
From: Van Dusen, Regina on behalf of Regional Clerk
Sent: Monday, June 29, 2020 12:27 PM
Subject: Regional Council Decision - 2019 Measuring and Monitoring Affordable Housing in York Region
Attachments: 2019 Measuring and Monitoring Affordable Housing in York Region.pdf

CAUTION: This email originated from a source outside the City of Markham. DO NOT CLICK on any links or attachments, or reply unless you recognize the sender and know the content is safe.

On June 25, 2020 Regional Council made the following decision:

1. Staff continue to collaborate with local municipalities and the Building Industry and Land Development Association – York Chapter to assess policy options and innovative solutions to address housing affordability challenges in York Region.
2. The Regional Clerk circulate this report to the local municipalities.

The original staff report is attached for your information.

Please contact Danielle De Fields at 1-877-464-9675 ext. 71525 if you have any questions with respect to this matter.

Regards,

Christopher Raynor | Regional Clerk, Office of the Regional Clerk, Corporate Services

The Regional Municipality of York | 17250 Yonge Street | Newmarket, ON L3Y 6Z1
1-877-464-9675 ext. 71300 | christopher.raynor@york.ca | york.ca

Our Mission: **Working together to serve our thriving communities – today and tomorrow**

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
June 11, 2020

Report of the Commissioner of Corporate Services and Chief Planner

2019 Measuring and Monitoring Affordable Housing in York Region

1. Recommendations

1. Staff continue to collaborate with local municipalities and the Building Industry and Land Development Association – York Chapter to assess policy options and innovative solutions to address housing affordability challenges in York Region.
2. The Regional Clerk circulate this report to the local municipalities.

2. Summary

This report provides an overview of the 2019 affordable housing measuring and monitoring exercise (Attachment 1).

Key Points:

- Delivering affordable housing options continues to be a challenge for York Region, local municipalities and the development industry
- Affordable ownership and rental housing is a key component for building complete communities, supporting community health, economic vitality and growth of York Region's local cities and towns
- The annual measuring and monitoring exercise assesses new housing supply for affordability each year and is used to determine gaps in the housing system
- Regional Official Plan affordability targets have not been met for the second year in a row, with only 14% of all new ownership and rental units in 2019 affordable at the provincial threshold
- When new ownership housing is evaluated, only 11% of new units are below the affordability threshold and 99% of these are studio and one-bedroom condominium units
- In 2019, only 3% of new housing was classified as rental. There is a need for an increased rental supply, which provides an opportunity to address York Region's affordability challenges

- To solve housing challenges in York Region, continued support and collaboration across all levels of government and development industry is required, including exploring policy options through the Municipal Comprehensive Review process

3. Background

A full mix and range of housing options support growth and development of complete communities in York Region

A full mix and range of affordable ownership housing and rental housing is a key component of building complete communities. This helps to meet the needs of residents and workers of all ages and stages of life, impacting quality of life, community health and economic vitality. A mix and range of ownership and rental housing refers to a variety of housing options that are affordable based on a resident's income, in appropriate locations and suitably sized.

Affordable housing is important for businesses to attract and retain employees, supporting economic development and growth in York Region. A full mix and range of housing options is required to support York Region in meeting growth projections outlined in the Regional Official Plan.

The Regional Official Plan sets affordable housing targets that are monitored annually through this exercise

The York Region Official Plan requires 35% of new housing in the Region's Centres and key development areas be affordable, and 25% of new housing outside of those areas be affordable. The annual measuring and monitoring exercise helps to understand York Region's 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.

In 2019, Council adopted innovative approaches to help address continued affordability challenges impacting York Region

The provision of a full mix and range of housing, including affordable housing options, continues to be a challenge for York Region, local municipalities and the development industry. In fact, affordability is a challenge across the Greater Toronto Area. All levels of government and industry proponents have roles in supporting solutions to delivering affordable housing options to residents. Council has demonstrated commitment to housing solutions, most recently in the form of financial incentives for purpose-built rental housing, including a [36-month development charge deferral program](#) developed in 2017 and an expanded, graduated incentive program endorsed in 2019.

On October 17th, 2019, Council approved [new graduated development charge deferrals](#) for purpose-built rental housing affordable to mid-range income households. These new incentives were accompanied by development charge deferrals for large office buildings, working together to support the development of complete communities. The affordable, purpose-built rental incentives promote growth across York Region but particularly in the

Region's centres and corridors and are structured to encourage the inclusion of family-sized units in new developments to help address housing gaps identified through this monitoring exercise. These new incentives align with York Region's city building initiatives and vision for complete communities.

