



Report of the Acting Commissioner of Community and Health Services and Commissioner of Corporate Services

Actions to Increase Affordable and Community Housing Supply Under the Next 10-Year Housing and Homelessness Plan

1. Recommendation

The Regional Clerk circulate this report to local Members of Parliament, local Members of Provincial Parliament, the Minister of Municipal Affairs and Housing, and Clerks of the local municipalities.

2. Purpose

This report provides a range of actions Council may consider to increase affordable and community housing supply as part of York Region's next housing and homelessness plan, expected in 2025.

This report also responds to questions raised at the [May 30, 2024](#) meeting of the Housing Affordability Task Force about the potential for the Region to offer capital grants to private and non-profit partners to build affordable purpose-built rental housing for moderate income households, or Housing York Inc. (HYI) taking on that role.

Key Points:

- York Region has a critical role in addressing needs across the housing system, and significant supply challenges make it impossible for the Region to address these needs alone. Partnerships with Federal and Provincial governments, local municipalities, non-profit housing providers and private market developers will be essential in addressing these challenges affecting households with low and moderate incomes
- Senior levels of government have the greatest financial tools available to them to address housing needs, and must also commit to sustained and increased funding for affordable and community housing

- Actions outlined in Appendix A combine work previously underway for the Affordable Private Market Housing Implementation Plan (AHIP) and Community Housing Development Master Plan.
- Key actions can immediately leverage existing resources. Further actions to support affordable purpose-built rental development could require additional investment of up to \$33 million annually. Financial implications will be highlighted in subsequent reports and future budget processes
- An external assessment confirmed it is a lower cost option for York Region to incent the private market to build affordable purpose-built rental than a non-profit or HYI, when comparing upfront investment costs
- Exploring opportunities to leverage Regional lands will be a critical tool to support new affordable and community housing development. A highest and best-use analysis of Regional lands is being completed to identify lands with potential for supporting delivery of Regional services
- Recommendations and financial implications will be brought for Council consideration through future program-specific reports and through the updated 10-year housing and homelessness plan. This consolidated 10-year plan will include actions in the areas of affordable private market housing and community housing along with actions identified in the previously approved Homelessness Service System Plan.
- As communicated to Council in [March 2024](#), a Provincial review of Service Manager housing and homelessness plan requirements is ongoing, and may impact timing of the Region's next 10-year plan, anticipated in 2025. Staff will continue to advance supply-related actions outlined in this report while the Province completes this review

3. Background

A housing system with a mix and range of options for residents is the responsibility of all levels of government

A healthy housing system is the responsibility of all levels of government, and the Federal and Provincial government have the greatest array of financial tools available to them. The Region has had a long-standing focus on prioritizing a full mix and range of housing options for residents and workers within available resources. This prioritization is embedded throughout the Region's policy framework, including [Vision, 2023 to 2027 Strategic Plan](#) and [Housing Solutions: A place for everyone](#), the Region's 10-year housing and homelessness plan.

Recent changes to the [Provincial Planning Statement, 2024](#), taking effect on October 20, 2024, direct local planning authorities to coordinate with Service Managers to address the full range of housing options. There is opportunity for the Region to continue supporting local municipalities by aligning housing objectives, coordinating incentives, implementing Regional programs and services, providing support and housing program expertise, and exploring opportunities to administer affordable units secured through local planning tools.

York Region has a critical role in addressing needs across the housing system

As Service Manager, York Region is mandated by the *Housing Services Act, 2011* (HSA) to develop a 10-year housing and homelessness plan and to plan, fund, and administer housing and homelessness programs and services. The current plan, which ended in 2023, included a goal to increase the supply of affordable and rental housing, with corresponding actions to support the private and non-profit sectors while continuing to increase the HYI portfolio.

In [March 2024](#), an update was provided to Council on development of the next 10-year plan, which was to be informed by three implementation plans focused on each segment of the housing continuum:

- [Homelessness Service System Plan](#) identifies actions and priorities to respond to immediate and long-term needs of residents experiencing or at-risk of homelessness. The plan was approved by Council in [June 2024](#)
- [Community Housing Development Master Plan](#) would guide long-term investments to increase the supply of community housing including non-profit housing providers and HYI
- [Affordable Private Market Housing Implementation Plan](#) (AHIP) would identify actions, advocacy and partnership approaches to private market housing gaps in the short, medium and long-term. Potential options and scenarios were presented to the HATF in [May 2024](#)

Housing plans and actions will be consolidated in 10-year plan expected in 2025

Feedback from Council in March 2024 and HATF in May 2024 reinforced the complementary nature of the Community Housing Development Master Plan and AHIP, and as a result these two plans have now been consolidated to focus on increasing affordable and community housing supply, a critical goal under [Housing Solutions](#). Along with actions previously approved in the Homelessness Service System plan, these community housing and affordable private housing actions will be important components of the next 10-year plan targeted for 2025.

