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Sent: February 3, 2021 7:58 AM
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Subject: Regional Council Decision - Regional Official Plan Update - Housing Challenges and Opportunities

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On January 28, 2021 Regional Council made the following decision:

1. Council endorse the housing policy directions summarized in this report and further described in Attachment 1 to support development of draft policies required for Provincial conformity that will be presented to Council as part of the Regional Official Plan Update through the Municipal Comprehensive Review.
2. Council direct staff to continue to work with key stakeholders, including local municipal staff and the development industry in an effort to find solutions to the lack of affordable housing options for current and future residents.
3. The Regional Clerk forward this report and attachments to the Clerks of the local municipalities, the Ministry of Municipal Affairs and Housing, and the York Chapter of BILD.

The original staff report is attached for your information.

Please contact Sandra Malcic, Director, Long Range Planning at 1-877-464-9675 ext. 75274 if you have any questions with respect to this matter.

Regards,

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

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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
January 14, 2021

Report of the Commissioner of Corporate Services and Chief Planner

Regional Official Plan Update Housing Challenges and Opportunities

1. Recommendations

1. Council endorse the housing policy directions summarized in this report and further described in Attachment 1 to support development of draft policies required for Provincial conformity that will be presented to Council as part of the Regional Official Plan Update through the Municipal Comprehensive Review.
2. Council direct staff to continue to work with key stakeholders, including local municipal staff and the development industry in an effort to find solutions to the lack of affordable housing options for current and future residents.
3. The Regional Clerk forward this report and attachments to the Clerks of the local municipalities, the Ministry of Municipal Affairs and Housing, and the York Chapter of BILD.

2. Summary

York Region is not achieving housing affordability targets and in recent years has fallen short of forecasted growth levels. Through this report, the correlation between lagging population growth and a lack of affordable housing options is explored along with some of the associated implications (Attachment 2). This report also provides a suite of innovative approaches available to increase housing options (Attachment 3), and housing policy directions prompted by updates to Provincial Plans and to support future work on expanding housing options (Attachment 1). The report recommends ongoing further work required to expand housing options.

Key Points:

- York Region is not achieving anticipated population growth and housing affordability targets set out in the Regional Official Plan
- The lack of affordable housing options has been highlighted by Watson and Associates Economists (Watson) as one factor that has led to slower growth in the Region over the last decade

- Not achieving anticipated population growth forecasts can adversely affect development charge recovery and planned infrastructure timing, and a lack of affordable housing impacts Regional efforts to achieve complete communities
- A suite of approaches available to address the lack of affordable housing options is provided for ongoing collaboration with key stakeholders
- Proposed housing policy directions to update the Regional Official Plan (ROP) as part of the Municipal Comprehensive Review (MCR) conform with updated Provincial Policies, support future work on expanding housing options and are outlined in Attachment 1

3. Background

Housing our residents is a major contributor to community health and well-being

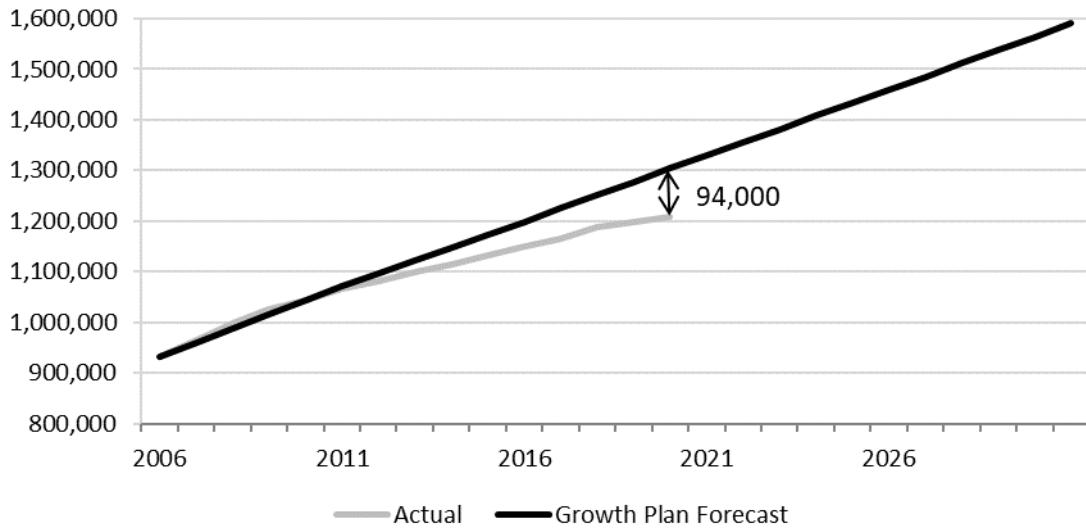
“Housing Options” refers to a range of housing types such as, but not limited to single detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi residential buildings. The term can also refer to a variety of housing arrangements and forms such as life lease housing, co-ownership housing, co operative housing, community land trusts, land lease community homes, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

A robust housing supply and full mix and range of housing options, including affordable options is integral to building complete communities where people of all ages, stages and incomes can live, work and play. Complete communities provide housing options for all residents and workers that results in more inclusive communities, reducing the need for long commutes and the associated climate related impacts that accompany them. A variety of affordable options support economic development and is a major contributor to individual and community health and well-being. Revisions being contemplated to update housing related policies in the ROP conform with Provincial policy direction and support future work on expanding housing options, including affordable options.

Despite meeting provincial supply requirements, York Region is not meeting anticipated population forecasts

Population forecasts are prescribed by the Provincial Growth Plan and municipalities are required to plan to achieve them. In [July 2020](#), Council was advised that the Region was below forecasted population growth by approximately 94,000 people (Figure 1). Planning to achieve population forecasts requires growth and infrastructure investment. If the infrastructure is underutilized, it is not fiscally sustainable. Some land supply in York Region is currently constrained as it is awaiting servicing infrastructure, however, as outlined in the June 2020 [Housing Supply Update Memo](#) to Council, York Region is currently meeting Provincial land supply requirements which suggests the lag in population growth is not tied to a limited land supply.

Figure 1
Population Growth (actual and forecast), 2006-2031



Source: York Region Planning and Economic Development Branch

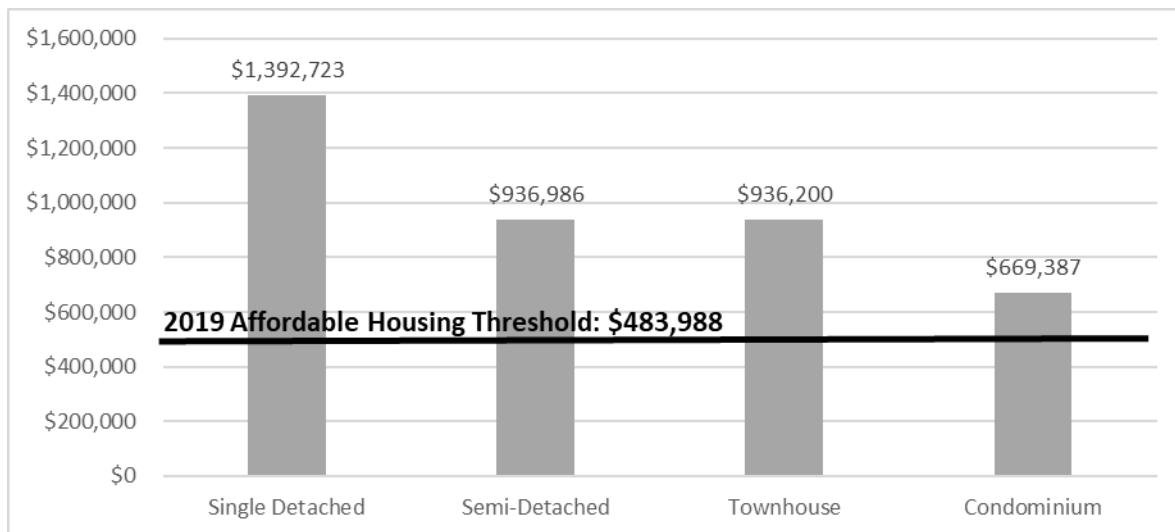
In [June 2019](#), Council was advised of some of the risks and implications of not achieving population growth targets. Lower than expected growth creates financial challenges and hinders the timing of the Region's ability to pay down debt and build capacity for additional infrastructure investment needed to achieve the provincial 2051 forecasts of 2.02 million people and 990,000 jobs.

Housing affordability targets are not being met in York Region, challenging complete community initiatives

The ROP includes policy that 35% of new housing in Regional Centres and key development areas be affordable and that 25% of new housing outside of those areas be affordable. The affordability of new ownership housing and the supply of new purpose-built rental housing is [monitored annually](#). The [2019 monitoring report](#) advised Council that only 11% of new ownership housing units were affordable, 99% of which were studio or 1-bedroom condominiums and not suitable for families. The report also advised that only 3% of new housing was classified as purpose built rental housing.

In 2019 the affordable housing threshold was approximately \$484,000. As is shown in Figure 2, the average cost of all new housing types is greater than the thresholds, and the gap between the affordable housing threshold and average market prices is a barrier to home ownership in York Region for many households.

Figure 2
York Region Affordable Housing Threshold and Average Cost of New Homes
(2019)



Source: York Region Planning and Economic Development Branch and CMHC

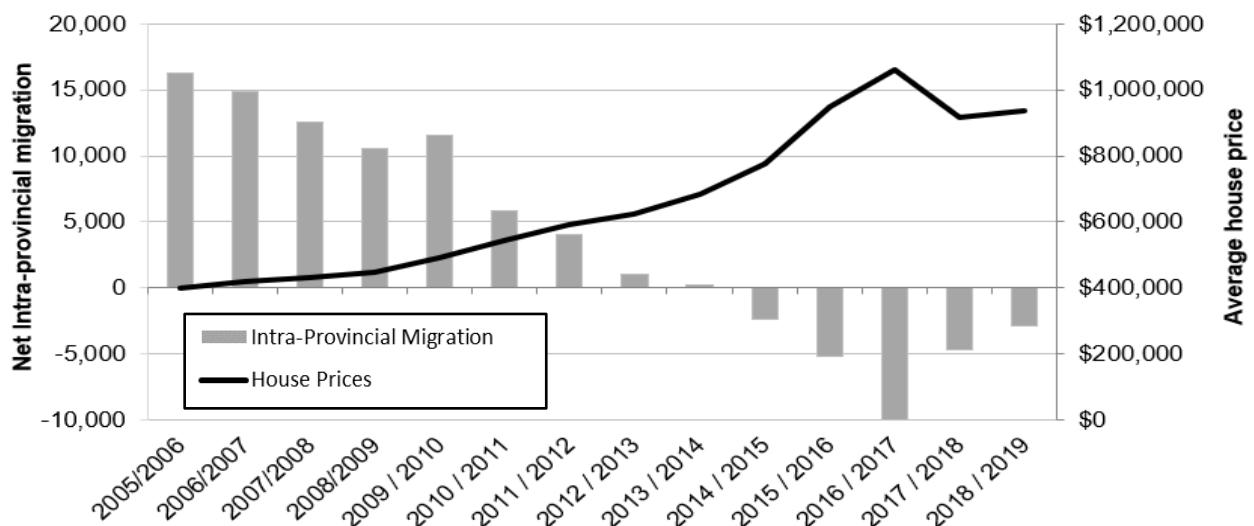
As of 2016, 14% of York Region housing stock was rental tenure (primary and secondary), compared to 33% in the GTHA and 30% in Ontario. York Region has the lowest proportion of its housing stock in rental tenure in the GTHA. Council has recognized this gap in supply and in fall 2019 approved the [Development Charge Deferral for Affordable, Purpose-Built Rental Buildings](#) policy as well as the [purpose-built rental servicing allocation reserve](#) (subject to capacity) to help encourage new rental supply.