This exercise helps identify housing gaps and provides data to support housing policy directions for the Municipal Comprehensive Review

The Measuring and Monitoring Affordable Housing exercise provides data and identifies housing gaps to support the development of new policies and programs. The Municipal Comprehensive Review process provides the opportunity to review and develop policies to address housing challenges impacting York Region, including the development of housing targets and options to achieve them. Through technical consultations, Regional staff will continue to engage with the Building Industry and Land Development Association, local municipalities and other stakeholders to collaborate on defining and determining policies for the Regional Official Plan and implementation options focused on delivering housing solutions.

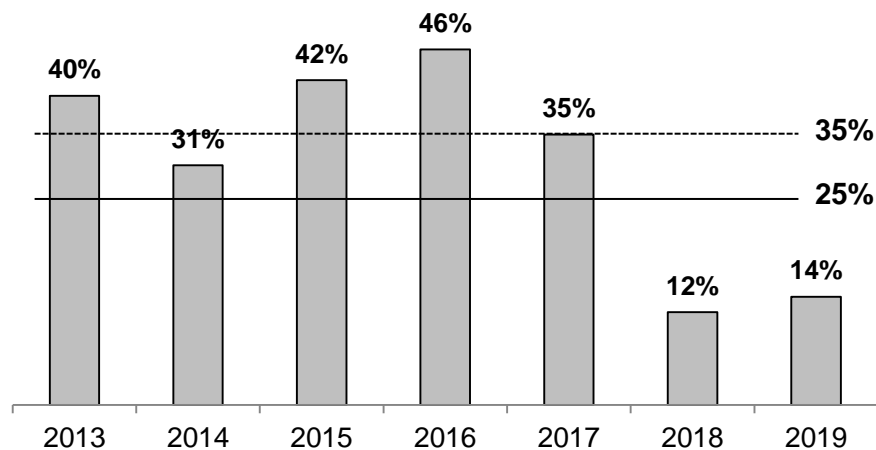
Later this year, a Housing Policy Directions report will be presented to Council on housing targets and policy updates to inform the Regional Official Plan update process. Council has provided ongoing and innovative support for the development of a healthy housing system, as exemplified through the new rental housing incentives. Addressing housing challenges in York Region will require continued policy and program initiatives, as well as partnerships with local municipalities, upper levels of government, development industry and other housing stakeholders.

4. Analysis

In 2019, Regional Official Plan targets for affordable housing were not achieved for the second year in a row

The York Region Official Plan affordable housing policies prescribe that 35% of new housing in the Region's Centres and key development areas be affordable, and that 25% of new housing outside of those areas be affordable. In 2019, the affordable housing targets were not achieved, with 14% of new units below the affordable housing threshold. This was a slight increase from 2018, but a large reduction from 35% in 2017 and 46% in 2016 (Figure 1). The thresholds used for this exercise are set to reflect different local municipal contexts, including variances in household incomes.

Figure 1
Percentage of New Affordable Units by Year



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

For the second consecutive year, there were few affordable options across all nine local cities and towns and across all housing types. This identifies a trend of few affordable options, with limited new rental supply added to the market each year. Of the 14% of affordable new units from the 2019 housing supply, 21% are rental (rental represented 3% of the total housing supply) and 79% are affordable ownership (ownership represented 97% of the total housing supply). As identified through these numbers, rental housing accounts for a much larger portion of affordable units compared to the total new supply it brings to the market each year. In 2019, the majority of the new rental supply was 162 new Housing York Inc. units in Vaughan. Council's commitment to supporting a place for everyone plays a critical role in delivering new, affordable units to York Region's housing market.

Almost all affordable ownership options are studio and 1-bedroom condominiums, with few family-sized options available

In 2019, only 11% of new ownership units were below the affordability threshold. For ownership purposes, a 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% of households can afford). Of the ownership units, 99% were studio (8.7%) or one-bedroom (90.6%) condominium units in high density developments, primarily in Newmarket and Vaughan. In 2019, there were no affordable two-bedroom or larger-sized high density units that met the threshold and only 0.7% of ground related units were affordable.

Condominium fees are not captured in affordability assessments, or the data presented in this report, as there is limited availability of condominium fees across York Region. For many households, the additional costs of condominium fees can make these units inherently unaffordable, causing a further decline in the number of new affordable units in York Region.

Compared to 2018, York Region had a 31% increase in the total number of new ownership units built in 2019. There was the same percentage of affordable ownership housing (11% each year), with almost no new affordable ground related, and family-sized high density units in both 2018 and 2019. In 2019, the increased housing supply did not result in a higher percentage of affordable ownership housing units in York Region.

As ownership housing becomes increasingly unaffordable to a greater proportion of residents, rental housing continues to be a necessary alternative

The ownership affordability threshold used in this measuring and monitoring exercise is based on the Provincial definition set out in the Provincial Policy Statement. As previously outlined, the ownership household income is calculated at the 60th percentile to set the affordable housing threshold. In 2019, York Region's annual household income at the 60th percentile was \$125,041 and a housing unit affordable at that income could not exceed \$483,988. In 2019, 11% of new ownership units are 'affordable' based on the provincial definition, and 14%¹ of units were affordable when both ownership and rental housing was included (all rental units are coded as affordable due to data limitations).