In March 2024, Council was informed that the Province of Ontario is reviewing requirements for 10-year housing and homelessness plans and has asked Service Managers not to update their plans until revised requirements are released. While this review is underway, staff continue to identify the supply-related actions outlined in this report, as Council has made this a priority by declaring a housing affordability crisis in [February 2021](#).

4. Analysis

York Region is experiencing a housing crisis affecting households with low and moderate incomes

York Region is experiencing a housing crisis as housing affordability and availability challenges continue to impact residents. Low income households have limited housing options that provide deeper affordability to meet their needs, like community housing or low end market units in the private sector. Moderate income households are impacted by increasing ownership and rental prices, limiting their affordable housing options throughout York Region.

In 2021, about 13% of York Region households, or 47,850 low- and moderate-income households, were in core housing need, including over 18,000 renter households. Projections suggest this number could rise to nearly 60,000 households by 2035. Core housing need is defined by Canada Mortgage and Housing Corporation and includes households that:

1. Spend 30% or more of their income on housing costs, live in inadequate housing needing major repairs, or live in unsuitable housing that is too small for their household size, and
2. Would need to spend 30% or more of their income to secure housing that meets affordability, adequacy, and suitability standards

Rising ownership prices are driving higher demand for affordable rental options, but growth in purpose-built rental options is lagging

Low income households face significant challenges finding affordable housing, often spending more than 30% of their income on housing costs. Rising ownership prices over the last decade have increased demand for affordable rental options among moderate income households, but the growth of purpose-built rental units has not kept pace.

Since 2016, renter households accounted for over half of all household growth in York Region; however, only 5% of these renter households are in purpose-built rental housing. The remaining 95% rely on the secondary rental market, such as condominiums, which typically offer less affordability and security of tenure compared to purpose-built rentals.

Region alone cannot increase supply at the rate and pace needed to address growing need

Since 2004, the Region directly built or supported construction of 1,452 net new community housing units. Over the same period, the number of households on the subsidized housing wait list increased by 172% to 15,716 households. Despite significant progress, and with another 400 new HYI units currently in planning and development, over 15,000 units would be needed to address current wait list demand.

An additional 915 new HYI units could be constructed; however, these units cannot be included in the Region's capital plan at this time as funding from senior levels of government is required. If the Region were to construct HYI units to support the 18,000 renter households in core housing need (households with low and moderate incomes), it would cost about \$8.1 billion based on current average construction costs and require significant investment from all levels of government.

Limited financial tools, insufficient funding from senior levels of government, a lack of non-profit capacity for new development, and few incentives for the private sector to build affordable housing limit the Region's ability to increase affordable and community housing supply.

Changes to the *Development Charges Act, 1997*, through Bill 23, *More Homes Built Faster Act*, also removed housing services as eligible for development charges funding. This means that development charges can no longer be used to build new, growth-related community housing. Other recent initiatives to fund new housing, like the Federal Housing Accelerator Fund and the Provincial Building Faster Fund, have focused on local municipal efforts and York Region is ineligible to access them as an upper-tier municipality.

Lack of confirmed capital funding from senior levels of government is restricting the Region's ability to deliver much-needed new community housing