Complete communities offer a full range of housing options for people of all ages and abilities. Not achieving affordability targets limits who can live in York Region and is counter to complete community initiatives.

Housing affordability is a factor contributing to lower than anticipated population growth rates

A contributor to population growth has been people moving to York Region from elsewhere in the Province. As reported in the [2019 Growth and Development Review](#), York Region recorded a net loss of intra-provincial migrants over the last 5 years. Further analysis shows a correlation between the net loss of intra-provincial migration in York Region and the increase in the average cost of housing (Figure 3).

Figure 3
Net Intra-provincial Migration and Average Annual House Prices



Source: York Region Planning and Economic Development Branch and Statistics Canada

4. Analysis

Further research on the correlation between population growth rates and housing affordability is being conducted as part of the Municipal Comprehensive Review

Provincial forecasts have been extended to 2051 and assume substantial population and job growth for York Region. The Provincial Growth Plan, Provincial Policy Statement, 2020 (PPS) and Land Needs Assessment Methodology have placed greater emphasis on the role of the market and meeting market demand when determining housing forecasts to meet 2051 population forecasts. Watson has been retained to help understand the impact of the market on population growth. This work builds on the 2019 update of [Housing Matters](#), which provides data and analysis on housing market and growth trends and will inform policy updates presented to Council in the updated ROP. An important consideration in the development of the 2051 forecast will be the need to balance market demand, Provincial Growth Plan targets and policy objectives, housing supply, and housing affordability to help achieve the forecast and continue to work towards complete communities for the Region's residents.

A lack of affordability and rental housing supply is contributing to the Region's recent population and housing growth shortfall

Research on the impact of the housing market on population growth by Watson is summarized in Attachment 2. Key findings include:

- York Region has a declining share of residential development activity and is the only municipality in the Greater Golden Horseshoe that experienced a slower annual population growth rate between 2016 and 2021 compared to the previous 5-year period

- Lower population growth in combination with the aging population has resulted in increased need to attract younger families for economic development as the accommodation of the skilled labour force and the attraction of new businesses are strongly linked and positively reinforce one another
- While there has been a decline in ground related development, high density ownership units have seen increased activity; however, these units are generally smaller sized and may not be suitable for families
- The higher density rental market is limited by few new rental developments and low vacancy of existing rental units
- Durham Region and Simcoe County have the most affordable new single-detached homes in the broader regional market area, with average costs 54% and 40% of the average cost of new single-detached homes in York Region respectively, likely drawing demand from York for this product type
- Townhouse units may provide more affordable ground related housing options, particularly in northern York Region
- Housing affordability is a key component of quality of place and directly linked to population and economic growth potential, and municipal competitiveness

Based on their research, Watson has determined that a lack of housing options across York Region, most notably affordable low-density housing and purpose-built rental housing, has likely contributed to limiting the Region's recent population growth. Future growth and development opportunities may also be impacted. Watson has identified that addressing the interconnection between the Region's competitive economic position and its longer-term housing needs by market segment is important in realizing the Region's 2051 population and employment forecast. Watson will continue to provide further analysis on factors that impact growth through the MCR process.

Other factors have also contributed to the distribution and pace of growth in York Region

In addition to the housing market, Watson identified delays to major infrastructure and large-scale developments within several greenfield areas as factors that are also impacting growth in York Region. The alignment of forecast population and employment growth with major infrastructure projects is a key aspect of the MCR. Delays to major infrastructure projects can have a significant impact on the timing of growth and the available supply of greenfield land for urban development. The Upper York Servicing Solution, based on the 2009 Water and Wastewater Master Plan, was estimated to be complete in 2016 and has now been delayed to 2028 at the earliest, which constrains development in Aurora, East Gwillimbury and Newmarket.

Since the release of the Growth Plan in 2006, Greater Golden Horseshoe municipalities including York Region have been in a continuous cycle of developing and defending growth management processes and official plan updates. There has been a delay in approving the

ROP 2010 urban expansion areas as a result of numerous appeals at the Regional and local levels in response to conformity requirements of the Provincial Growth Plan. This has potentially delayed the timing of large-scale developments within several greenfield areas throughout the Region. While these delays do not appear to have limited the Region's ability to meet its near-term housing supply requirements on a Region-wide basis in accordance with provincial policy, it does appear that such delays have created housing supply shortfalls, particularly in greenfield areas, at the local municipal level.

Affordability is impacted by additional macro-economic factors

Housing affordability is influenced by a range of supply and demand factors such as demographics and growth, the cost and accessibility of mortgages, construction and development costs, land availability and regulations, geographic location and type of dwelling. Housing costs in York Region and throughout the GTHA have outpaced income growth. Between 2009 and 2019 the average price for a resale home in York Region increased by 110% whereas average family income rose by only 19%, with most of the increase in incomes concentrated in higher income households. This mismatch between house price and income increases over time may result in a greater number of low and mid-range income households competing for housing that they can afford, therefore increasing overall demand and supporting house price increases. The increased competition for lower cost housing is likely further exasperated by historically low mortgage interest rates. Low interest rates decrease mortgage costs and put an overall upward pressure on prices. Interest rates in Canada have decreased from over 20% in the 1980's to less than 5% today. In recognition of these low rates and the associated risk to overextended households in the event that the rates increase, a mortgage stress test was introduced at the beginning of 2018 whereby all households need to qualify for a mortgage using either the Bank of Canada benchmark rate or the contractual mortgage rate (insured mortgages) or the contractual mortgage rate plus 2% (uninsured mortgages). While the stress test is positive in that it helps ensure that households will be able to afford increased rates, it may also have the effect of putting additional demand related pressure on the lower end of the housing market.

Construction costs have also been increasing rapidly. Between Q1 2017 and Q3 2020, Statistics Canada estimates that residential construction costs have increased by 18%. These increases may be incorporated into the price of a new home, further eroding affordability overall.

A suite of innovative approaches to increase housing options have been identified for further analysis and discussion

To help advance dialogue on strategies to address housing issues, research on approaches to deliver a greater mix and range of housing options, including more affordable options has been conducted (Attachment 3). While the approaches listed are comprehensive, they are not exhaustive, as solutions required to address housing need are wide ranging and evolving. Some approaches included are within Regional Council's jurisdiction, but they have not been assessed for cost, effectiveness or feasibility. Others, where Regional Council does not have direct jurisdiction, may require efforts from multiple levels of government, as well as private industry and non-profit stakeholders. Further research on these approaches for local feasibility and effectiveness is required.

It is recommended through this report that additional research and analysis be conducted to better understand the impact of a lack of affordable housing options on current and future residents. This enhanced understanding of specific housing gaps throughout the income spectrum will allow for future recommendations for targeted programs and incentives, potentially including some of those captured in Attachment 3. A future program should include partnership options, with flexibility in implementation to maximize development feasibility in local contexts. This flexibility in implementation could include a suite of incentive options dependent on the amount, type and depth of affordability offered. The results of the additional analysis on the impact of a lack of housing options and recommended next steps will be reported back to Council.

ROP housing policy directions conform with Provincial policy

In October 2019, Council received [An Update on Public Consultations for the Municipal Comprehensive Review](#). The public have identified housing as one of the most important components for building complete communities, but many residents identify they struggle with housing affordability in the current housing market. There is a recognition York Region lacks affordable ownership options, rental units, family sized condo units and affordable senior's housing. The lack of affordable housing options is an issue in York Region and throughout the GTHA.

The current ROP includes a policy framework to address housing need. Policy directions summarized in this report and further details proposed in Attachment 1 conform with updated Provincial Policy direction and support future work on expanding housing options.

Attachment 1 provides greater detail than the body of this report. Proposed policy directions to align with updated Provincial direction include:

- Increased residential land supply requirements
- Introduction of a rental housing target
- Incorporation of updated second suite parameters

Proposed policies will be developed to align with the 2019-2023 phase of [Housing Solutions: A Place for Everyone](#), York Region's 10-Year Housing and Homelessness Plan and will be presented to Council in 2021.

A new rental housing target will be incorporated in the proposed Regional Official Plan in alignment with Provincial direction

The Provincial Growth Plan requires that the Region establish targets for affordable ownership housing and rental housing. The current ROP includes policies that 35% of new housing in Regional Centres and key development areas (KDAs) be affordable and that 25% of new housing outside of those areas be affordable. These targets will be maintained, but the geographic focus of the 35% target will shift from key development areas to Major Transit Station Areas (MTSAs), which is where Inclusionary zoning can also be applied by local municipalities who have that jurisdiction. There are a greater number of MTSAs than KDAs

as they align with Go, Bus Rapid Transit and Subway lines whereas KDAs which align with Regional Corridors only.

The current ROP does not include a rental target. It is challenging to set an achievable rental target given that there has been little historical development on which to base a trends analysis. More work is required to understand the impact of incentives and shifting demographics on the rental market, as well as the role of rental in achieving affordability targets. In the interim, a policy direction for a single region-wide rental target has been proposed. The rental target continues to be assessed, and further discussion with local municipalities is required.

Affordable and rental housing targets will help set parameters for new development to appeal to a broad spectrum of prospective home buyers and renters. However, implementation of these targets will continue to be a challenge given a lack of tools to do so and the increasing gap between affordability thresholds and prices the market will bear for new housing.

Policies to encourage the delivery of more affordable housing in a more timely manner, implement inclusionary zoning and expand housing options are proposed

Although the general approach recommended through this report is to continue to explore targeted incentives and programs to increase housing options post MCR, it is recommended that updated ROP policy incorporate direction to explore further opportunities to co-ordinate the delivery of affordable and purpose built rental housing in a timelier manner and encourage implementation of inclusionary zoning in partnership with local municipalities. These policies are meant to encourage approaches to increase affordable housing options throughout the region. Development industry partners have long pointed to approval and appeal timelines as a barrier to affordability, and there may be low-cost solutions to help address this concern that are being explored. Inclusionary zoning is implemented by local municipalities and is the only tool provided by the Province to mandate inclusion of affordable housing in new developments. Additionally, development proponents will be encouraged to incorporate non-traditional building types and materials and innovative design and construction to help achieve more housing options, including affordable options. Non-traditional building types can include tiny homes, modular housing and multi-generational homes. These non-traditional and innovative approaches could include those outlined in Attachment 3.

The importance of partnerships in addressing housing issues will continued to be highlighted with local municipalities, senior levels of government and the development industry. It is proposed that a new policy to work with partners to implement solutions to increase housing options, including affordable and purpose-built rental options be incorporated into the updated ROP. Future work will incorporate a partnership approach to identify approaches to increase housing options.

5. Financial

Not achieving population growth targets has fiscal ramifications that may impact the timing and delivery of capital programs. A lack of housing options, including affordable options is one of the factors impacting lower than forecast growth in the Region. Going forward recommendations to Council on approaches to help increase housing options may include financial approaches. Potential revenue sources, including ongoing advocacy to the Provincial Government that a share of the Non-Resident Speculation Tax be shared with single and upper tier municipal governments, would help increase housing options.