To gain a better understanding of the true affordability challenges facing mid-range and upper income households in the ownership market, a sensitivity analysis was conducted for the 40th, 50th, 70th, and 80th percentiles (Table 1). When lower household incomes are evaluated, the availability of new affordable housing units rapidly diminishes. When higher incomes beyond the provincial definition of affordable are assessed, affordability pressures remain. This sensitivity analysis identifies that only the highest income households in York Region have robust affordable ownership options.

¹ In 2019, the majority of new rental supply was 162 new Housing York Inc. units in Vaughan at Woodbridge Lane; up to 70% of the units will be offered to applicants on the Region's subsidized housing wait list. The remaining 100 are new registered secondary suites recorded across all local cities and towns. No new purpose-built rental units were added to the housing stock in 2019.

Table 1
Affordable Ownership for a Range of Income Percentiles

Percentile	Upper Household Income Threshold	Maximum Affordable House Price	% Affordable Ownership Units
40th	\$83,640	\$323,740	0%
50th	\$103,422	\$400,312	2%
60th	\$125,041	\$483,988	11%
70th	\$150,599	\$586,711	43%
80th	\$184,136	\$722,746	63%

Source: York Region Planning and Economic Development, 2020.

Households that cannot afford ownership housing to meet their housing needs often turn to the rental market for suitable sized housing in central and connected locations. Purpose-built rental housing continues to be a necessary alternative to ownership, delivering stable housing options with fewer added costs for amenities. Households in this income range could afford a monthly rent of approximately \$2,100 (40th percentile) to \$4,600 (80th percentile). Average market rents for purpose-built rental in 2019 ranged from \$1,160 (Bachelor unit) to \$1,995 (3+ bedroom unit). Although many of these ownership households could afford rents, they are faced with the challenge of low rental supply. The rental incentives previously identified outline Council's continued dedication to solving York Region's rental supply challenges. It is expected that in the coming years, the rental incentives endorsed by Council will result in an increase of new purpose-built rental units providing additional options for households facing affordability challenges.

For both ownership and rental housing across York Region, affordable housing options are essential as a basis for economic, community, and social health and well-being. A lack of affordable housing options may continue to cause challenges in meeting growth projections set by the Province, impacting future economic growth and development of York Region.

Many factors contribute to continued affordability challenges facing York Region

Many factors contribute to the affordability challenges across York Region, and the Greater Toronto Area, evidenced by drastically increasing housing prices in recent years. A best practices scan and analysis will be completed in support of housing directions to be developed through the Municipal Comprehensive Review later in 2020. This exercise will evaluate economic, financial and community factors that impact housing costs, many of which are beyond York Region's control. Historically, York Region has maintained strong economic growth, continues to be a desirable location to live, and housing prices have increased accordingly. This is a similar trend across the Greater Toronto Area.

It is likely that affordability is having an impact on York Region's population growth rate, which could have long-term economic implications. Additional information on the relationship between housing affordability and the Region's population growth is contained in the Growth and Development Review 2019 report being considered at this Committee of the Whole meeting. Through the Municipal Comprehensive Review, a report outlining potential housing policy directions will identify policy and other solutions to help address some of the factors causing affordability challenges in York Region.

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

Vision 2051, the Regional Official Plan, and the 2019 to 2023 Strategic Plan contain goals and policies that promote development and monitoring of affordable housing in support of creating complete communities. The measuring and monitoring of housing affordability in York Region aligns with the goals outlined in these strategic documents, providing data that supports results based solutions to housing challenges.

As affirmed through York Region's strategic plans, working to support development of a full mix and range of housing options in York Region is integral to the health, well-being and economic growth of communities. The new affordable, purpose-built rental incentives identified earlier in this report highlights Council's commitment and leadership in addressing housing need in York Region. Continued government innovation and collaboration with housing providers and development industry is essential for solving York Region's affordability challenges.

5. Financial

The work completed by staff for the 2019 measuring and monitoring of affordable housing has been completed within the existing 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, such as lower residential and employment growth rates. York Region continues to fall short of the Growth Plan forecast; a shortfall of affordable housing options may be a contributing factor. This may impact York Region's future economic and financial prosperity, particularly as new development supports payment for projects and investment in programs and policies that help to solve housing challenges.

6. Local Impact

Local municipalities are key partners in addressing housing affordability. Each year, local municipal staff works with Regional staff in supporting collection of key data for this report. Regional staff shares the data results and methodology with local municipal partners.