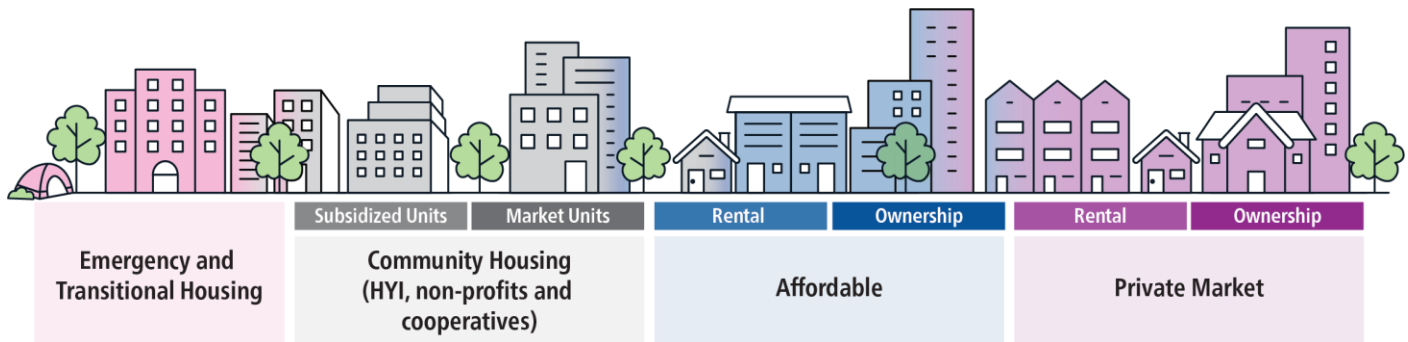
Council has consistently advocated to senior levels of government for predictable and long-term funding for community and affordable housing, but long-term funding has not materialized. In [November 2023](#), a memo to Council outlined a new revised capital approach for two HYI priority projects, Box Grove in Markham and 62 Bayview Parkway in Newmarket, to proceed with development in advance of Federal and Provincial funding commitments.

This model will only be sustainable for future projects if funding from senior levels of government can be secured for these projects to redirect advancement of Regional funding sources to other projects. If Federal and Provincial funding is not received, and the Region must fully fund these projects, the Region's ability to fund future HYI developments will be limited. The Region continues to advocate for a model where each level of government funds one-third of new development costs.

New and strengthened partnerships will be essential in addressing housing supply challenges impacting current and future residents

The housing crisis cannot be solved by the Region alone. In addition to increased community housing supply, more affordable housing options are needed to support households with low and moderate incomes. Increasing supply at the rate necessary to support growing need requires coordination and partnerships with all levels of government, non-profit and industry partners. Action must be taken across the Region's entire housing system, as illustrated in Figure 1.

**Figure 1
Housing System**



Region’s next 10-year plan will consider actions to address housing challenges and increase affordable and community housing supply

To help address housing challenges and increase supply of affordable and community housing, the Region’s next 10-year housing and homelessness plan will consider short, medium, and long-term actions. These actions fall under four themes: incentives, coordination and partnerships, new HYI development and advocacy.

Actions recognize that all levels of government and community and industry partners have roles in addressing housing supply challenges and the Region alone cannot solve the housing crisis. Approaches and actions being considered are detailed in Appendix A and include:

- **Incentives:** Make the existing Community Housing Supply Grant Program permanent and expand it to include both non-profit and private market affordable housing incentives
- **Coordination and Partnerships:** Establish programs to facilitate partnerships between housing providers and local municipalities, increase development capacity for non-profits, and accept municipally contributed lands
- **New HYI Development:** Update the HYI Priority List of development projects, review the HYI development model and develop a financial strategy to enable new HYI development
- **Advocacy:** Continue advocating for increased, sustained funding from senior levels of government for affordable housing for municipal governments, non-profit and private market developers, and leverage financial tools, such as corporate and income tax incentives, to encourage rental housing construction

These actions are informed by housing needs analyses and consultations with local municipalities, industry partners and the public. Key findings from consultations include:

- Local municipalities have limited capacity to administer affordable housing units
- There is a need to facilitate partnerships between non-profit and private developers

- The non-profit sector requires increased development capacity
- There is a critical need for more purpose-built and affordable rental options in both community housing and private market sectors

Assessment concludes private sector partners require relatively less financial support to deliver affordable purpose-built rental units compared to non-profits and HYI

At the May 30, 2024 Housing Affordability Task Force (HATF) meeting, staff were directed to conduct additional analysis to further understand financial implications of supporting the private sector and non-profits to develop affordable purpose-built rental through a capital grant or building directly for HYI.

Analysis conducted by N. Barry Lyons Consultants (NBLC) compares proformas for each builder type and the anticipated cost in upfront capital grants to make developments financially viable. This analysis confirms that private sector partners require less financial support to deliver affordable purpose-built rental developments compared to non-profits and HYI.

The assessment found that the private sector is the most economical partner for developing purpose-built rental housing that is affordable to moderate income households, requiring the least financial support. In contrast, the non-profit sector costs about 1.7 times more than the private sector. HYI is the least economical, costing about 3.4 times more than the private sector.

The driving factor behind the lower capital grant for the private sector is greater access to capital and investment partners. Given their access to capital, trades, and investment partners, for-profit developers do not generally need subsidies to construct the building. Rather, financial support is required to bridge the gap between market rents and rents affordable to moderate income households. This subsidy amount is less than what is required for non-profit housing providers who do not have the capital required to build. For HYI, the capital grant required is even higher since the model assumes its current debt limit of 15% of project costs, while the non-profit and private sectors can finance up to 60% of project costs.