6. Local Impact

Local municipalities have an important role in addressing the need for more housing options, including affordable options. They can identify local priorities and solutions through mechanisms like zoning and building permit authority and are often best positioned to influence development applications through pre-consultation and planning processes based on local context. They also have jurisdiction to implement inclusionary zoning within Provincial parameters and have several financial incentives and non-financial tools available to them.

In recognition of their role to help address housing needs, all local municipalities actively participate and provide input through the York Region/Local Municipal Housing Working Group to help work toward approaches to increase housing options. The Cities of Markham, Richmond Hill and Vaughan are currently developing Housing Strategies to help increase housing options within their local markets and policy frameworks. The Town of Newmarket worked with the Region to pilot a development charge deferral for purpose built rental building which led to the deferral policy that is currently in place. A separate development in Newmarket has taken up the new deferral policy resulting in a combined 441 new purpose-built rental units, representing the first significant private additions to the purpose-built rental supply since the 1980's. All local municipalities are working to address increased housing options in some way. Local Municipal implementation of housing related planning policy is critical to achieving shared housing goals and on-going input from the York Region/Local Municipal Housing Working Group will assist in the development of viable on the ground solutions to collaboratively increase housing options.

7. Conclusion

York Region is currently not achieving population and housing growth or affordability targets in the ROP. Research indicates that the lack of housing options, including affordable options is contributing to the Regions challenge in achieving Provincial growth forecasts, which in turn has negative impacts on the timing of capital cost recovery for infrastructure through development charges, and the lack of affordable housing options also impacts development of complete communities. A scan of innovative approaches to increasing housing options is provided. Further research and analysis of these approaches is required to understand local feasibility and how to best target them to maximize on the ground impact.

Through the MCR, housing related policies will be updated to conform with Provincial policy directions and support future work on expanding housing options. Policies alone will not increase housing options and future work in partnership with local municipalities, senior levels of government, the development industry and other stakeholders will continue to identify approaches to increase the mix and range of housing options available to households throughout the income spectrum. Next steps to address the lack of housing options, including affordable options is to continue to enhance understanding of the relationship between population growth and housing affordability and the impact of a lack of housing options on households throughout the income spectrum. This enhanced understanding will allow for targeted approaches to addressing housing needs.

For more information on this report, please contact Sandra Malcic, Director, Long Range Planning at 1-877-464-9675 ext. 75274. 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

December 18, 2020
Attachments (3)
#11826802

ATTACHMENT 1**Provincial Policy Updates and Potential Housing Directions for Regional Official Plan Update**

The Provincial planning policy framework has been updated including the following: Provincial Policy Statement (2020), A Place to Grow, the Growth Plan for the Greater Golden Horseshoe (2019) (Growth Plan), The Planning Act (1990), and the Oak Ridges Moraine Conservation Plan (2017).

This Attachment provides a summary of Provincial housing related updates and considerations for updating the York Region Official Plan.

| Types of Policy Direction | Brief Description of Provincial Policy Change | Considerations/Potential Direction for Regional Official Plan |
|---------------------------|--|---|
| Land Supply Targets | Updates to the Provincial Policy Statement increased the requirement to maintain the ability to accommodate residential growth through residential intensification and redevelopment and, if necessary, lands which are designated and available for residential development from a minimum of 10 years to a minimum of 15 years. | Policy considerations include: <ul style="list-style-type: none">Update the minimum lands required for residential growth from 10 to 15 years |
| Rental Housing Targets | There is a new requirement in the Provincial Growth Plan to establish rental housing targets | Policy considerations include: <ul style="list-style-type: none">Establishment of a single region-wide rental target |
| Second Suites | The Planning Act has been updated to require official plans authorizing two residential units in a house and by authorizing a residential unit in a building or structure ancillary to a house, for a total of three residential units permitted. The Oak Ridges Moraine Conservation Plan definition of "Single Dwelling" is "a building containing only one dwelling unit and, in any area other than an area within a Natural Core or Natural Linkage Area, includes a building containing one | Policy considerations include: <ul style="list-style-type: none">Updating the Regional Official Plan definition term "Second Suite" to "Additional Residential Unit" in alignment with Provincial Policy Statement terminologyIncorporating the updated Planning Act requirement that two residential units in a house and a residential unit in a building or structure ancillary to the house are permitted into the definition.Incorporating the Oak Ridges Moraine Conservation Plan limitation that no additional residential units are permitted in Natural Core and Natural Linkage Areas, and |

| Types of Policy Direction | Brief Description of Provincial Policy Change | Considerations/Potential Direction for Regional Official Plan |
|---------------------------|---|--|
| | primary dwelling unit and no more than one secondary dwelling unit.” | no more than one additional residential unit is permitted in Countryside Areas into the definition. |
| Housing Options | Provincial policy continues to require that the overall housing stock be diversified over time and that all housing options required to meet the social, health, economic and well-being requirements of current and future residents be permitted and facilitated. Additionally, municipalities continue to be required to identify mechanisms, including land use planning and financial tools to support a diverse mix and range of housing, including affordable options. | <p>Policy considerations include:</p> <ul style="list-style-type: none"> • Continue to identify housing gaps and mechanisms to address housing needs • Simplified to remove inward facing policies where appropriate • Reduce encourage policies where appropriate • Consolidate existing policies where appropriate • Require that privately initiated comprehensive planning exercises include a Housing Strategy outlining approaches to incorporate a mix of housing options, including affordable options • Encourage development proponents to incorporate non-traditional building types and materials and innovative design and construction to increase housing options, including affordable options • Incorporate a requirement to work with partners to implement approaches to increase housing options, including affordable and purpose-built rental options |
| Inclusionary Zoning | The Planning Act has been updated to allow Local Municipalities to implement Inclusionary Zoning Frameworks in areas protected for Major Transit Station Areas, and areas with Community Planning Permit Systems. | <p>Policy considerations include:</p> <ul style="list-style-type: none"> • Recognition of the importance of inclusionary zoning as the only tool that allows municipalities to require affordable housing in new developments as part of the development process • Direct local municipalities to consider using inclusionary zoning as a mechanism to require affordable housing |

| Types of Policy Direction | Brief Description of Provincial Policy Change | Considerations/Potential Direction for Regional Official Plan |
|--|--|--|
| Timely delivery of affordable and purpose-built rental housing | The Planning Act outlines timeframes for planning approvals, which the Region currently works to contribute to meeting or exceeding. Development industry partners have indicated that approval and appeal timelines are a barrier to affordability. | <p>Policy considerations include:</p> <ul style="list-style-type: none"> To work with local municipalities and other key stakeholders to explore opportunities to deliver affordable housing and purpose-built rental housing in a more timely manner |
| Market Demand | The Provincial Policy Statement has been updated to have an increased focus on the impact of market demand and requires that planning authorities provide for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents. | <p>Policy considerations include:</p> <ul style="list-style-type: none"> No direct policy considerations required by the Province to address market demand Market demand considerations to be incorporated into the technical analysis required to establish the forecast and land budget Additional research findings on market demand, including that conducted by Watson be incorporated into the updated residential forecast |



Foundational Housing Analysis

York Region

Final Brief

December 2020

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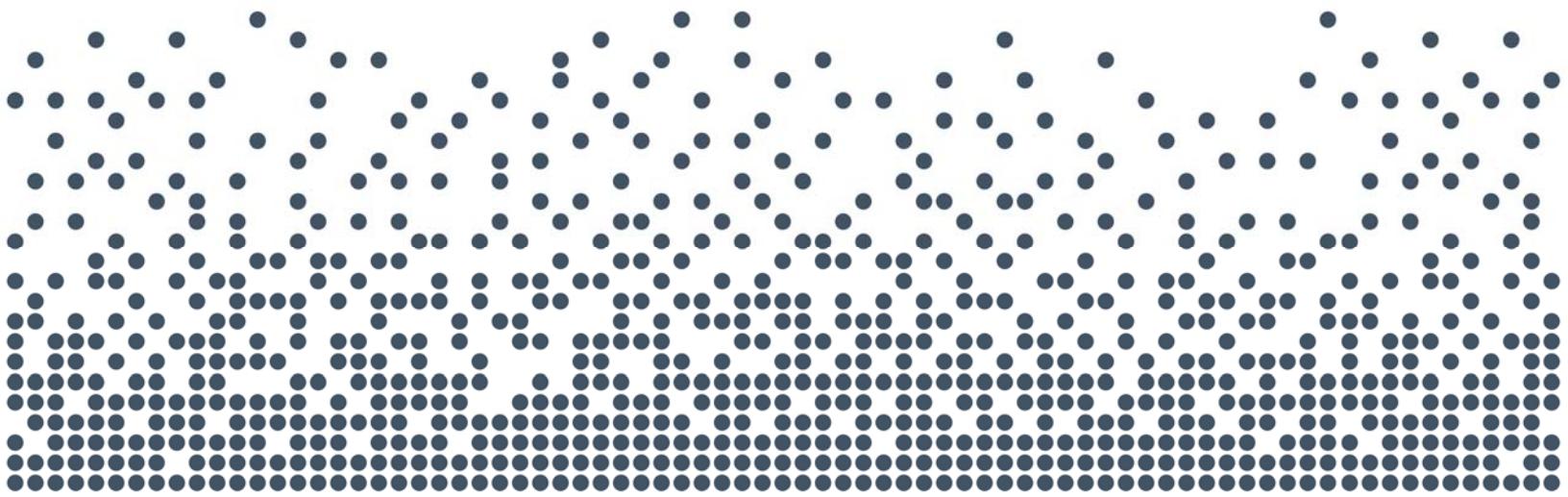
Table of Contents

| | Page |
|--|------|
| Executive Summary | i |
| 1. Introduction..... | 1-1 |
| 1.1 Background..... | 1-1 |
| 2. Planning for Growth in York Region within the Provincial and Regional Planning Policy Context..... | 2-1 |
| 2.1 Introduction | 2-1 |
| 2.2 Growth Plan for the Greater Golden Horseshoe, 2020 | 2-1 |
| 2.2.1 Growth Plan, 2006 | 2-1 |
| 2.2.2 Amendment 2 to the Growth Plan, 2006 | 2-2 |
| 2.2.3 Growth Plan, 2017 | 2-2 |
| 2.2.4 Growth Plan, 2019 | 2-3 |
| 2.2.5 Amendment 1 to Growth Plan, 2019 | 2-3 |
| 2.3 Provincial Policy Statement, 2020 | 2-4 |
| 2.4 Observations..... | 2-5 |
| 3. Broad Factor's Influencing York Region's Long-Term Population and Employment Growth Potential | 3-1 |
| 3.1 Introduction | 3-1 |
| 3.2 How is York Region's Population Growth Tracking to its Current Official Plan Forecast?..... | 3-1 |
| 3.3 Tracking Historical Population Growth in York Region within the GTHA Context | 3-3 |
| 3.3.1 Assessing York Region's Long-Term Population Growth Outlook within the Greater Toronto Hamilton Area Context | 3-3 |
| 3.4 Overview of York Region Population and Employment Growth Trends within the Greater Toronto Area Context | 3-5 |
| 3.5 How have Recent Structural Economic Changes and Regional Economic Conditions Impacted Population and Employment Growth Across the GGH? | 3-9 |



