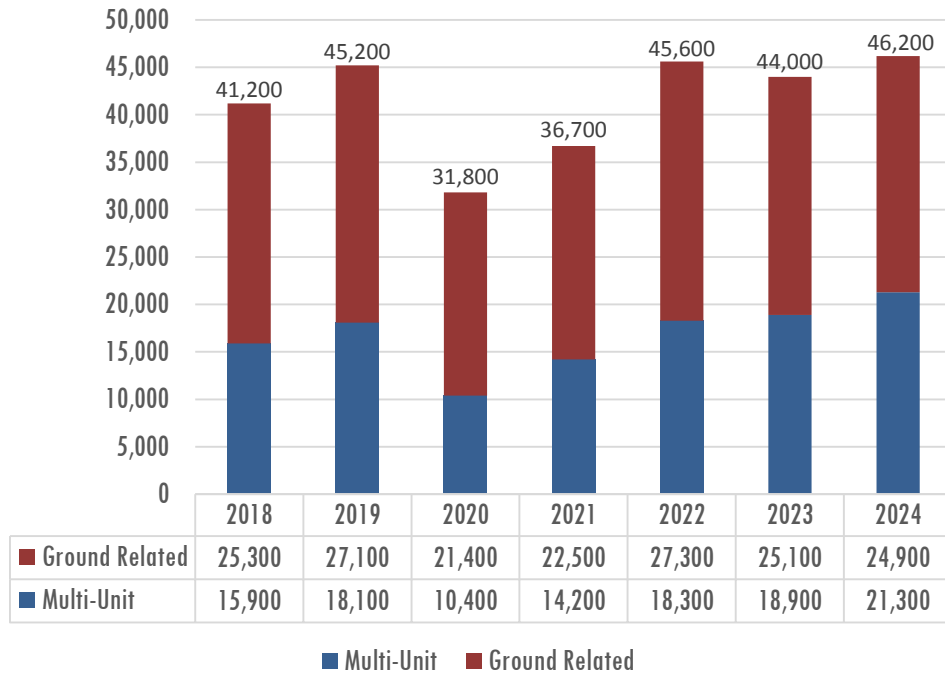
As of March 2024, York Region's approved housing supply is an estimated 46,000 units. Housing supply comprises 10,661 registered unbuilt units, and an additional 35,487 draft approved units. Based on the Regional Official Plan forecast, this represents more than a 5-year supply, well within Provincial requirement that a 3-7-year supply of draft approved and registered units be maintained.

In 2023, the Region saw a record-high volume of residential building permits representing 12,022 units. There are currently 16,155 housing residential units under construction. Attachment 1 outlines supply by unit type and stage of approval for each local municipality. The numbers provided in this report are based on best data available to the Region at the time of writing and therefore may not fully align with comparable data prepared for other purposes.

Housing supply is stable with new proposed units being approved offsetting registered units as they are built and sold

The Region's housing supply is relatively stable as newly approved units offset those constructed and occupied. Figure 2 shows the breakdown of registered and draft approved units since 2018. Ground-related supply includes townhome, semi-detached and single-detached units.

Figure 2
Total Housing Supply



Source: York Region Planning and Economic Development, 2024

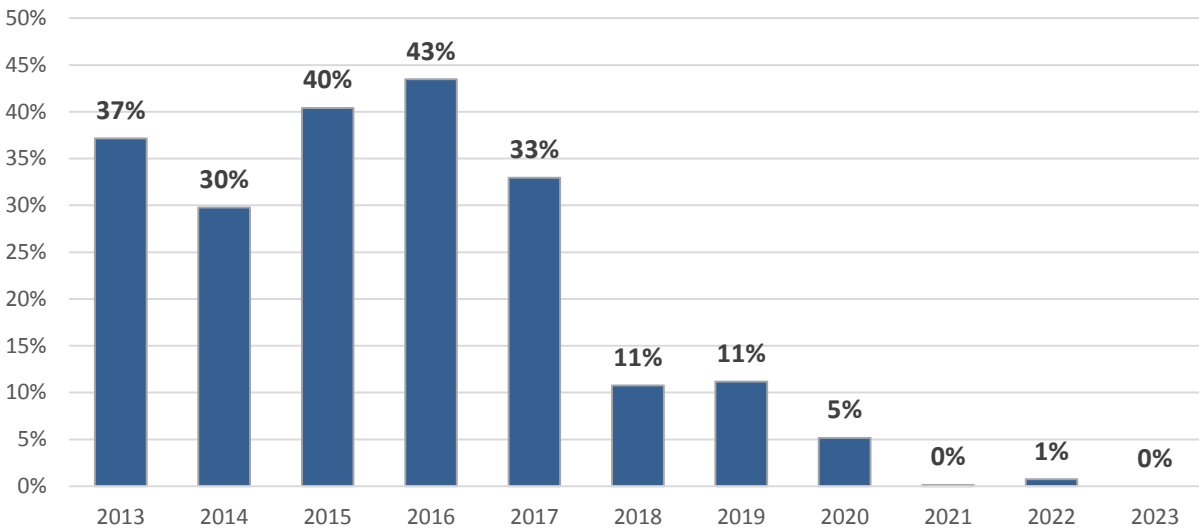
More than 112,000 proposed housing units are in development application pipeline

