

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
June 13, 2019

Report of the Commissioner of Corporate Services and Chief Planner

2018 Measuring and Monitoring Affordable Housing in York Region

1. Recommendation

The Regional Clerk circulate this report to the local municipal Planning Commissioners and Directors.

2. Summary

This report provides the 2018 affordable housing measuring and monitoring exercise (Attachment 1).

Key Points:

- Affordable housing is a critical component of complete communities, where residents are able to live, work and thrive through the various ages and stages of life
- The annual measuring and monitoring exercise provides a standardized approach to report on the Regional Official Plan affordable housing targets, requiring 35 per cent of new housing in the Region's Centres and key development areas to be affordable and 25 per cent of new housing outside of those areas to be affordable
- Regional Official Plan targets for ownership affordability have not been achieved for the first time since monitoring began in 2013, with only 11 per cent of new ownership units below the affordable threshold
- The majority of affordable ownership housing is 1-bedroom condominium units (97 per cent), with only a small supply of new affordable family-sized units available for residents
- The low supply of purpose-built rentals is highlighted in this monitoring exercise, with only 25 new purpose-built units in 2018
- The 2018 exercise indicates an overall decline in new ownership affordability and highlights the continued rental supply challenges facing York Region's residents, impacting the ability to create complete, healthy and thriving communities

3. Background

A full mix and range of housing is a cornerstone of building complete communities

Complete communities include a variety of ownership and rental housing options that meet the needs of residents and workers of all ages and stages of life. A diverse mix and range of housing options is a major contributor to quality of life, well-being and community health. A strong housing supply, of both affordable ownership units and rental units that are suitably-sized and in appropriate locations, is required to build complete communities. This is important to allow people of all ages and abilities to find housing and remain in York Region for all stages of life, contributing to social cohesion, economic development and positive health outcomes.

The Regional Official Plan provides targets for affordable housing

The [York Region Official Plan](#) requires that 35 per cent of new housing in the Region's Centres and key development areas be affordable, and that 25 per cent of new housing outside of those areas be affordable. The annual measuring and monitoring exercise helps to assess York Region's new housing supply and assess whether Regional Official Plan targets for affordable housing are met. The targets are consistent with provincial guidance set in the Provincial Policy Statement for efficient development patterns to promote a mix of housing.

The Affordable Housing Measuring and Monitoring Guideline was created to monitor and assess York Region's new housing supply annually

To address and monitor new housing supply, Council endorsed the Affordable Housing Measuring and Monitoring Guidelines in [June 2015](#). Based on the Provincial Policy Statement methodology for defining affordability, the guidelines were developed in conjunction with *Housing Solutions: A Place for Everyone*, York Region's 10-Year Housing and Homelessness Plan, to monitor the amount, type and location of new affordable housing units.

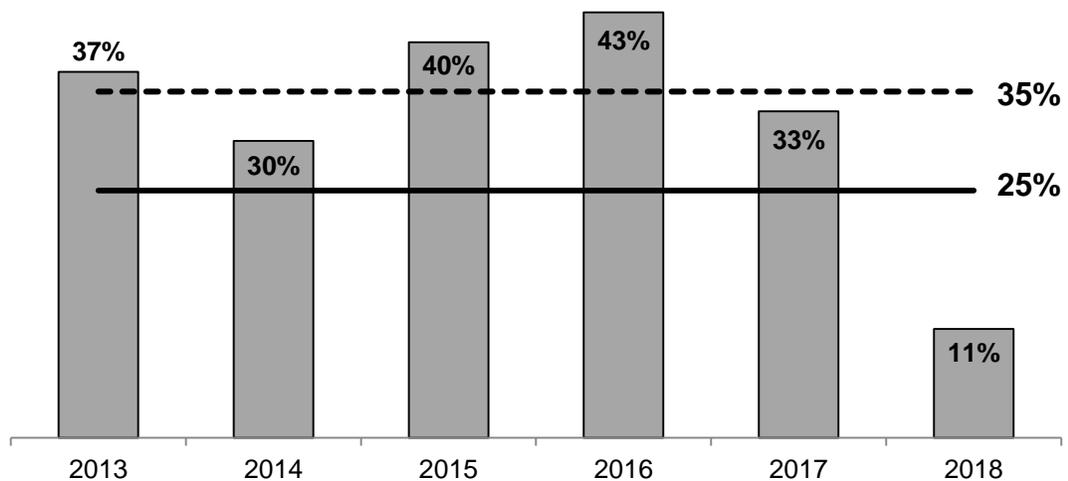
While monitoring started in 2013, the formalized Guidelines were adopted in 2015 and the measuring and monitoring of affordable housing exercise has since been reviewed by Council in June each year. In [June 2018](#), Council endorsed an update to the York Region Affordable Housing Measuring and Monitoring Guidelines to better monitor affordability challenges. In previous years, the affordable housing measuring and monitoring exercise has been provided as an appendix to the *10 Year Housing Plan* progress report. The 2018 measuring and monitoring exercise is a standalone report as the 2018 *Housing Plan* progress report provides a 5-year review and this exercise provides an annual evaluation.