Local municipalities continue to partner with York Region in development of financial incentives to support purpose-built rental housing. Regional staff will continue to collaborate

with local municipal staff through the York Region Local Municipal Housing Working Group to address affordable housing needs across York Region. Local municipalities have an integral role in supporting the development of the Housing Policy Directions report and in collaborating with development proponents and York Region to define context-specific solutions in their municipalities. The housing challenges outlined impact all local municipalities, requiring continued support to deliver solutions.

7. Conclusion

As a foundation of complete communities, housing supports community health and well-being, social cohesion, economic development and growth in York Region. The continued trend of few affordable housing options places future growth and development of communities at risk.

York Region Council has set the foundation to address these challenges by encouraging a full mix and range of housing options and prioritizing investment in new affordable purpose-built rental housing projects. No one level of government or industry partner can solve housing affordability challenges alone. Staff will continue to work in collaboration with partners and local municipal staff to find innovative solutions that help achieve Regional Official Plan targets in 2020 and will continue to monitor the affordability of housing across York Region to support continued evidence-based policy solutions.

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 29, 2020
Attachment (1)
10705381

2019 MEASURING AND MONITORING HOUSING AFFORDABILITY IN YORK REGION

HOUSING IS A CORNERSTONE OF COMPLETE COMMUNITIES

Housing is a cornerstone of complete communities, which require a variety of ownership and rental housing options that meet the needs of residents and workers at all ages and stages of life. A diverse mix and range of housing options is a major contributor to quality of life, well-being, economic vitality and community health. Housing has remained at the forefront of discussions in York Region, with many residents facing continued affordability challenges. Through these various levels of government, York Region is guided by and works in partnership to support a full mix and range of housing options across all nine local municipalities.

YORK REGION MONITORS THE AFFORDABILITY OF NEW HOUSING UNITS EACH YEAR TO DETERMINE IF YORK REGION OFFICIAL PLAN AFFORDABILITY TARGETS ARE MET

Provincial policy requires York Region to establish and implement affordable housing targets. York Region's targets are identified through the York Region Official Plan (YROP), which requires that 35% of new housing in Regional Centres and Key Development Areas, and 25% of new housing outside of those areas, be affordable.

York Regional Council endorsed the Affordable Housing Measuring and Monitoring Guidelines in June 2015. An update to the [Guidelines](#) was approved in 2018 to better reflect on the ground reality in terms of how the amount, type and location of new affordable housing units are analyzed. The Guidelines establish a standardized approach to identify and measure the supply of new affordable units in order to monitor progress each year in meeting the YROP affordable housing targets and to help inform decision making around housing need. Originally, the data was presented as an attachment to the 10-Year Housing Plan Progress Report. This is now a standalone update that is reported on an annual basis. This report has become increasingly important as affordable housing continues to be a growing concern for residents in York Region.

MAXIMUM AFFORDABLE HOUSING THRESHOLDS ARE CALCULATED ANNUALLY BY TENURE

The affordable housing thresholds are calculated annually for both ownership and rental units, based on Provincial legislation and definitions in the York Region context. The thresholds provide the upper limits of what is considered "affordable" from a land use planning perspective. These thresholds are used throughout this report to determine the affordability of both new high density and ground related ownership housing supply. All new rental supply is monitored annually and the analysis is included in this report.

The affordable threshold for ownership is the maximum price that households at the sixth decile of the income distribution can afford to pay and includes the cost of a mortgage, mortgage insurance, a minimum of a 5% down payment and property taxes. As displayed in Figure 1, the maximum ownership threshold for York Region in 2019 is \$483,988 and based on a household income of \$125,041.

FIGURE 1: York Region Household Income Distribution and Affordable Ownership Thresholds, 2019¹

Maximum Household Income	\$29,755	\$47,021	\$64,922	\$83,640	\$103,422	\$125,041	\$150,599	\$184,136	\$239,995	
% of Households	10	20	30	40	50	60	70	80	90	100
Decile	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th
Maximum affordable housing price	\$115,170	\$182,001	\$251,291	\$323,740	\$400,312	\$483,988	\$586,711	\$722,746	\$950,013	
	Affordable Housing						Households that can afford threshold price or above (40%)			

Source: York Region Planning and Economic Development, 2020.

Based on Statistics Canada, Bank of Canada and Canada Mortgage and Housing Corporation data

2019 LOCAL MUNICIPAL MAXIMUM OWNERSHIP THRESHOLDS RANGE FROM \$391,965 TO \$483,988

Table 1 provides the maximum local municipal affordable ownership thresholds for 2019, for the lowest earning 60% of households in each 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 (\$483,988), the Regional threshold is used for affordable housing commitment and monitoring purposes in order to help achieve region-wide affordability. This helps to best reflect the local municipal context and the incomes of residents, impacting what would be defined as affordable across York Region's nine local cities and towns.

¹ 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. The distribution identifies that the affordable ownership housing thresholds must provide a maximum price that is affordable to 40% of households, which is measured to the sixth decile of the income distribution.