As captured by the Region’s development tracking system, YorkTrax, more than 112,000 housing units are subject to active development applications. As these applications move through the approval process, they replenish registered and draft approved units as they are constructed. Proposed housing units equate to approximately 14 years of supply of additional growth. Together, 158,000 registered unbuilt, draft approved, and proposed units currently moving through the approval process equate to more than 20 years of growth.

Housing affordability challenges continued in 2023, with ownership out of reach to those earning a moderate income

Figure 3 shows the percentage of affordable new ownership units since monitoring began in 2013. In 2018, targets were not achieved for the first time, marking the beginning of a rapid decline culminating in 0% affordability in 2021 and 2023. Decline in affordability is multi-faceted and driven by both supply and demand factors. Lack of affordable ownership opportunities puts pressure on the rental market to provide affordable options.

Figure 3
Affordable New Ownership Units, 2013-2023



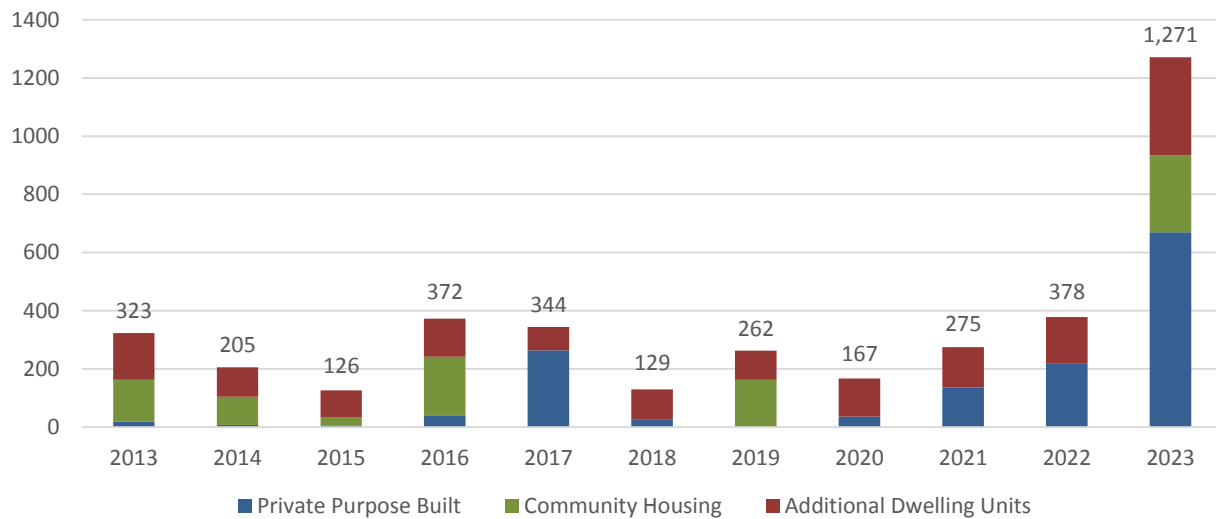
Source: York Region Planning and Economic Development, 2023

Since 2021, affordability of condominium units by bedroom type has not been monitored due to a lack of unit specific data. Since 2021 median prices of all units within a condominium development are used to assess affordability. Based on this data, no units could be identified as affordable. By using median prices, smaller units (bachelor/1 BR) may sell below the threshold but may not be captured as affordable units in this report.

Purpose-built rental completions increased

In 2023, York Region saw a significant increase in new rental supply with more units completed than the past 5 years combined. New rental supply consisted of 935 purpose-built units and 336 registered additional dwelling units for a total of 1,271 new rental units (Figure 4). Of 935 new purpose-built rental units, 670 were delivered by private market in two municipalities and three developments. Remaining 265 units were community housing units delivered by Housing York Inc. in Unionville.