The proforma analysis does not include full life cycle assessment, which recognizes that private affordable units are time limited. Although private sector affordability may be limited to 20-30 years, this partnership provides opportunity to address the urgency of the crisis with less investment (see Appendix B).

If HYI adopts a business model focused on market units, it may detract from its core mandate and legislative obligations to deliver rent-geared-to-income assistance for low income households

As a local housing corporation, HYI must follow rules in the *Housing Services Act, 2011* (HSA), which includes obligations to deliver rent-geared-to-income assistance for low-income households. Although the HSA does not explicitly restrict HYI from developing market rent buildings to support moderate income households, it is not in line with the legislative scheme set

out in the HSA and the intended purpose of local housing corporations to provide subsidized housing.

Shifting focus to market units could detract from HYI’s primary role as a community housing provider, especially with growing demand and a long subsidized housing waitlist. There are no examples from other Ontario jurisdictions where local housing corporations governed by the HSA have constructed buildings which are strictly market rent units for moderate income households. Developing market rent units could impact eligibility for federal and provincial funding programs, which often require affordable units to qualify for grants, leaving only lower interest loan programs.

Taking action to increase supply of affordable and community housing supports Healthy Communities Area of Focus in the Strategic Plan

Actions to increase the supply of affordable and community housing aligns with Council-approved housing priorities, including the [2023 to 2027 Strategic Plan](#), to increase and sustain affordable housing choices, and [Housing Solutions: A place for everyone](#), the Region’s 10-year housing and homelessness plan.

5. Financial Considerations

Some actions identified in this report will leverage existing resources; however, other actions may have financial implications beyond the current budget year. Actions requiring additional funding will be brought forward to Council for approval, including resources that may be identified through subsequent reports and future budget processes.

Supports to non-profits will be provided through existing resources

Actions to support non-profits include a Community Housing Supply Grant Program, approved by Council in February 2023, as well as a Non-Profit Pre-Development Program. Table 1 shows current available budget for the Community Housing Supply Grant Program, split between gross expenditures and net tax levy.

**Table 1
Operating Budget**

Base Budget (in plan):	2024	2025 Outlook	2026 Outlook	Ongoing Annual Impact
Gross Expenditures	\$4,675,145	\$4,503,987	\$4,347,900	\$4,347,900
Net Tax Levy*	\$2,500,000	\$2,500,000	\$4,347,900	\$4,347,900

*Note: In 2024 and 2025, program partially funded through draws from Pandemic Management and Recovery Reserve

In [February 2023](#), Council approved baseline funding of \$5,497,094 for 2023 and \$4,675,145 for 2024 for the Community Housing Supply Grant Program. This program launched in September 2023, and funding for 2023 and 2024 has been conditionally awarded, although details cannot yet be disclosed until contribution agreements have been executed.

Staff will seek to extend this program in future years. The 2025 and 2026 outlooks, endorsed through the 2024 budget process, included \$4,503,987 for the program in 2025, consisting of reserve funding and tax levy, and \$4,347,900 for the program in 2026, which would need to be fully funded through Regional tax levy. Program funding for 2025 and 2026 will be confirmed through those years' budget processes.

About \$100,000 in existing funding in the Housing Services budget will be used to implement and deliver a Non-Profit Pre-Development Support Program to increase capacity for non-profit housing providers. Funding for this program is already available through the existing Housing Services budget and will start in 2025.

An additional \$33 million may be considered to support affordable purpose-built rental development

Based on the [Housing Needs Analysis](#) and available tools and resources, expanding Community Housing Supply Grant Program eligibility to the private sector may incent affordable purpose-built rental. To help address significant housing gaps and the impact of affordability on the Region's growth and economic competitiveness, \$33 million in annual funding, equivalent to 2.3% of the 2024 net tax levy, could be considered for this purpose, as discussed with the Housing Affordability Task Force in May 2024. This level of funding could support construction of an additional 110 to 330 new units per year, depending on the depth of affordability provided.

The program is scalable, and as such, a phased-in approach could be considered to balance means to help address the gravity of the housing crisis with other financial pressures. Proposed expansion of the program to a Community and Affordable Housing Supply Grant Program was not considered as part of the 2025 budget process, and could be requested through future reports and budget processes.