4. Analysis

In 2018, the Regional Official Plan targets for ownership affordability were not achieved for the first time

For the first time, the York Region Official Plan affordable housing targets that 35 per cent of new housing in the Region's Centres and key development areas be affordable, and that 25 per cent of new housing outside of those areas be affordable have not been achieved. The total percentage of new ownership units below the Regional Official Plan affordable threshold was 11 per cent, a reduction from 33 per cent in 2017 and 43 per cent in 2016 (Figure 1).

Figure 1
Percentage of New Affordable Ownership Units in York Region, 2013 - 2018



*Regional Official Plan Target: 35 per cent applied in Regional Centres and Key Development Areas and 25 per cent applied outside of Regional Centres and Key Development Areas.

The 11 per cent of affordable ownership housing in 2018 is evaluated by local municipality and built form in Table 1. There was minimal affordable ground related housing built, with affordable options being delivered primarily through high density units.

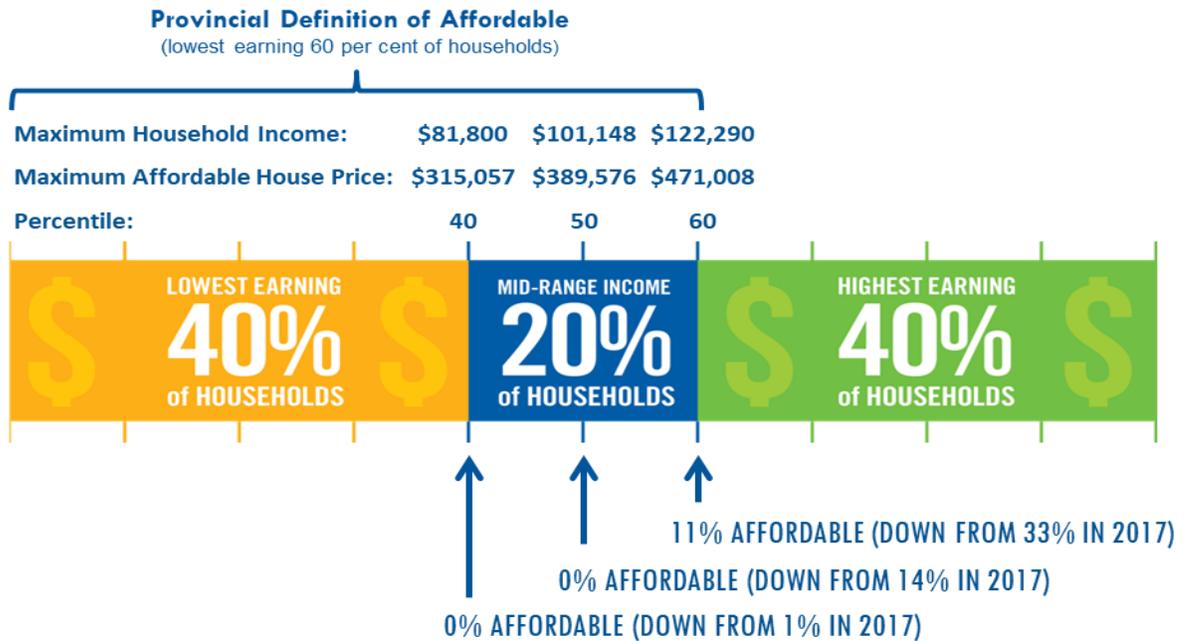
Table 1
New Affordable Ownership Housing Monitoring, 2018

Local Municipality	Ground Related	High Density	% Affordable Ownership (Total Units)
Aurora	0%	No units built	0%
East Gwillimbury	1%	No units built	1%
Georgina	0%	No units built	0%
King	0%	No units built	0%
Markham	1%	31%	24%
Newmarket	1%	0%	1%
Richmond Hill	0%	17%	13%
Vaughan	0%	18%	5%
Whitchurch-Stouffville	0%	62%	24%
York Region	<1%	26%	11%

To apply the provincial definition of affordable for ownership purposes, household income is calculated at the 60th percentile to set the affordable housing threshold (i.e. the maximum house price that the lowest earning 60 per cent of households can afford). In 2018, York Region's household income at the 60th percentile was \$122,290 and a housing unit affordable at that income could not exceed \$471,000. In 2018 11 per cent of new ownership units are 'affordable' based on the provincial definition.