Table of Contents (Cont'd)

| | Page |
|---|------|
| 3.6 What is York Region's Role in Generating Local Employment Opportunities within the GGH Context? | 3-11 |
| 3.7 Net Migration will Continue to Represent the Key Source of Population Growth Across the GTHA and York Region | 3-12 |
| 3.7.1 Understanding the Key Components of Population Growth..... | 3-12 |
| 3.7.2 Historical Net Migration Trends Across the GTHA, 1991 to 2019 | 3-13 |
| 3.7.3 Linking Historical Net Migration Trends in York Region to the Local Housing Market | 3-14 |
| 3.7.4 Near-Term Immigration Levels for Canada are Likely to Remain Below Historical Averages due to COVID-19..... | 3-17 |
| 3.8 Near-Term Impacts of COVID-19 on Population Growth and Longer-Term Impacts on the Economy and the Real Estate Market in York Region | 3-18 |
| 3.9 Population and Employment Growth in York Region is Supported by Significant Infrastructure Investment..... | 3-21 |
| 3.10 Measuring Performance in York Region Requires a Broad Growth Management Perspective | 3-23 |
| 3.11 Observations..... | 3-24 |
| 4. Assessing York Region's Housing Market..... | 4-1 |
| 4.1 Introduction | 4-1 |
| 4.2 York Region Housing Structure | 4-2 |
| 4.3 York Region Housing Development Trends within the Broader Regional Market Context | 4-3 |
| 4.3.1 York Region has Experienced an Increasing Share of Housing within its Built-up Areas Since 2006 | 4-7 |
| 4.4 Housing Demand Growth Trends by Market Segment and Household Size..... | 4-10 |
| 4.5 Overview of York Region Grade-related Housing Market | 4-12 |
| 4.6 Overview of York Region Condominium Market | 4-15 |
| 4.7 Overview of York Region Rental Housing Market..... | 4-16 |
| 4.8 York Region Residential Supply Opportunities | 4-18 |
| 4.9 Housing Affordability in York Region | 4-21 |
| 4.10 Observations | 4-25 |
| 5. Preliminary Conclusions | 5-1 |
| 5.1 Introduction | 5-1 |
| 5.2 Removing Barriers to Housing Choice in York Region | 5-2 |



Executive Summary



Executive Summary

To better understand how macro-economic conditions, as well as regional and local real estate development trends, are influencing current housing trends across the Region, York Region is embarking on the development of a Foundational Housing Analysis. This analysis, which is being prepared as background to the Region's municipal comprehensive review (MCR) update, will help inform York Region's updated Regional Official Plan (ROP) population and housing forecast to the year 2051. A critical consideration in the development of the 2051 housing forecast will be the need to strike the right balance between market demand and long-term housing policy objectives, particularly those related to housing supply and housing affordability.

This Brief provides the preliminary findings of the Foundational Housing Analysis, largely as it relates to how the growth of the Region's population and housing base has been tracking to its regional competitors, the reasons for the estimated shortfall, and where on-going unmet housing needs are likely to persist. Further, it provides a closer examination of anticipated residential real estate market demand, including potential barriers to housing choice, within the context of available housing supply. Core to this analysis is an examination of the following key questions:

- 1. Why has the population in York Region recently been growing slower than the near-term population estimates set out in the York Region 2010 Regional Official Plan forecast?**
- 2. What are the near-term disruptive factors and longer-term growth drivers that are anticipated to impact growth trends across York Region?**
- 3. How has the York Region housing market been evolving in recent years and what are the “strengths/weaknesses” of the York housing market within the context of the broader regional market area?**
- 4. What steps are required to ensure that York Region is successful in meeting its population, housing, and employment growth objectives over the 2051 planning horizon?**



Q1. Why has the population in York Region recently been growing slower than the near-term population estimates set out in the York Region 2010 Regional OP forecast?

A1. York Region's population has been growing slower than the near-term York Region OP population estimates largely because the Region lacks supply of affordable housing opportunities, particularly grade-related ownership housing and purpose-built rental accommodations.

Current Population and Housing Estimates for York Region have not Kept Pace with Near-Term estimates in the York Region 2010 ROP

- In accordance with the analysis provided herein, York Region's 2021 population and housing estimates are approximately 1,227,000 and 388,800, respectively. Comparatively, the Region's 2021 population and household estimates are approximately 87,000 persons below the York Region 2010 ROP population 2021 forecast and 36,000 households below the 2021 housing estimates which inform the York Region 2010 ROP
- York Region is tracking at 93% of its 2010 ROP population forecast. Comparatively, York Region is tracking below every other upper-tier and single-tier Greater Toronto Hamilton Area (GTHA) municipality except Durham Region.
- Of the Greater Golden Horseshoe (GGH) upper-tier and single-tier municipalities surveyed in this Brief, York Region was the only municipality that experienced a relatively slower annual population growth rate between 2016 and 2021 compared to the previous five-year period.

External Factors have Influenced the Distribution and Pace of Growth Across York Region Compared to what was Forecast in the York Region 2010 ROP

- The alignment of the forecast population and employment growth with major infrastructure projects is a key aspect of the Region's MCR. Delays to major infrastructure projects can have a significant impact on the timing growth and available supply of greenfield land for urban development.
- The Upper York Servicing Solution, originally estimated to be completed in 2016, has been delayed to 2026 at the earliest. This delay has constrained



development, particularly in greenfield areas, in East Gwillimbury, Newmarket and Aurora.¹

- Provincial Planning policy has also influenced the amount, type and location of development which has been accommodated across York Region over the past two decades.
- Since the release of the Growth Plan in 2006, GGH municipalities including York Region, have been in a continuous cycle of developing and defending growth management processes and OP Updates.
- The prolonged delay of York Region's 2010 ROP as a result of numerous appeals at the Regional and local levels in response to conformity requirements of the Growth Plan, 2006, have potentially delayed the timing of large-scale developments within several greenfield areas throughout the Region.
- While these delays do not appear to have limited the Region's ability to meet its near-term housing supply requirements on a Region-wide basis in accordance with provincial policy, it does appear that such delays have created housing supply shortfalls, particularly in greenfield areas, at the local municipal level.²

Annual Net-Migration in York Region has Underperformed Relative to the GTHA Average

- Between 2001 and 2015, a downward trend was experienced in average annual net migration levels across the GTHA. This can be largely explained as a result of two factors: 1) changes to federal immigration policy; and 2) structural economic changes and regional economic cycles.
- This downward trend in annual net migration was followed by a sharp rebound in average annual net migration levels across the GTHA between 2015 and 2019, as a result of changes to federal immigration policy and the gradual recovery of the GTHA economy following the 2008/2009 financial crisis.
- Between 2001 and 2017, York Region experienced a more pronounced downward trend in net migration relative to the GTHA average. Furthermore, the relative increase in international net migration levels experienced across the

¹ 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. Growth and Infrastructure Alignment.

² As set out in section 1.4.1. of the Provincial Policy Statement, 2020.



GTHA between 2016 and 2019 was not experienced to the same extent in York Region.

- A direct correlation can be drawn between increasing housing prices and declining net intra-provincial migration (i.e. migration to York Region from other areas of the Province) to York Region. During the 2005 to 2019 period, average resale house prices in York Region steadily increased. During this same time period, net intra-provincial migration to York Region steadily declined and has been negative since 2014/2015.
- A lack of housing supply across York Region related to certain housing products, most notably affordable grade-related housing and purpose-built rental accommodations, has limited the Region's recent population and housing growth potential.¹ This is further discussed in question number 3 below.

Q2. What are the near-term disruptive factors and longer-term growth drivers that are anticipated to impact growth trends across York Region?

A2. A range of broad factors and local conditions will continue to have a strong influence on the Region's relative performance regarding long-term population and employment growth. These broad factors and local conditions include:

- **Macro-economics;**
- **Demographics;**
- **Federal immigration and trade policy;**
- **Provincial, Regional and local planning policy;**
- **Provincial, Regional and local infrastructure investment;**
- **Regional competitiveness, and**
- **Availability of local affordable housing supply.**

Over the near-term (i.e. 2020 and 2021), COVID-19 is anticipated to reduce immigration levels across Canada, including York Region, relative to recent

¹ In Canada, housing affordability is often measured through the shelter cost-to-income ratio. A ratio of 30% is commonly accepted as the upper limit for affordable housing. Households spending more than 30% on housing are generally considered in need of more affordable housing alternatives. This measure is applicable to both owner-occupied and rental dwellings.



historical averages. COVID-19 is also accelerating technological disruptions related to the nature of work and commerce which were already in play prior to the pandemic.

Employment Growth Opportunities in York Region will be Increasingly Geared Towards an Increasingly Knowledge-Driven Economy

- In recent decades, structural changes in the macro-economy have transitioned the Provincial and York Region economies away from goods production and towards service delivery within an increasingly knowledge-driven economy. These structural changes have been largely driven by increased outsourcing of domestically manufactured goods to emerging global markets combined with increased automation of manufacturing processes. Ultimately, these changes will continue to influence regional planning, economic development, and marketing initiatives across York Region.

York Region's Aging Population is Placing Downward Pressure on Population Growth and Labour Force Participation Rates

- It is important to recognize that the provincial population, including York Region, is getting older due to the large concentration of Baby Boomers.¹ The aging of the Regional population base further reinforces the need to attract younger population age groups to the Region, particularly those characterized as Millennials and Generation Z.²
- Not only is the Baby Boom age group large in terms of its population share in York Region, it is also diverse with respect to age, income, health, mobility, and lifestyle/life stage. When planning for the needs of older adults, it is important to consider these diverse physical and socio-economic characteristics relative to younger population age groups. On average, seniors, particularly those in the 75+ age group, have less mobility, less disposable income, and typically require increased health care compared to younger seniors (65-74 age group) and other segments of the younger working-age population. Typically, these

¹ Baby Boomers are generally defined as those born between 1946 and 1964.

² Millennials are generally defined as those born between 1980 and 1992. For the purposes of this study, we have assumed that those born between 1993 and 2005 comprise Generation Z.



characteristics associated with the 75+ age group drive the demand for relatively higher density housing forms (e.g. apartments and seniors' homes) that are in proximity to urban amenities (e.g. hospitals/health care facilities, amenities and other community services geared towards older seniors).

COVID-19 will Continue to be Extremely Disruptive Over the Near Term and will have Long-Term Effects on the Economy

- The recent downward impacts associated with coronavirus disease (COVID-19) on global and national economic conditions have been severe. Economic sectors such as travel and tourism, accommodation and food, manufacturing, energy, and financial have been hit particularly hard. Canada's GDP declined by approximately 39% in the second quarter of 2020 (April to June), even when economic activities improved in May and June as containment measures gradually loosened beginning in May 2020.¹
- In addition to its broader impacts on the economy, COVID-19 is also anticipated to accelerate changes in work and commerce as a result of technological disruptions which were already in play prior to the pandemic. As such, enterprises will increasingly be required to rethink the way they conduct business, with an increased emphasis on remote work enabled by technologies such as virtual private networks (VPNs), virtual meetings, cloud technology and other remote work collaboration tools. These trends are anticipated to have a direct influence on commercial and industrial real estate needs over both the near and longer terms.
- In light of these anticipated trends, it is important to consider the manner in which these impacts are likely to influence the nature of employment, by type as well as by place of work. Ultimately, increased emphasis on remote work enabled by improvements in technology may reduce the relative need for future commercial and institutional building space associated with the employment forecasts set out in Schedule 3 of the Growth Plan, 2019.