Figure 4
New Purpose-Built Rental Supply, 2013-2023



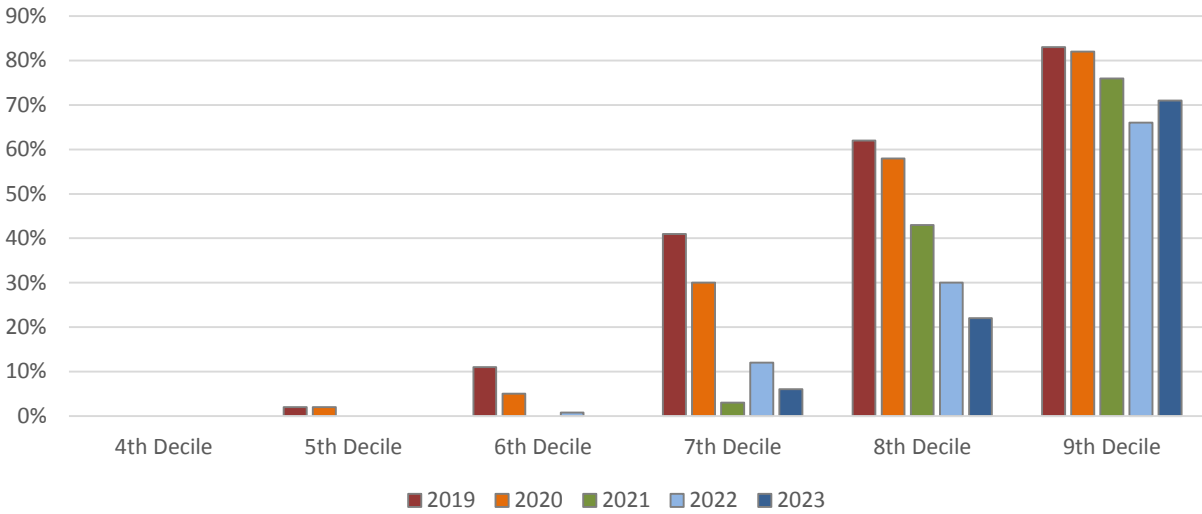
Source: York Region Planning and Economic Development, 2023

In 2023, the condominium rental market continued to be more expensive than purpose-built options. Average secondary condo rents at \$2,617 are approximately 26% higher than the affordable rental threshold of \$2,080. CMHC data shows average rents in purpose-built units were more affordable at an average cost of \$1,664 per month. While purpose-built market appears to provide affordable options, limited supply pushes renters in York Region to less affordable secondary rental units; a market not easily monitored, and with less security of tenure.

Affordable ownership is a challenge across the income spectrum

Affordability of new housing units continues to be a challenge at all income levels in York Region and across the GTHA. Figure 5 shows no new units sold in 2023 were affordable to households in or below the 6th decile. Even at the 9th income decile, representing all but the highest-earning 10% of households, only 71% of new ownership housing is affordable.

Figure 5
Percent New Affordable Ownership Units by Income Decile, 2019-2022



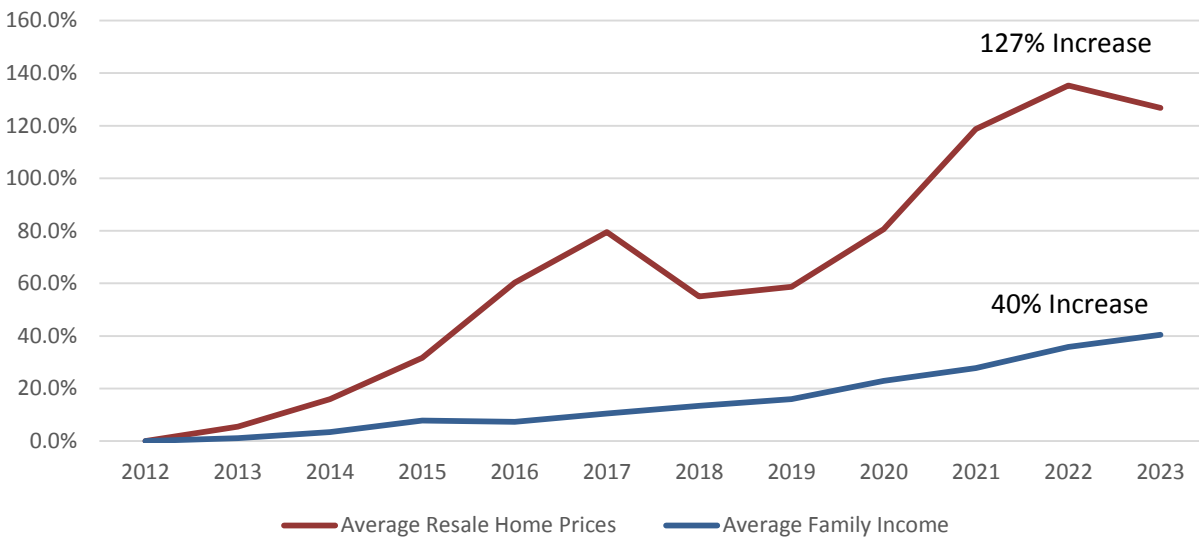
Source: York Region Planning and Economic Development, 2023

Affordability in the resale market is increasingly limited

Average prices of resale housing across all structure types were well above the affordable threshold. Average price of resale condominiums in 2023 was more than 31% or close to \$170,000 above the affordable housing threshold. Resale affordability is assessed annually by measuring average resale prices of each unit type against the monitoring threshold. Attachment 2 provides additional detail.