Actions include updating HYI priority list of development projects and associated costs to support advocacy, and formalizing a municipal land contribution program

An updated HYI Priority List of projects and associated costs will help plan for future budgets and inform advocacy efforts to senior levels of government. An estimated \$597 million over 10 years is needed to build 1,315 new units identified in the current HYI Priority List.

Exploring opportunities to leverage Regional lands will be a critical tool to support new affordable and community housing development. A highest and best-use analysis of Regional lands is being completed to identify lands with potential for supporting delivery of Regional services. An update on this study is included in the October 10, 2024 Committee of the Whole Agenda.

In [February 2021](#), Council adopted a motion to request all local municipalities to support, in principle, the provision of two acres of land every five years for affordable housing. If the Region implements a program that assumes ownership and maintenance of the contributed lands, costs will depend on the number of sites contributed and will be reflected through future budgets, as appropriate. As program guidelines are further refined, staff may recommend accepting cash contributions in lieu of land from local municipalities to support affordable and community housing development.

6. Local Impact

Local municipalities are integral partners in achieving affordable housing goals and objectives. They have been regularly consulted through the York Region/Local Municipal Housing Working Group and other staff-level meetings. In addition to their lead role in guiding growth and development, some local municipalities are developing or have developed housing strategies, which include:

- **Policy Approaches**, including inclusionary zoning, residential infill, and rental demolition and conversion policies
- **Financial Incentives**, including fee reductions or exemptions, parkland and parking considerations, and land contributions
- **Enhanced Partnerships**, including with York Region, HYI, senior levels of government, school boards, community housing providers, United Way of Greater Toronto and the development industry
- **Education and Capacity Building**, including increasing public awareness of housing challenges and solutions, and increasing capacity of housing developers to build priority housing types

The recent Federal Housing Accelerator Fund focuses on local municipal efforts to eliminate barriers and enable new housing development. To date, the Cities of Markham, Richmond Hill and Vaughan have received funding under this program. The Towns of Whitchurch-Stouffville and Georgina received funding under the Provincial Building Faster Fund, which supports housing-enabling infrastructure based on meeting provincially assigned local housing targets.

The Region has the opportunity to coordinate local municipal efforts and provide expertise and data to support local housing strategies. Some local municipalities have expressed interest in having the Region administer affordable units secured through local planning tools and programs, and this possibility will continue to be explored.

Actions identified in Appendix A are designed to complement local municipal housing programs. Both Regional and local incentives are intended to be stackable, stimulating non-profit or private market developers to build affordable housing.

7. Conclusion

Staff have existing authority to work on short-term actions and develop programs for Council's consideration in 2025 and 2026

Over the next several months, staff will work on key short-term actions outlined in Appendix A and seek necessary program approvals through standalone reports to be brought to Council in 2025 and 2026.

Pending 2025 budget approval, staff will launch a new call for applications, inviting non-profit and cooperative organizations to apply for the Community Housing Supply Grant Program to enable new community housing supply. Staff will continue to design a pre-development support program to assist non-profits in advancing early-stage development projects and will engage with local municipalities throughout 2025 as needed for the Municipal Land Contribution Program.

Recommendations to expand the Community Housing Supply Grant Program to include incentives for private market affordable housing development will be made through the 2026 budget process.

As work for the next 10-year housing and homelessness plan advances, staff will identify additional actions or revise existing actions to align with the goals and objectives of the new plan. Staff will monitor updates and advise Council on changes to Provincial requirements of Service Manager 10-year plans, including impact and timing for the new plan.

For more information on this report, please contact Karen Antonio-Hadcock, (A) General Manager, Housing Services at 1-877-464-9675 ext. 72088 or Sandra Malcic, Director, Planning Policy and Data at ext. 75274. Accessible formats or communication supports are available upon request.



Recommended by:

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16364237

Appendix A - Actions to Increase Affordable and Community Housing Supply

Appendix B - Supporting Private, Non-Profit and Public Purpose-Built Rental

Actions to Increase Affordable and Community Housing Supply

Introduction

To increase supply of affordable and community housing, the Region's next 10-year housing and homelessness plan will consider short, medium, and long-term actions. These actions fall under four themes: incentives, coordination and partnerships, new HYI development, and advocacy.

Some actions can be advanced under existing authority and resources, such as continuing the Community Housing Supply Grant Program in 2025, working with local municipalities on land contributions, updating the HYI Priority List of projects, and ongoing advocacy to senior levels of government. Other actions have financial implications beyond the current budget year, such as expanding the Community Housing Supply Grant Program to include affordable rental options for moderate income households. Staff will seek necessary program approvals through standalone reports to be brought to Council in 2025 and 2026.