Table 1: 2019 Affordable Ownership Thresholds²

Local Municipality	Local Municipal Threshold	Thresholds Used for Commitments and Monitoring
Aurora	\$534,650	\$483,988
East Gwillimbury	\$516,340	\$483,988
Georgina	\$391,965	\$391,965
King	\$597,434	\$483,988
Markham	\$462,174	\$462,174
Newmarket	\$476,980	\$476,980
Richmond Hill	\$463,643	\$463,643
Vaughan	\$535,169	\$483,988
Whitchurch-Stouffville	\$510,512	\$483,988

Source: York Region Planning and Economic Development, 2020.

Based on Statistics Canada, Bank of Canada and Canada Mortgage and Housing Corporation data

YORK REGION DID NOT ACHIEVE ITS AFFORDABILITY TARGETS IN 2019, WITH ONLY 14% OF NEW HOUSING UNITS FALLING BELOW THE MAXIMUM AFFORDABLE THRESHOLD

Table 2 displays the number and percentage of new affordable units in 2019 by local municipality and tenure based on the thresholds in Figure 1. For monitoring purposes, all rental units are coded as affordable due to data limitations of new rental units, both in the primary and secondary rental markets.

² Throughout the Region, there are significant variations in average household income by local municipality, which in turn impacts the maximum income-based affordable housing threshold. The local municipal threshold seeks to reflect the differences in the demographics and better reflect actual average affordable prices at the local level.

Table 2: New Affordable Housing Monitoring Analysis, 2019

Local Municipality	Ownership Units		Rental Units ¹		All Units	
	Total Units	Affordable Units	Total Units	Affordable Units	Total Units	Affordable Units
Aurora	86	0 (0%)	14	14 (100%)	100	14 (14%)
East Gwillimbury	467	5 (1%)	5	5 (100%)	472	10 (2%)
Georgina	63	0 (0%)	16	16 (100%)	79	16 (20%)
King	16	0 (0%)	-	-	16	0 (0%)
Markham	1,747	94 (5%)	2	2 (100%)	1,749	96 (5%)
Newmarket	405	81 (20%)	20	20 (100%)	425	101 (24%)
Richmond Hill	1,002	38 (4%)	-	-	1,002	38 (4%)
Vaughan	4,631	738 (16%)	201	201 (100%)	4,832	939 (19%)
Whitchurch-Stouffville	157	3 (2%)	4	4 (100%)	161	7 (4%)
York Region	8,574	959 (11%)	262	262 (100%)	8,836	1,221 (14%)

Source: York Region Planning and Economic Development, 2020

Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

1 – all rental is coded as affordable due to data limitations

Almost 91% of the new affordable ownership units were one-bedroom units. However, a declining number of one or more-bedroom units are affordable each year. Out of all the new one-bedroom units monitored in 2019, the number of affordable, one-bedroom units was 30%, a decrease from 57% in 2018, 94% in 2017 and 95% in 2016. In 2019, almost 9% of affordable housing was delivered through studio apartment units and less than 1% of units were ground related. Out of the studio apartments, all 83 units were coded as affordable. These findings highlights the continued lack of affordable ownership options across all housing structure types, relying on small unit sizes to deliver affordable housing stock to York Region's residents. Similarly, the number of affordable two-bedroom units monitored was 0%, the same as 2018, a decrease from 11% in 2017 and 51% in 2016. This shows a lack of affordable family-sized units staff will continue to monitor.

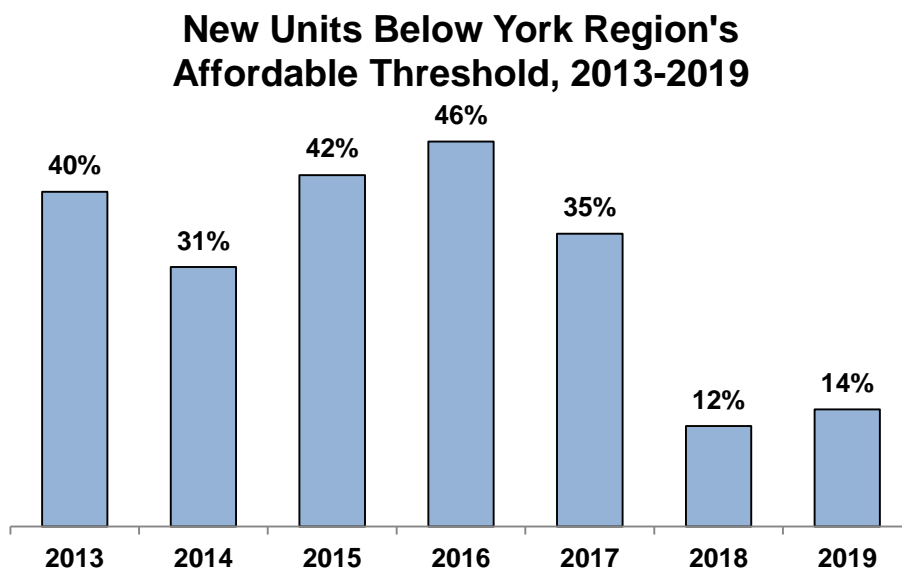
IN 2019, THE TREND OF FEW AFFORDABLE UNITS MONITORED CONTINUES

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 2019 (Figure 2). The increase from 12% in 2018 to 14% is mainly due to the 162 new community housing units in 2019.