Comparing average resale house prices over time to average household incomes highlights affordability challenges continue to increase (Figure 6). Despite a slight decline in resale house prices in 2023, overall incomes have not kept up with house price increases between 2012 and 2023. Between 2012 and 2023, average resale home prices increased by 127% whereas average income increased by only 40%. Although the gap between home price and income shrunk slightly in 2023, higher interest rates impact carrying costs and home ownership remains out of reach for most households.

Figure 6
Percent Increase: Average Resale Home Price and Average Family Income, 2012- 2023



Source: York Region Planning and Economic Development, 2023

Factors including continued high interest rates slowed the ownership resale market in 2023, as households navigate higher carrying costs of home ownership.

Lack of affordable housing options constrains economic growth

Lack of affordable housing options throughout York Region will continue to limit population and economic growth. Despite York Region’s population growth being in line with growth rates of other GTHA municipalities, it falls significantly short of the population growth required to reach forecasted population of 2,088,000 by 2051 and Provincial housing targets. Long-term predictable funding for housing and supportive infrastructure, such as the Permanent Public Transit Fund, could play a role in accelerating housing supply, including more affordable options, to meet housing targets.

Limited housing supply and affordable options have been identified as two of the most impactful issues constraining business growth and Regional economic investment. Lower growth rates resulting from affordability challenges will also impact development charge collections and the Region’s ability to pay for growth-related infrastructure.

Strategies to help address housing challenges are being developed

York Region's next 10-year Housing and Homelessness Plan is anticipated to be brought to Council in Q2 2025. To inform the Housing and Homelessness Plan, implementation plans for each segment of the housing continuum will be brought to Council in 2024, including:

- Affordable Private Market Housing Implementation Plan, to identify actions, advocacy and partnership approaches for private market housing gaps in the short, medium and long-term
- Community Housing Development Master Plan to guide long-term investments and increase community housing supply, including Housing York Inc.
- Homelessness Service System Plan to respond to immediate and long-term needs of homelessness

Actions endorsed by Council under these plans will be consolidated into the next 10-year Housing and Homelessness Plan. This will serve as an overarching implementation road map setting out short, medium and long-term actions to achieve key targets and objectives for measuring progress.

5. Financial Considerations

The Region offers a development charge deferral incentive for developers who build private purpose-built rental in York Region. Since 2014, seven developments across three municipalities have used the incentive, resulting in 918 new units. This represents approximately \$28.64M in development charge deferrals. Three of these developments have been completed to date, resulting in 486 new purpose-built rental units.

Of the 670 private purpose-built rental units completed in 2023, 216 units took advantage of the incentive at the time of approval. The Region's purpose-built rental incentives are being reviewed as part of the Affordable Private Market Housing Implementation Plan.

On May 1, 2024 the province released the [Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin](#) ("Bulletin"). The Bulletin provides affordable housing thresholds to determine eligibility of residential (rental or ownership) units for development charge exemptions and exclusions from the maximum community benefits charge and parkland dedication requirements. Thresholds included in the Provincial bulletin in 2024 generally align with those identified in this affordability monitoring exercise. As part of a continuous improvement exercise, staff review methodology and data inputs including opportunities to align with the provincial definition and calculation of affordability thresholds.

6. Local Impact

Local municipalities are key partners in addressing housing affordability, which the Region will continue collaborating with to address affordable housing needs. To inform the Affordable Private Market Housing Implementation Plan the Region continues to explore opportunities to encourage and increase supply of purpose-built rental and affordable housing development. Housing challenges impact all local municipalities, requiring continued collaboration and ongoing support to deliver solutions.

7. Conclusion

Affordability of new ownership housing and supply of new rental housing is monitored annually. The 2023 analysis identifies a continued downward trend of ownership affordability, with no new ownership units considered affordable. More positively, the Region saw 935 purpose-built rental units completed in 2023 and the Region's internal development application tracking database shows another 34 developments, representing approximately 8,200 purpose-built rental units currently in the approval process.

Ownership affordability and challenges attracting purpose-built rental developments continue to exist across the GTHA and throughout southern Ontario. No one level of government or industry partner can solve housing affordability challenges alone.

Working in collaboration with partners and local municipalities to find innovative solutions continues to be a priority as is monitoring of housing affordability across York Region to support evidence-based approaches to addressing housing challenges.

For more information on this report, please contact Teresa Cline, Manager, Planning Policy and Data at 1-877-464-9675 ext. 71591. 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: **Erin Mahoney**
Chief Administrative Officer

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#160680047

Attachment 1 – Housing Supply
Attachment 2 – 2023 Measuring and Monitoring