1. Incentives

These actions focus on direct financial or land incentives to support and accelerate new affordable or community housing development. Actions include making the Community Housing Supply Grant Program permanent to continue supporting non-profit development, expanding the program to include capital incentives for private market affordable housing development, and providing purpose-built rental incentives through development charges deferrals or new property tax class.

Expanding and broadening eligibility of the existing Community Housing Supply Grant Program to include rental housing affordable to moderate income households will further support both non-profit and private sector development. Incentives for private market developers will help address the housing challenges of moderate-income households, increase purpose-built rental supply, alleviate rental market pressures, and stimulate affordable housing development. The private sector has capacity for immediate action with smaller overall capital investments from the Region. Comparable programs are offered by other municipalities, such as [Toronto Rental Housing Supply Program](#), [Peel Affordable Rental Incentives Program](#), and increasing the Region's share of affordable options will require similar incentives.

Exploring opportunities to leverage Regional lands will be a critical tool to support new affordable and community housing development. A highest and best-use analysis of Regional lands is being completed to identify lands with potential for supporting delivery of Regional services. An update on this study is included in the October 10, 2024 Committee of the Whole Agenda.

Actions	Focus	Timelines	Cost	Impact
1.1 Make the Community Housing Supply Grant Program permanent	Non-Profit	Short-term	\$\$\$	High
1.2 Expand existing Community Housing Supply Grant Program to include incentives for private market affordable housing development	Private	Medium-term	\$\$\$\$	High
1.3 Provide purpose-built rental incentives such as development charge deferrals and new property tax class	Non-Profit Private	Short-term	\$\$	High
1.4 Permanent and formalized servicing allocation reserve for community housing and purpose-built rental developments	Non-Profit Private	Short-term	\$	Low
1.5 Explore other rental incentive opportunities by completing a market analysis for an acquisitions program	Non-Profit Private	Short-term	\$\$\$	High
1.6 Develop a Regional Land Strategy to identify Regional and additional lands, pursue infill opportunities, and support affordable and community housing development	Non-Profit Private HYI	Medium-term	\$	Medium
1.7 Explore rent supplement opportunities to address wait list demand and support non-profit development	Non-Profit Private	Long-term	-\$\$\$\$	High
1.8 Explore opportunities to support affordable homeownership initiatives	Non-Profit Private	Long-term	-\$\$\$\$	Medium-High
1.9 Continued process improvements and streamlining of development processes	Non-Profit Private	Ongoing	\$	Low
1.10 Explore ongoing enhancements and processes to increase housing supply and affordability	Non-Profit Private	Ongoing	\$	Low

Timelines: Short-term = <1 year, Medium-term = 2-5 years, Long-term = 5+ years, Ongoing = Actions or processes that continue indefinitely without a set end date
Cost: \$ = \$0-\$100,000, \$\$ = \$101,000-\$1,000,000, \$\$\$ = \$1,000,001-\$10,000,000, \$\$\$\$ = >\$10,000,000

2. Coordination and Partnerships

Actions focus on building and establishing new partnerships with local municipalities, non-profit and private market housing providers. Partnerships with local municipalities will focus on continued coordination of incentives and policies, providing support to meet local affordable housing targets, exploring opportunities for HYI or non-profit housing providers to administer affordable units secured through local planning tools and programs, and implementing a formalized process to accept lands dedicated for affordable housing development per the [February 2021 Council resolution](#). Staff have been consulting with local municipal staff to confirm their support of land contributions and identify potential properties of interest. Preliminary guidelines for accepting municipal land contributions were also drafted. As program guidelines are further refined, staff may recommend to Council accepting cash contributions in-lieu of land from local municipalities to be used towards affordable and/or community housing development.

Partnerships with housing providers will be supported through a concierge program that connects them to funding assistance offered by different levels of government and connect non-profit developers and private market developers who are interested in partnering to build new affordable housing. To further support non-profit housing providers, a pre-development support program will be introduced to increase development capacity in the non-profit sector, prepare them for future capital funding opportunities such as through the Supply Grant Program, and provide small amounts of funding assistance to kick-start potential projects in the early planning stages. Eligibility for this pre-development program will be limited to non-profit and cooperative organizations.