When lower household incomes are evaluated (Figure 2), the availability of affordable new housing units rapidly diminishes. Notably, at an income of \$101,148 at the 50th percentile (i.e. housing that the lowest earning 50 per cent of households can afford), there were no new ownership units available at this price point in 2018. This is a challenge for the Region, as all households in the mid-range income group (40th to 60th percentile of the income distribution) need to be served by the private housing market.

Figure 2
Greater depths of affordability



The majority of affordable ownership options are 1-bedroom condominiums and only affordable to households with the highest income levels

Of the 11 per cent of new ownership units that met York Region’s affordability threshold in 2018, 97 per cent were 1-bedroom condominiums in high density developments.

The remaining 3 per cent of affordable housing units included ground related units and 2-bedroom condominiums. There is an over-reliance on small-sized units to reach affordability targets. Limited options are available for larger sized high density and ground-related housing stock. There is a pressing need for affordable family sized units to meet the housing needs of residents and workers.

When affordability was assessed for the highest earning 40 per cent of households at the 60th percentile compared to the highest earning 50 per cent of households, the number of affordable 1-bedroom units declines from 57 per cent to 1 per cent. This signifies that only the highest income levels at the provincial definition of affordable are able to find affordable options. In order to find these affordable units, residents may choose housing that are not in suitable locations, in good repair or large enough to accommodate a family household size.

In 2018, 25 new purpose-built rental units were completed

Growth in the private purpose-built rental market continues to be slow, with 25 units added to the purpose-built stock in 2018 (Table 2). York Region has maintained low growth in the supply of private purpose-built rental units since monitoring started in 2013. In 2017, there was a large increase of 264 purpose-built rental units, with the majority of new units from the

212 Davis Drive development in Newmarket. Other years have ranged from as low as 4 in 2015 to as high as 40 in 2016. York Region’s vacancy rate increased from 1.3 per cent in 2017 to 1.7 per cent in 2018, whereas a healthy vacancy rate is approximately 3 per cent.

In 2018, the secondary investor-owned condominium rental market continued to provide a significant source of rental housing in York Region. The secondary rental market is filling an important housing gap, particularly in providing mid-range income housing options. There are risks to an over-reliance on the secondary market, with a significant concern of security of tenure. It is estimated that approximately 60 per cent of York Region’s rental market is delivered through the secondary market. In 2018, there were 11,620 condominium units available for rent, an increase of 16 per cent from 2017. The rental condominium vacancy rate fell from 0.9 per cent in 2017 to 0.8 per cent in 2018.

As affordable ownership options decline, an increasing number of residents will look for affordable options in the rental market. However, the constrained rental market is likely not meeting the needs of the majority of York Region households who cannot afford home ownership and low rental supply causes higher overall rents.

Due to a lack of available data to monitor rental affordability, the measuring and monitoring exercise uses best available data to measure the supply of new rental units in the market. All new rental units are coded as “affordable” due to data limitations on rental affordability.

Table 2
New Rental Supply Monitoring, 2018

Local Municipality	Purpose Built Rental	Second Suites*	Total New Rental**
Aurora	No units built	13	13
East Gwillimbury	No units built	3	3
Georgina	No units built	21	21
King	No units built	No units built	No units built
Markham	No units built	3	3
Newmarket	No units built	19	19
Richmond Hill	No units built	No units built	No units built
Vaughan	25	41	66
Whitchurch-Stouffville	No units built	4	4
York Region	25	104	129

*Second Suites based on local municipal registries

**No government assisted/non-profit housing was added in 2018.

Senior levels of government support the development of new affordable ownership options and purpose-built rental units for residents

The 2019 federal budget proposes to extend the [Rental Construction Financing Initiative](#) by \$10 billion to 2027-2028, providing low-cost loans to encourage the construction of rental housing across Canada. Some of York Region's private purpose-built rental projects may access this CMHC rental funding for a 10 year loan term with a fixed interest rate, for up to a 50-year amortization period. [CMHC's First-Time Home Buyers Incentive](#) (FTHBI) program also provides additional support to help residents afford home ownership for the first time. This program provides a 10 per cent shared equity mortgage for households with a maximum income of \$120,000 and a house price of maximum four times that income (up to \$480,000). Due to the conditions of the FTHBI shared equity mortgage, the cap would only be available to approximately 11 per cent of new ownership options in the market.