¹ Reuters Business News, August 28, 2020.



A Number of Positive Factors are Anticipated to Drive Long-Term Economic Growth Across York Region

- Despite the above-mentioned disruptive factors, the long-term economic outlook for the GGH, including York Region, remains positive.
- With its strategic location, diverse economy and growing skilled labour force base, the GGH is highly attractive on an international level to new businesses and investors. In turn, this continues to support steady population and housing growth within this region, largely driven by international net migration. The strength of the broader regional GGH economy presents a tremendous opportunity for York Region's economy and its residents within commuting distance to this growing broader regional employment market.
- York Region has been particularly competitive in its ability to distinguish itself as a hub for innovation and technology while encouraging ongoing entrepreneurship, small business development, and investment retention. These efforts have produced a diverse and growing local economy within the Region relative to other surrounding upper-tier/single-tier municipalities.
- York Region also boasts the highest concentration of residents in tech occupations within the Toronto-Waterloo Innovation Corridor, a technology supercluster which generally includes the municipalities within the GTHA, the City of Guelph (including surrounding area) and the Region of Waterloo.
- As a result of these broader growth drivers, as well as local investments and initiatives, in the long-term York Region is anticipated to remain attractive to new industry and residents.
- By the year 2051, York Region is expected to grow to approximately 2 million people in accordance with A Place to Grow: Growth Plan for the GGH, York Region's employment base is also forecast to steadily increase over the next several decades. By 2051, York Region's employment base is forecast to reach 990,000, which represents an estimated increase of 446,000 jobs, in accordance with the Region's 2016 job base of 544,000.¹

¹ Statistics Canada Census, 2016.



- Q3. How has the York Region housing market been evolving in recent years and what are the “strengths/weaknesses” of the York housing market within the context of the broader regional market area?¹**
- A3. York Region’s housing market has been steadily shifting from low-density housing types towards medium- and high-density housing forms. The Region’s recent success related to residential intensification can be largely attributed to significant infrastructure investments, as well as planning and economic development initiatives geared to promoting the relationship between city building and economic development within the Built-up Area (BUA).**

While the current housing supply within York Region is sufficient to accommodate near-term demand at the Regional level, a lack of affordable grade-related homes is constraining the Region’s growth potential. Across York Region there is also a limited supply of purpose-built rental units to address the significant growth anticipated in renter occupied dwellings.

York Region’s Housing Market has been Steadily Shifting from Low-Density Housing Types Towards Medium- and High-Density Housing Forms

- Over the 2006 to 2019 period, York Region averaged approximately 8,300 residential unit completions per year.² Low-density housing completions (i.e. single and semi-detached) represented nearly two-thirds of completions from 2006 through 2010; however, this share steadily fell to 43% in more recent years between 2016 and 2019.
- Historically, York Region has accommodated a notable share of housing development activity within the broader regional market area. Over the 2006 to 2019 period, York Region accounted for the second largest housing unit share in the broader regional market area, second only to the City of Toronto. While a large regional market share of housing has been captured in York Region over

¹ For the purpose of this study, the broader market area is defined as the neighbouring upper-tier and single-tier municipalities of the Greater Toronto Hamilton Area as well as the Simcoe Area and Dufferin County.

² Canadian Mortgage and Housing Corporation (C.M.H.C.) housing completions data.



the past two decades, the Region's share of new housing units declined from 25% over the 2006 to 2010 period to 19% over the 2011 to 2019 period.

York Region has Experienced an Increasing Share of Housing within the BUA Since 2006

- Since 2006, a notable share of residential development activity has been accommodated within the BUA indicating that there is a growing market for higher density residential intensification. Since 2006, the Region's share of residential development activity within the BUA has steadily increased, from 45% during the 2006 to 2010 period, to 54% from 2016 to 2019.
- The Region appears to be well on track to exceed its current intensification target of 40% for all housing development accommodated over the 2006 to 2031 period, having achieved 50% intensification from 2006 to 2019.

Major Transit Infrastructure Investments Combined with Planning and Economic Development Initiatives have been Key Factors in the Region's Success Related to Housing Intensification

- The Region's recent success related to residential intensification can be largely attributed to significant infrastructure investments, as well as planning and economic development initiatives geared to promoting the relationship between city building and economic development in these areas.
- To date, \$3.6 billion has been invested in Bus Rapid Transit, the Toronto-York Spadina Subway Extension, and facilities and terminals to support Regional Centres and Corridors. The Province has committed a further \$5.6 billion of partial funding for the Yonge Subway Extension, out of a total of \$11 billion required from different levels of government to construct the subway and additional Bus Rapid Transit in the form of rapidways.
- Since the opening of the subway extension in 2017, the Vaughan Metropolitan Centre (VMC) has experienced a significant increase in high-density residential growth, reinforcing the positive return on investment from this transit investment, as well as the planning efforts and economic development efforts concentrated in this area.
- In addition to the significant financial investments that have been made to high-order transit in York Region, the Region has focused its efforts on marketing strategies and initiatives, aimed to promote intensification and office attraction



with Transit Oriented Development (TOD). For example, the “York Link” campaign works together with the Centres and Corridors program to promote office development, with particular focus on cultivating the Region’s growing knowledge-based economy.

Housing Supply Constraints are Impeding the Region’s Near-Term Growth Potential

- Within the context of the broader regional market area, average housing prices for new detached units in York Region (average of \$1.7 million in 2019) are amongst the highest, second only to the City of Toronto (\$1.9 million). While York Region’s new detached home prices are similar to Halton Region (\$1.6 million) and moderately higher than in Peel Region (\$1.3 million), prices in York Region are notably higher than in neighbouring municipalities of Durham Region (\$920,000), Dufferin County (\$970,000), and Simcoe County (\$680,000).
- While the current supply of total housing within York Region is sufficient to accommodate forecast near-term demand at the Regional level, a lack of housing choice exists related to affordable grade-related homes compared to most other upper-tier/single-tier municipalities examined within the broader regional market area.
- This lack of affordable grade-related homes, which could potentially be marketed to younger families as well as middle-income households, is particularly relevant for northern York Region municipalities.¹ In the near term, increasing greenfield housing development opportunities, particularly in northern York Region, should help to broaden market choice and provide more affordable, grade-related housing options for the Region.
- Looking forward, the Region will need to be proactive in working with private sector partners and senior government in offering a greater supply of grade-related housing options, largely marketed to young adults and moderate-income households, most notably in northern York Region.

¹ Middle-income households are defined as those with income of approximately \$60,000 and \$95,000 per year before taxes (in 2019 dollars).



York Region's Condominium Market has Experienced Strong Growth Over the Past 15 Years

- York Region has experienced significant growth in the condominium market development since 2006. Between 2006 and 2018, York Region's condominium housing base expanded by over 250%, from approximately 16,000 to 41,000 units, representing an average annual development activity of 2,100 units.
- Average prices of units under construction and pre-leasing are \$548,000 and \$657,000, respectively.¹ Recently constructed condominiums (last 10 years) have averaged 69 units (738 sq.ft.) in size, with the majority of these units having one and two bedrooms. As such, many of these units are not large enough to adequately accommodate families with children.
- While the strong rate of condominium development is a positive trend, additional housing opportunities will be required in the Region's primary rental housing market to address housing needs associated with lower- and middle-income households.

York Region's Supply of Purpose-Built Rental Housing is Relatively Limited

- Across York Region there is also a limited supply of purpose-built rental units to address the significant growth anticipated in renter occupied dwellings. York Region's purpose-built rental inventory was largely constructed over the 1960 to 1980 period, and since that time the Region has seen limited purpose-built rental development.
- Vacancy rates in purpose-built rental housing in York Region have historically been lower than the provincial average and are currently at 1.0% (compared to the provincial average of 2.0%), indicative of a very tight market in purpose-built rentals.
- The Region's limited supply of affordable grade-related housing options is one factor that has contributed to the Region's limited household growth in younger adults over the past two decades.

¹ Urbanation data, September 2020.



- Q4. What actions are required to ensure that York Region is successful in meeting its population and housing growth objectives over the 2051 planning horizon?**
- A4. The following actions are recommended to ensure that the Region is successful in meeting its long-term population and housing growth objectives:**
- Understand the broader factors that are influencing economic and demographic growth trends across the GGH, but continue focusing on local growth initiatives that are within the control of York Region;
 - Continue emphasizing the importance of Placemaking in local planning and economic development;
 - Work with public and private partners to provide a more diverse supply of housing, including purpose-built rental housing options, across a broad range of income groups;
 - Explore approaches to increase the supply of affordable housing across York Region to avoid future labour shortages and improve the Region's economic competitiveness; and
 - Continue Emphasizing an Integrated Approach to Long-Term Growth Management

These actions are discussed further below.

Continue Focusing on Local Issues that are within the Control of York Region

- While it is important to understand the broader macro-economic and global factors that are anticipated to influence both near-term and longer-term growth trends in York Region, it is also important to recognize that the Region has limited control to influence many of these inputs when planning for its future. In contrast, York Region has considerable control to influence its competitive position by focusing on the interconnection between local job creation and housing choice.



- When considering the Region's regional competitive ranking, York Region has considerable control and ability to position itself in a positive manner. This requires the Region to continue marketing itself as a hub for innovation, equipped with the human capital that is required to encourage on-going innovation, entrepreneurship, small business development, and local investment retention. This is becoming increasingly relevant during the current pandemic and will be progressively pertinent in the post-pandemic period as continued structural changes in the economy and technological disruption continue to enable work at home employment opportunities and remote learning.

Continue Emphasizing the Importance of Placemaking in Local Planning and Economic Development Initiatives

- A key objective of both the provincial Growth Plan and the York ROP is to build healthy and complete communities in a manner that enhances livability and economic prosperity, while protecting what is important to residents and local businesses.
- These long-term objectives emphasize the importance of measuring performance against quantitative metrics such as population and employment growth, as well as broader city building indicators related to housing, neighbourhood design, transportation, environment, health, social engagement, financial sustainability, and opportunity. While it is beyond the scope of this study to examine all the broad indicators outlined herein, this Foundational Housing Analysis specifically focuses on the role of housing as a key building block to the Region's long-term growth management objectives.
- With these broad city building objectives in mind, "place making" is increasingly recognized as an important planning component in creating diverse and vibrant communities, which in turn can help attract local population and job growth provided that other necessary infrastructure requirements are met. This is particularly relevant for mixed-use environments that integrate a broad range of housing options by type, tenure, and affordability with retail, office, and institutional uses as well as other population-supportive amenities (e.g. entertainment and cultural activities). Such areas should be planned to achieve a compact, transit-supportive, and pedestrian-oriented environment with access to public open space and other civic infrastructure.