Actions	Focus	Timelines	Cost	Impact
2.1 Establish a housing partnerships concierge program to connect housing providers to funding assistance, establish partnerships between private and non-profit developers, leads and coordinates partnerships to support the Region's role as Service Manager for community housing, and increase capacity for non-profits through a pre-development support program	Non-Profit Private	Short-term	\$	High
2.2 Coordinate with local municipalities on land contributions and formalize process to accept contributed lands	Non-Profit Private	Short-term	\$\$	High
2.3 Continue incentive and process coordination and partnerships with local municipalities, including assisting with Community Improvement Plans, parkland dedication waivers, community benefits charge waivers, Housing Accelerator Fund, planning approvals to enable affordable housing development, and inclusionary zoning background work	Local Municipalities	Ongoing	\$	Medium
2.4 Continue to provide support for policy and coordination including approaches to protect rental supply, promoting and facilitating missing middle housing options, and encouraging non-traditional construction techniques, housing tenures and funding models	Local Municipalities	Ongoing	\$	Low
2.5 Explore HYI or non-profit role in administering affordable units secured by local planning tools and programs	Local Municipalities Non-Profit HYI	Ongoing	\$\$- <i>(dependent on Regional role)</i>	Medium

Timelines: Short-term = <1 year, Medium-term = 2-5 years, Long-term = 5+ years, Ongoing = Actions or processes that continue indefinitely without a set end date
Cost: \$ = \$0-\$100,000, \$\$ = \$101,000-\$1,000,000, \$\$\$ = \$1,000,001-\$10,000,000, \$\$\$\$ = >\$10,000,000

3. New HYI Development

The Region’s housing corporation, Housing York Inc., has been the primary builder of new community housing over the last 20 years. Of the 1,452 net new community housing units constructed since 2004, 1,085 have been from HYI, representing \$1.2 billion in total investments in HYI construction. The Region should balance supports for non-profit housing providers and private market developers while continuing to advance HYI priorities and developments. HYI will continue to have a critical role in constructing new community and affordable housing.

Actions focus on supporting new HYI development, including updating the list of HYI priority projects to support advocacy, position the Region to respond to new funding opportunities, and guide future investments in new HYI development. Other actions include exploring HYI’s role as a community and affordable housing provider by reviewing and updating the current HYI development and rent models, developing a financial strategy for future development projects, exploring joint ventures and evaluating redevelopment opportunities at existing HYI sites.

Actions	Focus	Timelines	Cost	Impact
3.1 Establish updated HYI pipeline including unit counts, costs, and target dates for completion for approximately 1,200-1,500 new units	HYI	Short-term	\$	High
3.2 Review and update current HYI development model, including reviewing rent model, exploring joint venture opportunities, exploring acquisitions strategy and continue leveraging building innovations and new construction techniques	HYI	Medium-term	\$	High
3.3 Develop financial strategy for new HYI projects, connecting pipeline projects to funding opportunities	HYI	Medium-term	\$	High
3.4 Continue to explore redevelopment opportunities for existing HYI sites	HYI	Medium-term	\$	High

Timelines: Short-term = <1 year, Medium-term = 2-5 years, Long-term = 5+ years, Ongoing = Actions or processes that continue indefinitely without a set end date
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4. Advocacy

All levels of government are responsible for addressing housing and homelessness challenges. The Region alone cannot sustain the funding needed to respond to housing needs. Advocacy will focus on methods to support others, such as non-profit housing providers and private market developers in accessing federal funding for affordable and community housing development. The federal government has the greatest ability to leverage tax revenues and incentives to address housing needs. Successful advocacy to senior levels of government will continue to be a critical tool to secure increased and sustained funding necessary to achieve housing goals and objectives under the next 10-year housing and homelessness plan.

The updated HYI Priority List will continue to be an important tool to inform Regional advocacy to senior levels of government to help with securing funding to advance future HYI projects. Programs outlined in the report will help the Region identify non-profit and private market affordable housing projects in the development pipeline to also help inform advocacy and support them in accessing funding.