The 2019 provincial budget announced the development of a [Community Housing Renewal Strategy](#), with funding allocated to protect and expand the supply of subsidized and affordable housing. On May 2, the provincial government released [More Homes, More Choice: Ontario's Housing Supply Action Plan](#), which would be implemented through changes to legislation identified in [Bill 108](#). The Housing Supply Action Plan identifies strategies meant to support the development of affordable private market housing and a mix and range of housing types to meet different needs.

To support the development of new purpose-built rental units, Bill 108 is proposing to postpone development charges for rental housing until the buildings are occupied, at which point they would be paid over a 5-year period. Staff provided comments to the Province regarding Bill 108 on May 31, 2019. The changes to legislation outlined in Bill 108 will be further assessed to understand its potential fiscal impact and impact on housing affordability and rental supply.

York Region is working to provide incentives for the development of purpose-built rental units in response to low rental supply

In [June 2018](#), the Draft Rental Housing Incentives Guideline and Community Improvement Plan staff report was endorsed by Council. This staff report builds on the [November 2016](#) report, which established the York Region/Local Municipal Housing Working Group and gave direction to investigate incentives followed by a [February 2018](#) report that established principles for rental incentives. Staff will continue to work to incentivize the building of new purpose-built rental units to support a full mix and range of housing options for residents, with a follow up report expected for fall 2019. Any proposed incentive programs will have assessed the impact of the proposed changes identified in Bill 108. Staff will continue to monitor opportunities to leverage support from senior levels of government to provide incentives for the building of a full mix and range of housing options for residents of all incomes and at all ages and stages of life.

Measuring and Monitoring Affordable Housing supports Vision 2051's Healthy Communities goal of appropriate housing for all ages and stages

Vision 2051, the York Regional Official Plan, and the 2019 to 2023 Strategic Plan contain inter-related policies and goals that promote the maintenance, creation, and monitoring of affordable housing. The measuring and monitoring of housing affordability in York Region aligns with the goals outlined in these strategic documents to support the creation of complete communities and the building of a healthy housing system.

5. Financial

The work completed by staff for the 2018 measuring and monitoring of affordable housing has been completed within the existing Regional staff complement, and within the approved business plan and budget.

The financial impact of failing to address affordable housing challenges in York Region could lead to unintended consequences. Failing to address these challenges will place additional pressures on York Region's subsidized housing services and could lead to an increase in residents experiencing homelessness. This may also deter business investment and economic growth due to limited affordable housing options available for workers.

6. Local Impact

Local municipalities are key partners in addressing housing affordability. Local municipal staff worked with Regional staff in supporting the collection of key data for the 2018 measuring and monitoring exercise. Regional staff shares the data results and the methodology upon request of local municipal partners.

Input received through the York Region/Local Municipal Housing Working Group has been instrumental in gaining a better understanding of local housing markets and challenges. The working group collaborates on solutions for residents facing housing affordability challenges, with a particular focus on addressing the low supply of affordable rental options. Regional staff will continue to collaborate with local municipal councils and staff through the Working Group to address affordable housing needs across the Region.

7. Conclusion

A full mix and range of ownership and rental housing options is a cornerstone of complete communities and is necessary to support the changing needs of York Region's residents. The 2018 Affordable Housing Measuring and Monitoring exercise indicates an overall decline in new ownership affordability and continued rental supply challenges.

York Region Council has set the foundation to address these challenges by approving [Vision's](#) goal of Appropriate Housing for All Ages and Stages and by prioritizing investment in new affordable housing projects. Regional staff will be bringing a program to help incentivize

the development of new rental units for mid-range income households in the fall of 2019. Staff will work in collaboration with partners and local municipal staff to achieve Regional Official Plan targets in 2019 and will continue to monitor the affordability of housing across York Region.

For more information on this report, please contact Danielle De Fields at 1-877-464-9675 ext. 71525. 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: **Bruce Macgregor**
Chief Administrative Officer

May 30, 2019
Attachments (1)
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