Work with Public and Private Partners to Provide a More Diverse Supply of Housing, Including Purpose-Built Rental Housing Options, Across a Broad Range of Income Groups

- To maintain a well-balanced, strong community and ensure long-term sustainability, it is vital that York Region offer a wide range of housing options for a broad range of income groups. Housing affordability is a key component of quality of place and directly linked to population and economic growth potential, and municipal competitiveness.
- Housing affordability is determined by a range of community, regional and provincial/national level factors that influence supply and demand for housing, cost of residential development, and ownership carrying costs and rental market rates. Many factors are national/provincial in nature which York Region has limited influence. This includes such factors as the regulatory environment, dollar exchange rate and interest rate policy.
- There are a range of housing affordability factors specific to the municipality and ones over which York Region has some influence or control. This includes market choice of housing stock by built form and tenure (including the provision for purpose-built rental housing), the availability of developable residential lands, municipal servicing, and land use permissions.
- Working with public and private sector partners, York Region should continue to ensure that the long-term housing forecast is aligned with anticipated demand by household income, age group and household size.
- While York Region's median household income is relatively high, the Region has experienced an erosion in home ownership affordability over the past 10 to 15 years, similar to the broader regional market area.
- The Region generally offers relatively few affordable home ownership options in both the new and re-sale housing market, limiting market choice for medium- and lower-income households. The aging of the population, combined with the continued erosion of housing affordability, is anticipated to place increasing demand for affordable housing products across York Region.
- The Region will also need to offer a greater supply of purpose-built rental housing to accommodate growing needs across all age groups and income levels, but particularly the 75+ age group driven by the Region's aging Baby Boomers. If not appropriately addressed, these housing barriers could have the



potential of constraining the Region's competitive position by limiting its ability to attract talent (i.e. skilled labour) and reducing its livability over the longer term.

- Despite the feasibility challenges of purpose-built rental developments, over the last few years a select number of new private-sector rental developments have been constructed in York Region. These projects have been possible, in part, through the use of a range of municipal financial incentives and planning tools made available by York Region, area municipal partners, and upper levels of government.

Address the Interconnection Between the Region's Competitive Economic Position and its Longer-Term Housing Needs by Market Segment

- Addressing the interconnection between the Region's competitive economic position and its longer-term housing needs by market segment is critical in realizing the Region's future forecast population and employment growth potential, as well as the Region's ultimate goals related to prosperity, opportunity, and livability.
- The Region recognizes that the accommodation of skilled labour and the attraction of new businesses are inextricably linked and positively reinforce one another. To ensure that economic growth is not constrained by future labour shortages, effort will be required by York Region and its local municipalities to continue to explore ways to attract and accommodate new skilled and unskilled working residents to the Region within a broad range of housing options.
- Attraction efforts must also be linked to housing accommodation (both ownership and rental), infrastructure, municipal services and amenities, as well as quality of life attributes that appeal to the younger mobile population, while not detracting from the Region's attractiveness to older population segments.

Continue Emphasizing an Integrated Approach to Long-Term Growth Management

- In recent years, York Region has begun to incorporate an integrated approach to land-use planning, servicing, and financial management within the broader context of Regional growth management.¹ Moving forward, this integrated

¹ The Regional Municipality of York, Committee of the Whole Planning and Economic Development. Report to the Commissioner of Corporate Services and Chief Planner. Growth and Infrastructure Alignment. June 13, 2019.



approach to growth management must also embrace the Region's economic development principles to ensure the Region achieves its long-term economic growth potential in a financially sustainable manner.

- Given the level of infrastructure investment required to accommodate anticipated long-term residential and non-residential development across York Region, the Region will need to ensure that the prioritization and staging of capital is well-aligned with anticipated real estate market trends. It is recognized that if major capital projects are not well-aligned with market demand, the Region will be at risk of accelerating further debt accumulation. This potential risk could increase with a prolonged economic downturn and/or slow economic recovery resulting from COVID-19, reduced revenue associated with slower growth, and lower revenues required to pay for growth-related capital. In turn, delays to major infrastructure investment would reduce the Region's competitive position relative to the broader regional market area by limiting new business development and housing choice.
- To minimize these financial risks, the Region's Fiscal Strategy recognizes the need to align near-term development priorities with locations that offer development capacity within existing infrastructure.
- Through a balanced approach that incorporates economic and real estate market demand factors against broad provincial and regional interests, the Region will be better equipped to identify where financial incentives and planning tools are potentially needed to stimulate residential and non-residential development activity where market forces alone are not delivering a desired outcome.

Following this Brief, the Foundational Housing Analysis Report is scheduled to be finalized in late 2020 and will provide an analysis with respect to long-term housing demand by structure type, tenure and affordability within the context of the Region-wide housing forecast prepared by York Region staff as part of the current ROP Review.

INNOVATIVE HOUSING

OPTIONS to SUPPORT AFFORDABLE HOUSING

JANUARY 2021



TABLE of CONTENTS

| | |
|---|-----------|
| EXECUTIVE SUMMARY | 1 |
| INTRODUCTION | 3 |
| APPLYING a YORK REGION LENS | 5 |
| CLASSIFICATION of INNOVATIONS | 6 |
| BUILT FORM and DIVERSIFYING the HOUSING STOCK | 7 |
| INNOVATIONS in DESIGN and CONSTRUCTION | 11 |
| MUNICIPAL PROGRAMS | 14 |
| PROCESS IMPROVEMENTS and FINANCIAL TOOLS | 19 |
| CONCLUSIONS | 21 |
| REFERENCES | 22 |

EXECUTIVE SUMMARY

This attachment provides an overview of housing innovations and approaches to support the development of affordable housing options. Options are organized into four categories, outlined in the table below. In many instances, numerous partnerships are required to deliver these innovations.

| INNOVATION CATEGORIES | INNOVATION | IMPLEMENTATION LEAD |
|--|---|---|
| Built Form and Diversifying the Housing Stock | Live/Work Units | Local Municipalities and Development Industry |
| | Micro Suites | Development Industry |
| | Tiny Houses | Local Municipalities and Development Industry |
| | Adaptive Reuse | Local Municipalities and Development Industry |
| | Family Friendly Housing Policies | Regional and Local Municipalities |
| | Multi-Generational Housing | Development Industry and Public |
| | Secondary/Accessory Dwelling Units | Regional and Local Municipalities |
| | Laneway Housing | Local Municipalities |
| | Co-Housing | Public |
| Innovations in Design and Construction | Modular Construction | Development Industry |
| | Container Housing | Development Industry |
| | 3-D Printing | Development Industry |
| | Complete Units with Unfinished Interior | Development Industry |
| | Passive House | Development Industry |
| | Green Buildings | Development Industry |
| | Timber Buildings | Development Industry |
| Municipal Programs | Publicly Owned Lands | Local and Regional Municipalities |
| | Community Land Trusts | Local Municipality and Non-Profit Organizations |
| | Waiving, Deferring or Reducing Application Fees and Development Charges | Regional and Local Municipalities |
| | Rental Housing Protection (Demolition and Protecting from Condominium Conversion) | Regional and Local Municipalities |
| | Municipal Covenant Tools | Regional and Local Municipalities |
| | Short Term Rental Regulations | Local Municipalities |

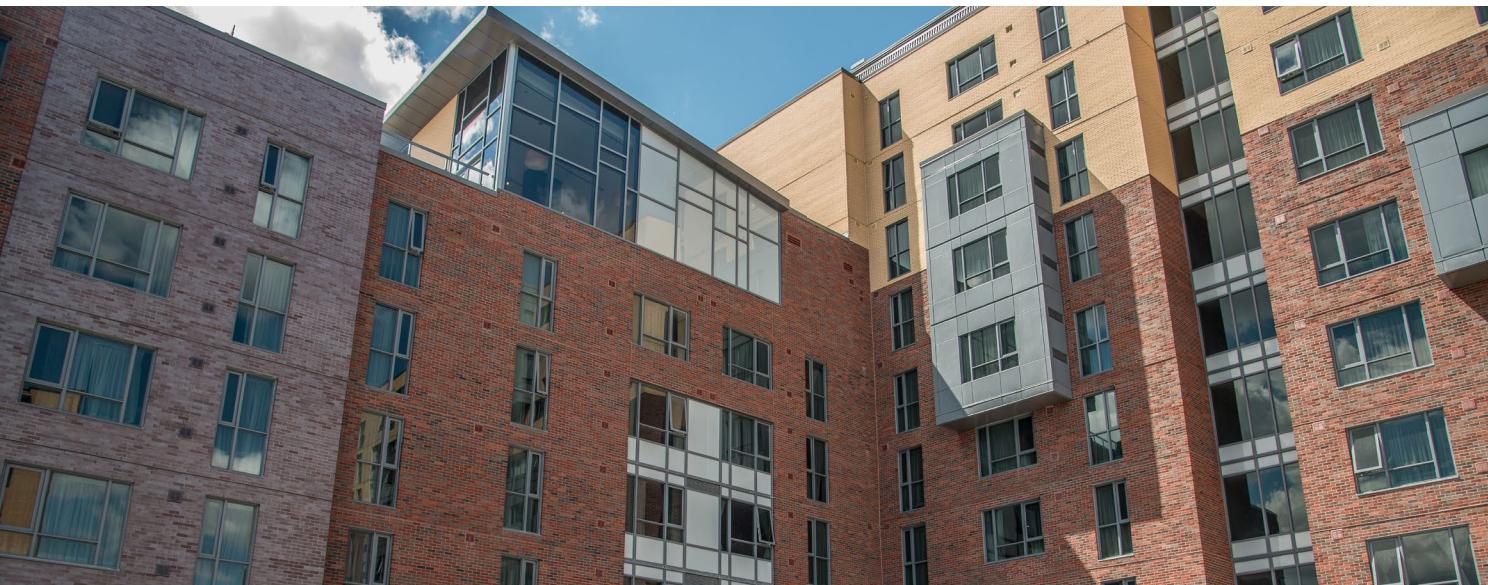
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EXECUTIVE SUMMARY (continued)

| INNOVATION CATEGORIES | INNOVATION | IMPLEMENTATION LEAD |
|---|--|--|
| Municipal Programs (continued) | Reduction or Exemption from Parking Requirements | Local Municipalities |
| | Vacant Unit Tax | Provincial Government, Regional and Local Municipalities |
| | Reduction or Exemption in Parkland Dedication or Cash-in-Lieu | Local Municipalities |
| | Inclusionary Zoning | Local Municipalities |
| | Community Improvement Plans | Regional and Local Municipalities |
| Process Improvements and Financial Tools | Expediting the Approvals Process for Affordable Housing Developments | Regional and Local Municipalities |
| | Phasing Affordability at Each Phase of Development | Regional and Local Municipalities |
| | Affordability through Financing | Federal Government |
| | Lease-to-Own/Rent-to-Own | Private Industry |

The research outlined in this document seeks to identify potential considerations for delivering affordable housing options but have not been evaluated in a York Region context. Further consideration and analysis are required to finalize what could be adopted to support a full mix and range of housing, including affordable housing options, in York Region. This report focuses on a range of innovative approaches, but there could be quick and easy solutions not addressed in this report that use the existing planning framework to deliver affordable options (e.g., updated zoning).