Actions	Focus	Timelines	Cost	Impact
4.1 Advocate to senior levels of government for increased, direct, and predictable funding	Non-Profit Private HYI	Ongoing	\$	High
4.2 Advocate for more streamlined access to CMHC funding and financing programs	Non-Profit Private HYI	Ongoing	\$	High
4.3 Advocate to CMHC for low-cost financing for all new purpose-built rental developments	Non-Profit Private HYI	Ongoing	\$	High
4.4 Use HYI Priority List to inform advocacy	HYI	Ongoing	\$	High
4.5 Develop a pipeline list of non-profit and private community and affordable housing projects to inform advocacy	Non-Profit Private	Ongoing	\$	High

Timelines: Short-term = <1 year, Medium-term = 2-5 years, Long-term = 5+ years, Ongoing = Actions or processes that continue indefinitely without a set end date
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Supporting Private, Non-Profit and Public Purpose-Built Rental: Relative Costs and other Factors

In [September 2023](#), York Region's Housing Affordability Task Force (HATF) received a Housing Needs Analysis from N. Barry Lyon Consultants (NBLC) which identified a pressing need to address needs of renter households across a variety of incomes and characteristics. In [May 2024](#), the HATF received recommendations from NBLC on approaches to increase rental supply.

NBLC determined through interviews with developers and proforma modelling that purpose built rental development, affordable to moderate income households, is facing significant feasibility challenges due to favorable financing for condominium development and raising construction costs and interest rates. As such, one of NBLC's recommended approaches is to expand the existing Community Housing Supply Grant Program to include incentives for private market affordable housing development. NBLC recommends that the expansion to the Supply Grant Program be funded at \$33 million per year.

The HATF requested additional analysis to further understand the relative cost of incentivizing the private market, non-profits, and Housing York Inc. (HYI) to build affordable purpose-built rental housing through a Supply Grant Program. Analysis conducted by NBLC compares proformas for each builder type and associated anticipated grants to make the developments financially viable.

A single prototype building was used to evaluate proformas for the private sector, non-profits, and HYI to provide for consistency within the analysis. The development concept is a 20-storey and 236-unit rental building located in south central York Region. Rents charged impact the proforma and the capital grant required from the Region for a project to be financially viable.

The scenario examined through this exercise includes rents which align with the incomes of moderate-income households in the Region per the Provincial Policy Statement; generally those earning from the 3rd income decile (approximately \$80,000/year) to the 6th decile (approximately \$150,000/year). These households are not eligible for rent subsidies in community housing but also cannot afford what the private sector is building. The rent thresholds used also meet affordability requirements to access relevant senior government programs, such as the Canada Mortgage and Housing Corporation (CMHC) Apartment Construction Loan Program, which offers favourable financing terms.

The private market has capacity to respond to the housing crisis with relatively less financial support per unit

Based on the NBLC analysis, capital grant requirements for affordable purpose-built rental developments range from an average of \$170,000 per unit for private developers to an average of \$575,000 per unit for HYI (includes costs to purchase land). Pro forma work undertaken by

NBLC confirms the key factors contributing to the relative difference, are access to capital and debt limits.

Given their access to capital, in addition to trades and investment partners, for-profit developers do not generally need subsidies to construct buildings. Rather the subsidy (average of \$170,000 per door) is required to bridge the gap between market rents (which make the project financially viable) and rents affordable to moderate income households, not currently being provided within the housing system.

This subsidy amount required by the private sector is less than what is required for non-profit housing providers who require significant capital contributions to build. Non-profit providers do not have the same issue with affordable rents given their focus on a net operating income (NOI) to cover costs, versus a return on investment (profit) focus.

It is important to note that this is an exercise meant to measure *relative* differences between development types. The per door estimates are conservative in that they are based on a single larger-sized, high-density urban development with underground parking, and may not be reflective of more detailed analysis used to inform budgetary or forecasting decisions.

A variety of partners can deliver purpose-built rental but private sector is best positioned

In addition to proforma analysis undertaken by NBLC, the private sector has experience and expertise in delivering high density housing projects, resulting in substantial capacity to deliver housing units at scale. Alternatively, non-profit and HYI housing providers have a primary mandate to deliver units at deeper depth of affordability over the long term. Allocating limited resources to affordable (market) rental developments may limit their ability to provide units at deeper depths of affordability.

Although non-profit and HYI units may remain affordable in perpetuity, investing in the private market despite time limited affordability (20-30 years) provides opportunity to address the urgency of the crisis with moderate investment.

Actions by all partners is essential

Comprehensive investment in housing is essential across all areas of the housing market. The housing crisis is pressing, and municipally funded responses must focus on producing units to help alleviate housing pressures for residents and workers and support growth aspirations. The Region has invested in infrastructure to support growth and strives to ensure that new housing is aligned with what people can afford. The private market is well positioned to fill the gap of housing, affordable to moderate income households as it requires less up-front capital investment than either the non-profit sector or HYI and does not require subsidies for operating expenses. Any capital grant would be tied to affordability provisions that the proponent must adhere to, including specifying the duration and depth of affordability, as determined by the Region.