Similar to 2018, affordable options were not consistently represented in all local municipalities and across all unit types and tenures in 2019. The same trend of few affordable options remains an issue for the long-term growth and vitality of York Region's local businesses and economy. This uneven representation of affordable options leads to many residents choosing unsuitable housing and could cause clusters of affordability rather than the even

distribution of a mix and range of housing options found in complete communities. It may also lead to many people choosing more affordable alternatives to York Region. Across the nine local cities and towns, affordable housing is foundational to attract new business and economic growth. As affordability continues to decline, this will impact forecasted population, employment and household growth.

Figure 2: New Units below York Region's Affordable Threshold, 2013-2019



There has been an increasing reliance on new high density units to meet York Region Official Plan targets for new affordable housing stock. In 2019, 18% of new high density units met the affordability threshold compared to a few affordable units in the ground related supply (less than 1%). This reflects a similar trend to 2018, where 26% of new high density was affordable and no ground related supply was affordable. However, this was a significant decrease from 2017, with 50% of new high density units and 5% of ground related units falling below the affordability threshold. This highlights that now even new high-density ownership stock has become less affordable over time. Now there is declining affordability overall across all densities since previous monitoring years.

The majority of new housing stock monitored in 2019 is ownership housing, consistent with other monitoring years. The ownership market accounted for 79% of the affordable units region-wide and rental units accounted for 21% of affordable units. Due to data gaps, all rental units are coded as “affordable” for monitoring purposes. This included no new purpose-built rental units³, 162 community housing units⁴, and 100 newly registered second suites for a total of 262 new rental units in 2019. As rental units are all coded as affordable, these new units are used to achieve the York Region Official Plan targets each year, which may over-represent the true depth of affordability for residents. However, purpose-built rental units provide affordable options to many mid-range

³ Staff are working with CMHC staff to gather more information regarding the total number of private, purpose-built rental housing in York Region for 2019. There were 2 units identified through CMHC’s reporting on new purpose-built housing unit completions, one in King and one in Georgina. Due to confidentiality, no granular information could be provided regarding these two units. However, both staff and CMHC believe that it is likely a secondary suite belonging to a detached home, which is coded as an apartment but not a purpose built rental unit. Due to these challenges, staff have decided to remove the two units and have not counted it in this report.

⁴ All Housing York Inc. units are coded as community housing. In previous monitoring years, they were identified as government assisted/non-profit housing.

income households and are a major contributor to the solution of the housing challenges facing York Region. The rental stock will become increasingly important as we see a continued decline in affordable ownership options across all housing sizes. The above breakdown of affordable housing by tenure is further exemplified when 97% of all new housing stock was ownership and only 3% was rental housing.

The percentage of affordable new units varied across local municipalities, reflecting the different challenges faced by residents depending on location. Local municipal rates of total affordability ranged from as low as 0% in King, to as high as 24% in Newmarket (mainly from growth in new rental stock and small, high density units). A number of local municipalities had no affordable ownership units, including Aurora, Georgina and King. While affordable housing options are available in other local municipalities, they may not be in suitable locations or be large enough to accommodate families. Access to services and transit options continue to impact home prices and rents. Unfortunately, the result is that affordability generally decreases as access to services and transit options increase, impacting efforts to create complete communities. Few affordable housing options will continue to impact the economic growth and development of York Region, with few affordable ownership options and a low rental supply.

THERE ARE FEWER AFFORDABLE HOUSING OPTIONS WHEN LOWER HOUSEHOLD INCOMES ARE CONSIDERED

Mid-range income households are represented by the 4th to 6th deciles of the income distribution, which are the 20% of households that are between the highest and lowest earning 40 percent of households in the Region (households earning between \$83,640 and \$125,041). The affordable ownership threshold provides a maximum affordable house price for the sixth decile, or the highest earning mid-range income household. 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, also mid-range income households (4th and 5th deciles)

To understand housing need throughout the mid-range 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 summarized the findings from the 2019 analysis.