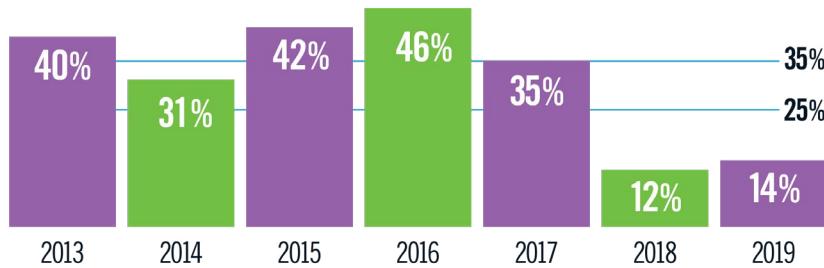
Some of the innovations explored through the research are easy or quick win solutions due to their ease of adoption in a fast and streamlined manner, such as family friendly housing policies. However, some are much more complex and require changes to legislation, additional funding opportunities or extensive commitments from numerous partners. The complexity of each innovation will be explored in subsequent analysis, identifying principles that could impact the level of complexity to implement such as cost, jurisdiction of the innovation (federal, provincial, regional or local), the level of commitment or role of private developers and interest of the public in adopting these new innovations. In the table, the implementation lead is identified. However, partnerships across government, private industry (development industry, financial institutions, etc.), non-profit organizations and the public are required for each innovation explored.



INTRODUCTION

A full mix and range of housing options remains a key component for building complete communities, places where all people can live, work and play. A mix of housing types and tenures, including a range of affordable housing options, is essential to house a local workforce. The Annual Measuring and Monitoring Housing Affordability in York Region reporting identified the continued affordability challenges facing residents and workers in recent years in York Region (Figure 1). A lack of affordable housing options, with only 11% affordable ownership units in 2019, and a low rental supply could continue to impact Regional population and employment growth in the future.

FIGURE 1: PERCENTAGE of NEW AFFORDABLE and RENTAL UNITS by YEAR



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

The Municipal Comprehensive Review sets the framework to support development of affordable housing options across York Region. It provides a foundation for building partnerships and collaborating with a variety of stakeholders to address housing gaps. The proposed policy updates in the Regional Official Plan will aim to streamline existing policies, embed updated policies to align with new Provincial policy direction and incorporate best practices. These updates are intended to enhance the Region's housing related policy foundation and support future on the ground approaches to help address housing issues.

There is opportunity to continue Regional work towards addressing housing gaps. Policies alone are not expected to

address housing gaps in the Region. To help advance solutions, research has been conducted on potential innovations to support delivery of a greater mix and range of housing options, including more affordable options. The innovations and best practices captured are organized into the following categories:

- 1. Built form and diversifying the housing stock**
- 2. Innovations in Design and Construction**
- 3. Municipal Programs**
- 4. Process improvements and financial tools**

For each category captured, there are several potential approaches identified that could help address housing gaps in York Region. Each approach is explained, and case studies are provided. In some instances, York Region does not have direct jurisdiction over the approach provided. Housing solutions are multi-faceted and require participation from multiple partners. While the approaches listed are comprehensive, they are not exhaustive as solutions required to address housing needs are wide ranging and evolving. This housing scan provides an inventory of approaches with potential to address housing need. Best practices will require further research and analysis, conversation with stakeholders and potential partners and evaluations of feasibility in a York Region context. The innovations scan identifies potential options to influence the private market, targeting mid-range income housing needs. This scan took a comprehensive look at some potential innovative solutions to assist in solving the growing affordability challenges in a York Region context.





APPLYING a YORK REGION LENS

Consideration for how to apply this research and best practices scan in a York Region context is important. It must be applicable and adaptable to the diverse needs of each local municipality. The criteria below which apply a Regional lens are for consideration in the future development of Regional programs. Each potential housing innovation outlined requires an evaluation for feasibility based on Regional priorities and are beyond the criteria identified. There are several criteria that should be considered when assessing the viability of mechanisms to address housing gaps, including:

PARTNERSHIPS are ESSENTIAL to SOLVING HOUSING GAPS

No one level of government can solve the housing gaps in York Region alone. Building relationships with a variety of stakeholders, including other levels of government, non-profit housing providers, financial institutions and developers to support the development of affordable housing will be necessary in addressing housing gaps in York Region.

OPENNESS to NEW INNOVATIONS

New housing innovations can mean looking beyond traditional housing designs and the status quo of single-family, semi-detached, townhouse or apartment units. It requires a willingness from both the developer and end user to adopt new and innovative forms of housing types and living styles to be adapted to the local context. In some instances, new regulatory approaches may be required, as some of the approaches identified require the implementation of a new or updated municipal bylaw to implement the approach.

A ONE-SIZE FITS ALL APPROACH may NOT WORK for YORK REGION

York Region's nine local municipalities are unique and a best practice may be a better fit in one local municipality than in others. Solutions in one local municipality may not be as easily adaptable for the adjoining municipality; it will require adaptation and a review of what is plausible for adoption with local municipal staff. There is a need for more affordable family-sized units across York Region. Some innovations do not lend themselves as easily to addressing that need and changing demographics will need to be considered in assessing the viability of these housing innovations.

FUTURE RECOMMENDATIONS to ADDRESS HOUSING GAPS may REQUIRE FINANCIAL INVESTMENT

The need for financial investment in housing programs from all levels of government and private industry, through corporate social responsibility to the communities they build for, is required. At the Regional government level, future financial commitments to housing should be balanced with other important financial investments, such as infrastructure and community services. Potential revenue sources, including ongoing advocacy to the Provincial Government that a portion of the Non-Resident Speculation Tax be shared with single and upper tier municipal governments, could help increase housing options including affordable housing options. Future work on housing and reporting of proposed programs in York Region will advise on the financial implications of housing projects when options and feasibility are further explored.



CLASSIFICATION of INNOVATIONS

The housing innovations research looks at case examples from York Region, Ontario, Canada and beyond. It builds on existing Regional mechanisms for delivering affordability. The research scan of practices can be divided into four distinct categories to help classify the research conducted:

- 1. Built Form and Diversifying the Housing Stock**
- 2. Innovations in Design and Construction**
- 3. Municipal Programs**
- 4. Process improvements and Financial Tools**

The findings presented include the housing innovation, affordability framework and case studies.



BUILT FORM and DIVERSIFYING the HOUSING STOCK

Built form refers to the shape, function and configuration of buildings, including how they connect to public spaces and streetscapes. Built form plays a role in the development of affordable housing options. It can help to diversify the type and size of units available and in some instances deliver more rental housing options (e.g., secondary suites) in areas where there may be limited rental options. A diversified housing stock supports intensification efforts and will help to revitalize existing neighbourhoods and support the best use of existing lands in York Region. Diversifying the housing stock refers more broadly to a full mix and range of housing stock beyond the traditional models of housing types. It considers new ways to develop, intensify and bridge the gap between traditional housing options and modern developments aimed at bringing more affordable housing options to the market.

HOUSING INNOVATIONS and CASE STUDIES

LIVE/WORK UNITS: A live/work unit is a single unit that has both commercial or office use and a residential component occupied as a primary dwelling. This has a growing demand for professionals, including entrepreneurs and other creative industries, that want a dedicated workspace and office for clients to come to, but are unable or unwilling to pay the costs of buying or leasing office, workshop or studio space on top of their living expenses. The viability of these units must be considered on a site by site basis with appropriate zoning in the right location at the local municipal level.

CASE EXAMPLE: → [Mississauga: FRAM Building Group](#)

MICRO SUITES: A micro suite or micro unit is a one-room, self-contained living space that has been designed to accommodate a living area, sleeping area, bathroom and contained kitchenette. The range of square footage fluctuates, with typical ranges between 150 and 450 square feet. Rents and sale prices are traditionally scaled with unit size, offering an opportunity to deliver more affordable options to both the ownership and rental market. This innovation is best suited for more urban, walkable areas close to community facilities and transit-supported, with close proximity to work opportunities. In urban areas, land prices are traditionally more expensive and micro suites or units offer more affordable homes in locations where land costs can be a significant barrier to affordability. In York Region, the feasibility of these micro units are in the preliminary stages of review through work being undertaken by Housing York Inc.

CASE EXAMPLES: → [City of New York: Launch Micro-Mix](#) → [University of British Columbia: Nano Suites](#)



Tiny house living

TINY HOUSES: Tiny homes are small, self-contained residential units built for year-round use with a living area that includes a kitchen, dining, bathroom and sleeping area. A tiny home is limited to the minimum standard set out in Ontario's Building Code (17.5 square metres). They offer a great alternative to save on housing costs as they are cheaper to build and maintain than a traditional ground related unit.

CASE EXAMPLE: › [Township of Leeds and the Thousand Islands](#)

ADAPTIVE REUSE: CONVERSION of OLD BUILDINGS into NEW AFFORDABLE HOUSING: Many private developers and municipalities are using older hotels, offices or places of worship to convert into housing developments, and in some cases affordable housing. A municipality is able to meet its goals of heritage conservation and increased housing supply, while lowering construction costs. Adaptive reuse of historical spaces helps to use existing buildings in a way that can bring life back to a neighbourhood while preserving a unique sense of place.

CASE EXAMPLES: › [Manitoba - St. Matthews Anglican Church](#)
› [Peterborough - The Mount and Sustainable Affordable Housing](#)

FAMILY FRIENDLY HOUSING POLICIES: Family-Friendly Housing Policies help to facilitate the provision of more housing with two to three-bedrooms to maintain healthy and mixed communities, including units large enough for families. Families need affordable housing that meets their needs however the high cost of housing often means families are living in smaller than ideal spaces in order to remain in the community. For many households, larger units are often found in ground related housing stock. A vertical community considers the needs of family sized units and spaces for families in higher density buildings. There is a growing need for family friendly housing developments, with consideration for convenient access to community spaces, transit and other amenities. A family friendly policy lens considers opportunities for utilizing the unit itself, the building and the neighbourhood to function better for larger households.

In the York Region context, this lens was adopted in the creation of the Affordable, Purpose-Built Rental Housing Incentives policy. Greater incentives are granted for developments in centres and corridors where 50% or more units are family-sized (two-bedrooms or greater).

CASE EXAMPLES: › [City of Toronto - Growing Up: Planning for Children in New Vertical Communities](#)
› [Vancouver – Family Room: Housing Mix Policy for Rezoning Projects](#)
and [High Density Housing for Families with Children Guidelines](#)



Secondary unit in the basement of a private home

MULTI-GENERATIONAL HOUSING: A multi-generational home is designed to meet the needs of families consisting of more than two generations living under the same roof. Living in a multi-generational household has several benefits such as lower operating and maintenance costs, cost savings on childcare and potentially better health outcomes. Major homebuilders are now offering "multi-generational" floor plans that make space for three or more generations, or even two different nuclear families sharing one house. Typical features include separate entrances and garages that let family members come and go as they please. Multi-generational housing does not mean using the traditional accessory dwelling unit as a means to have two households in one house (identified as the next option), but that the unit is designed in a way to accommodate the specific needs of that particular multi-generational family (e.g., may have only one kitchen area with separate living spaces in the house for different family members).

CASE EXAMPLE: → [Peel Region – Official Plan Review](#)

SECONDARY or ACCESSORY DWELLING UNITS: Secondary units can provide practical housing options to meet specific needs, including increasing housing choices for low and moderate income households, accommodating an aging population who wish to live independently but also benefit from the support of having their extended families nearby, and promoting more inclusive communities.

Secondary units can maximize densities and help to create income-integrated communities, which can support and enhance public transit, local businesses and the local labor market, as well as make more efficient use of infrastructure and services. This form of diversification provides housing options for renters in the market and is a form of gentle intensification using existing housing stock. The *Planning Act* also permits the use of secondary units, allowing an additional unit in the primary dwelling and one unit in an ancillary building. Policies supporting secondary or accessory dwelling units are required across York Region.