Table 3- New Affordable Ownership Housing Supplemental Monitoring Analysis, 2019

Monitoring Exercise	Maximum Income	Maximum House Price	% of Units Sold Under Threshold
Provincial Definition: 6 th Decile	\$125,041	\$483,988	11%
5 th Decile	\$103,422	\$400,312	2%
4 th Decile	\$83,640	\$323,740	0%

Source: York Region Planning and Economic Development, 2020.

Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

Based on this analysis, the 2019 maximum affordable price for the lowest earning 50% of households was \$400,312, and 2% of new units (167 units) fell below this price. The 2019 maximum affordable price for the lowest earning 40% of households was \$323,740 and 0% of new units fell below this price.

FOR THE FIRST TIME, STAFF EVALUATED OWNERSHIP HOUSING AFFORDABILITY FOR HIGHER INCOME HOUSEHOLDS ABOVE THE PROVINCIAL DEFINITION OF AFFORDABLE

The continued affordability challenges for households in York Region requires further investigation beyond the mid-range income (4th to 6th deciles) groups. For the first time, staff evaluated affordability for households beyond the provincial definition to gain a stronger understanding of true housing challenges facing York Region residents and workers (Table 4).

For the 7th income decile group, the percentage of affordable units rose to 43% which is a direct result from the large number of high density units affordable to this income group (96% of affordable units were high density and only 4% of the total units were ground related for the 7th decile). A larger portion of new housing stock become affordable to higher incomes, however, it is higher incomes that can afford the majority of housing. A total of 63% of new housing units were affordable to households at the 8th decile (87% of affordable units are high density and 13% were ground related) and 84% of units were affordable to households at the 9th decile.

This analysis helps to better understand the housing affordability challenges facing Regional residents, showing that many of the units that are affordable are only affordable to a portion of households in the upper income deciles. This analysis determines that gaps still exist, even for households beyond the Provincial definition of requiring affordable housing.

Table 4: Affordable Units for Households in the Upper Income Deciles, 2019

Income Decile	Household Income	Affordable House Price	Number of Affordable Units (Total High Density/Ground Related)	% of Affordable Units
7 th Decile	\$150,599	\$586,711	3,648/8,574 (3,486 are high density and 162 are ground related)	43%
8 th Decile	\$184,136	\$722,746	5,429/8,574 (4,742 are high density and 687 are ground related)	63%
9 th Decile	\$239,995	\$950,013	7,170/8,574 (5,304 are high density and 1,866 are ground related)	84%

Source: York Region Planning and Economic Development, 2020.

Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

Note: the York Region threshold was used across all nine local municipalities

A LIMITED SUPPLY OF RENTAL OPTIONS EXIST IN THE PRIMARY RENTAL MARKET

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”. Most non-luxury purpose-built rental housing units would be affordable to mid-range income earners and are reasonably considered affordable in York Region. In general, the secondary market is more expensive than the purpose-built rental market and offers less security of tenure. Through the monitoring exercise, all units that are rented are coded as rental. This includes community housing, registered secondary suites and purpose-built rental housing.

In 2019, only 262 rental units were built in York Region. Of that total, 162 units were community housing and the remaining 100 were registered secondary suites. In 2019, there were no new private-purpose built rental units built. Rental condominiums also contribute to the rental stock, with approximately 29% of units that permit renting were rented; however the average rents for one- and two-bedroom condominiums exceeded 125% Average Market Rents (set by private, purpose-built rental housing).

REGIONAL RENTAL THRESHOLD IN 2019 RANGE FROM \$1,160 TO \$ \$1,995 BASED ON THE PROVINCIAL DEFINITION

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, Regional Council endorsed the updated York Region Affordable Housing Measuring and Monitoring Guidelines and an updated rental threshold of 125% average market rent by bedroom type to encourage affordability in all unit types. The higher threshold increases the opportunity for development proponents to access Canada Mortgage and Housing Corporation funding and financing options to incentivize rental development. In addition, due to the fact that the threshold is a reflection of the Region's aged rental stock, it provides a better reflection of reasonable market-affordable rents as the older rental stock may not meet current building code standards or offer amenities that are now expected by tenants in new buildings. The old rental threshold had the unintended consequence of the majority of affordability requirements being satisfied through smaller-sized bachelor and one-bedroom units. By integrating a Regional rental threshold by bedroom type, this helps to address gaps in the affordable rental supply, such as highlighting the need for more affordable family-sized units.

The 2019 threshold for affordable rental housing at 125% AMR across all bedroom types was \$1,710. The maximum 2019 rental thresholds range from \$1,160 for a bachelor to \$1,995 for a three bedroom apartment (Table 5).

In order to address these continued challenges of few affordable ownership options and a limited rental supply, York Region's recently endorsed incentives aims to provide more purpose built rental housing affordable to mid-range income households, with better incentives offered when 50% of units are family-sized and if the building is located in the Region's Centres and Corridors. These incentives define affordable housing at 175% AMR, making it affordable for mid-range income households. This income group has been identified with particular housing need, with few affordable ownership options and low rental supply available in York Region. Their housing need has been identified and evaluated through this annual Measuring and Monitoring report. These incentives work to support the development of complete communities, supporting residents and workers in York Region.

Table 5 – 2019 Percent Average Market Rents by Bedroom Type

2019 Percent Average Market Rents by Bedroom Type			
	100% AMR	125% AMR	175% AMR
Bachelor	\$928	\$1,160	\$1,624
1 Bed	\$1,270	\$1,588	\$2,223
2 Bed	\$1,437	\$1,796	\$2,515
3+ Bed	\$1,596	\$1,995	\$2,793
Source: CMHC Rental Market Report 2019. Private Apartment Rent, Table 1.1.2., 2020.			

Through the annual measuring and monitoring analysis, staff are able to identify housing challenges and support recommendations to Regional Council to develop policy options in support of affordable housing.

THE EXISTING HOUSING STOCK CONTINUES TO PROVIDE LIMITED AFFORDABLE HOUSING OPTIONS

A 2019 snapshot of average housing costs by tenure and type is provided in Appendix D. The snapshot depicts the range from the lowest local municipal average price to the highest local municipal average price for the 2019 calendar year. While the snapshot provides an accurate range of home prices and rents, the number of housing units available throughout the range varies.

When average resale prices are benchmarked against the affordable thresholds, there are limited affordable ownership options in all municipalities (Table 6). The average price of resale condominiums fell below the Regional affordable threshold in four local municipalities; no municipalities had average resale single detached, semi-detached or row houses under the Regional affordable threshold. While affordable resale options are available region-wide, there are limitations by local municipality, structure and bedroom type. Staff report on the average resale price to provide a broader indication of housing options across the Region. In 2019 it was determined that, on average, little to no ground related product are affordable in the resale or new housing market. Some resale ground related units fell below the average and provide affordable housing options to residents. Both ground related and high density affordable options are found predominately in central and northern municipalities in the Region, often with pockets of affordability, not delivering a full mix and range of housing across communities.

Table 6 - Affordable Average Ownership Resale Options by Local Municipality, 2019

	Resale Single Detached	Resale Semi-Detached	Resale Row	Resale Condo
Aurora	X	X	X	✓
East Gwillimbury	X	X	X	✓
Georgina	X	X	X	✓
King	X	X	X	X
Markham	X	X	X	X
Newmarket	X	X	X	✓
Richmond Hill	X	X	X	X
Vaughan	X	X	X	X
Whitchurch-Stouffville	X	X	X	X

Source: York Region Planning and Economic Development, 2020
Based on Toronto Real Estate Board data.

IN 2019, REGIONAL COUNCIL ENDORSED INCENTIVES FOR NEW AFFORDABLE PURPOSE-BUILT RENTAL HOUSING

In October 2019, Regional Council approved new [development charge deferrals](#) for affordable, purpose-built rental housing. These incentives support the growth of affordable housing and jobs for York Region's changing population and workforce, aligning with York Region's [city building](#) initiatives and vision of creating [complete communities](#).

The affordable purpose built rental housing incentive is a graduated program, where developments will receive a longer deferral depending on size and location. Under the program, the full development charges payable could be deferred, interest-free, for between 5 and 20 years. The affordable rental incentive program is available to a total of 1,500 housing units over the next three years. In addition to other criteria outlined in the policy, average rents must not exceed 175% AMR, buildings must be a minimum of 4 storeys in height, and similar or better local municipal participation is required in order to qualify for the incentives.

There has been a growing interest in the new incentives for purpose-built rental housing amongst proponents in the development industry. It is expected that these new incentives will support the development of purpose-built rental in York Region and impact the number of affordable housing units in York Region for subsequent years, with the ability to monitor annual rents for these new developments receiving the incentives.

THE NEED FOR CONTINUED INNOVATION IS REQUIRED TO ADDRESS HOUSING GAPS

Innovative programs and policies are required to continue to address housing gaps, particularly as affordable housing options are necessary in the development of healthy and thriving communities. Monitoring affordability of new housing units each year allows staff to monitor the Region's progress in meeting affordability targets identified in the YROP. In addition, the monitoring exercise also allows Council to identify areas where affordability challenges persist, and formulate policies and programs, as well as advocate to senior levels of government to assist in responding to these challenges. Staff continue to work with our partners to encourage affordable housing, coordinated through a variety of consultation and engagements including the general public, consultations with BILD and through the York Region Local Municipal Housing Working Group.

Supporting the growth of York Region's rental supply and affordable ownership housing market is imperative to the creation of complete communities across York Region. This annual measuring and monitoring exercise allows staff to track our progress in meeting Council objectives and attaining Regional Official Plan goals. The finalized document posted online will include all relevant data tables, as staff receive regular requests for this information.