CASE EXAMPLE: → [Town of Newmarket](#)



Laneway Housing City of Vancouver

LANEWAY HOUSING: Laneway suites are secondary dwellings constructed behind traditional street-facing homes on lots abutting a public laneway. Laneway suites increase quality of affordable rental housing, intensify existing neighbourhoods, utilize existing infrastructure and help use sometimes underutilized spaces. An important consideration is the impact on parking if laneway houses were to be used in areas where they are not connected to transit, as this could use all relevant parking spots for that house if not in a transit-supported area.

CASE EXAMPLES: › [Affordable Laneway Suites Pilot Program, City of Toronto](#)
› [Laneway Program, City of Vancouver](#)

CO-HOUSING (RENTAL and OWNERSHIP): Co-housing is a shared living arrangement where two or more unrelated people own and or live in a home together through shared rental agreements or a formal shared ownership approach. Co-owners may share living spaces like kitchens and living rooms, or the home may be divided into separate units. Responsibilities for care and upkeep of the home are usually shared, as well as some amenities and services. Bill 69 or the *Golden Girls Act, 2019* was passed by the Ontario government to encourage all levels of government to recognize that Ontario has an aging population and should support innovative and affordable housing solutions for seniors. It was identified as a solution to the lack of affordable seniors housing available and high cost of maintaining a home.

Beyond seniors, co-housing expands the options available to individuals and families and provides a range of benefits, including affordability by allowing a group to pool resources to buy a house. It provides a way to build equity and brings security that comes with owning your home. The [Government of Ontario has created a guidebook](#) to support individuals looking at co-ownership options. For rental housing, co-housing offers opportunities to share the costs of a larger unit with other individuals, helping to create a sense of community and more affordable housing options due to the shared cost of expenses.

CASE EXAMPLES: › [Port Perry, Durham Region: Golden Girls Act](#)



INNOVATIONS in DESIGN and CONSTRUCTION

The cost of traditional construction methods can be relatively high, increasing the overall price of the unit. Innovations in housing design and construction can influence the ecological impact that these buildings have on the environment, while also creating more sustainable and affordable housing options. In some instances, unit cost is lower with more modest building materials and finishes, in other instances the savings come over time with reduced utility costs.

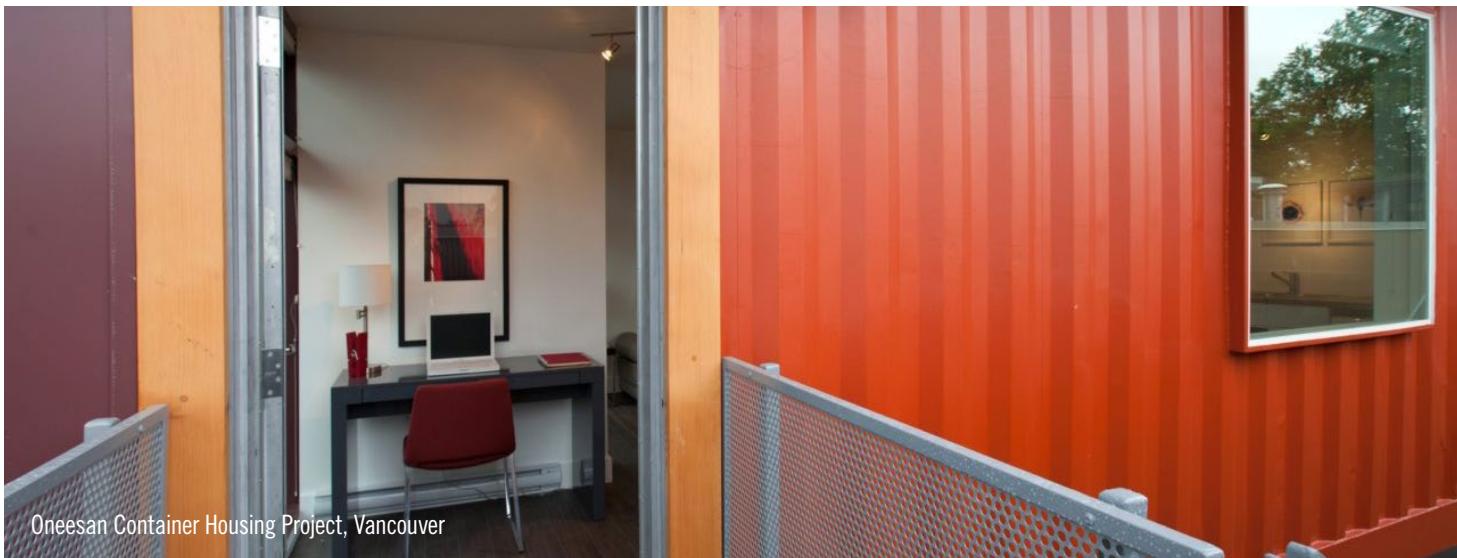
HOUSING INNOVATIONS and CASE STUDIES

MODULAR CONSTRUCTION: Modular construction is a process in which a building is constructed off-site, under controlled plant conditions. Construction of modular buildings occurs simultaneously with site work, allowing projects to be completed 30% to 50% sooner than traditional construction.

Modular buildings can be disassembled and the modules relocated or refurbished for new use, reducing the demand for raw materials and minimizing the amount of energy expended to create a building to meet the new need. The costs of physical construction—the “hard costs”—are a big determinant of selling price or rent of a new home. It also has the potential to yield significant cost savings, with the potential to realize more than 20% of construction cost savings, with additional potential gains in full-life costs (reducing costs through energy and maintenance savings).

CASE EXAMPLES:

- › [Modular Housing Initiative, City of Toronto](#)
- › [Margaret Mitchell Place, City of Vancouver](#)



Oneesan Container Housing Project, Vancouver

CONTAINER HOUSING: A new innovation has been to create affordable housing out of shipping containers. Shipping containers have little to no maintenance and can withstand harsh weather conditions. It is estimated that there are millions of vacant shipping containers in the world that could be repurposed for housing units, helping to bring affordable housing to the market and supporting sustainable solutions and uses for these empty containers. This is both good for the environment and offers an alternative to expensive building costs and time, providing the base structure.

CASE EXAMPLES: → [Oneesan Container Housing Project, Vancouver](#)

3-D PRINTING: While in preliminary stages of development, there are some firms that have been able to develop house-scale, mobile 3-D printing technology. The 3-D printers are built to be easily transported via truck and are capable of printing a home of up to 800 square feet. This specific 3-D printer uses a mortar that can be sourced anywhere and the idea is to develop a technology that can be used in places where there might not be a lot of building resources. These 3-D printed structures not only reduce labour costs, construction time and material wastage, but they are also durable and disaster resistant. Although in early stages of development, it could be considered in the future to deliver more affordable housing options.

CASE EXAMPLE: → [ICON – Austin, Texas](#)

COMPLETE UNITS with UNFINISHED INTERIORS: To save labour and material costs, a developer could leave a portion of completed units unfinished to allow users to finish at their own budget. Occupancy requirements would need to be investigated in terms of what is required to be finished and what can be left incomplete.



DESIGN INNOVATIONS with HIGHER UP-FRONT CAPITAL INVESTMENTS and LONGER-TERM ENERGY SAVINGS

In some instances, there are new innovations in housing design that help to impact affordability through energy savings but require higher up-front capital costs for building the unit for the developer. However, this helps to deliver more affordable rental housing options through lower utility costs for the renter. The innovations are listed below.

PASSIVE HOUSE: Passive House is a standard for energy efficiency that reduces a building's ecological footprint. The approach to more affordable housing is to focus on spending money up front to create energy-efficient buildings with lower maintenance and operating costs. By implementing passive house standards, developers can significantly curtail greenhouse gas emissions while drastically reducing utility costs. Some key elements of passive design are:

- › An airtight building envelope, which minimizes heating and cooling loss by air leakage.
- › High levels of insulation, so the building doesn't lose heat through its envelope.
- › Eliminating or reducing thermal bridging through the envelope to further reduce heat loss.
- › Using high-quality windows.
- › Placing windows in such a way as to maximize daylight and occupant experience.

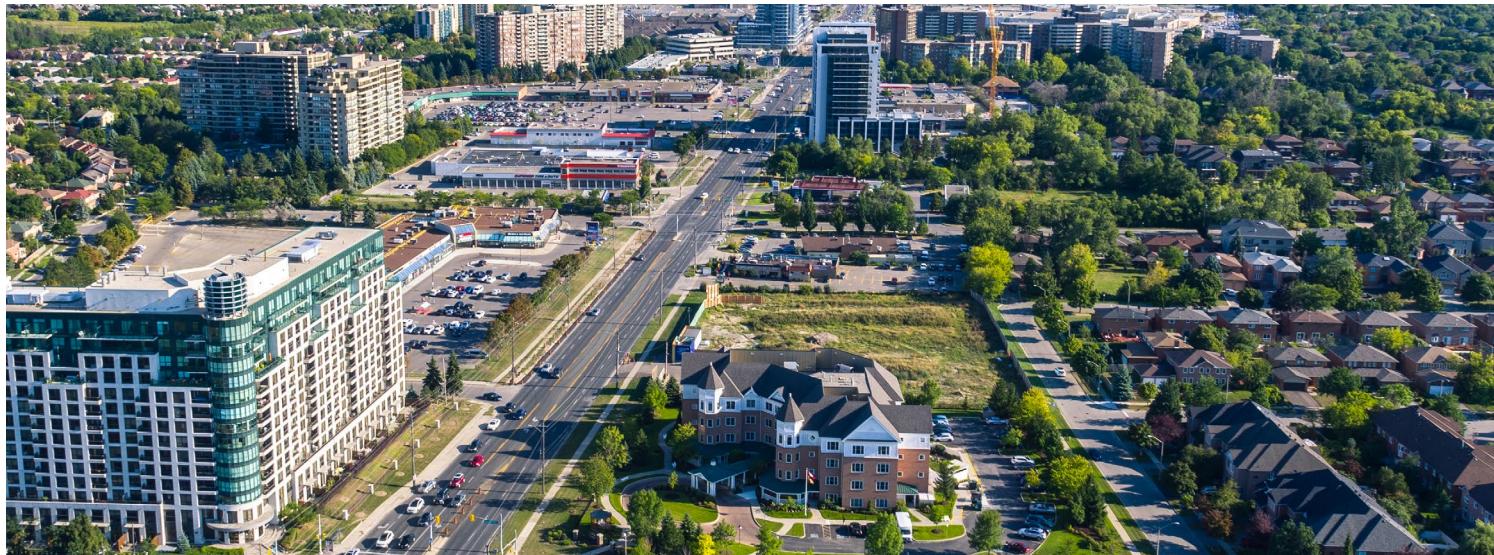
CASE EXAMPLE: › [Cordage Green, Welland, ON](#)

GREEN BUILDING: Green building design uses renewable resources and less energy which makes them more affordable. Smaller designs and alternative and salvaged building products conserve resources and therefore can cost less than traditional approaches. Short-term, more immediate cost-saving examples include high efficiency water and energy appliances. Longer-term financial saving investments include solar panels and grey water technologies.

CASE EXAMPLE: › [York Region: Sustainable Development through LEED Incentive Program](#)

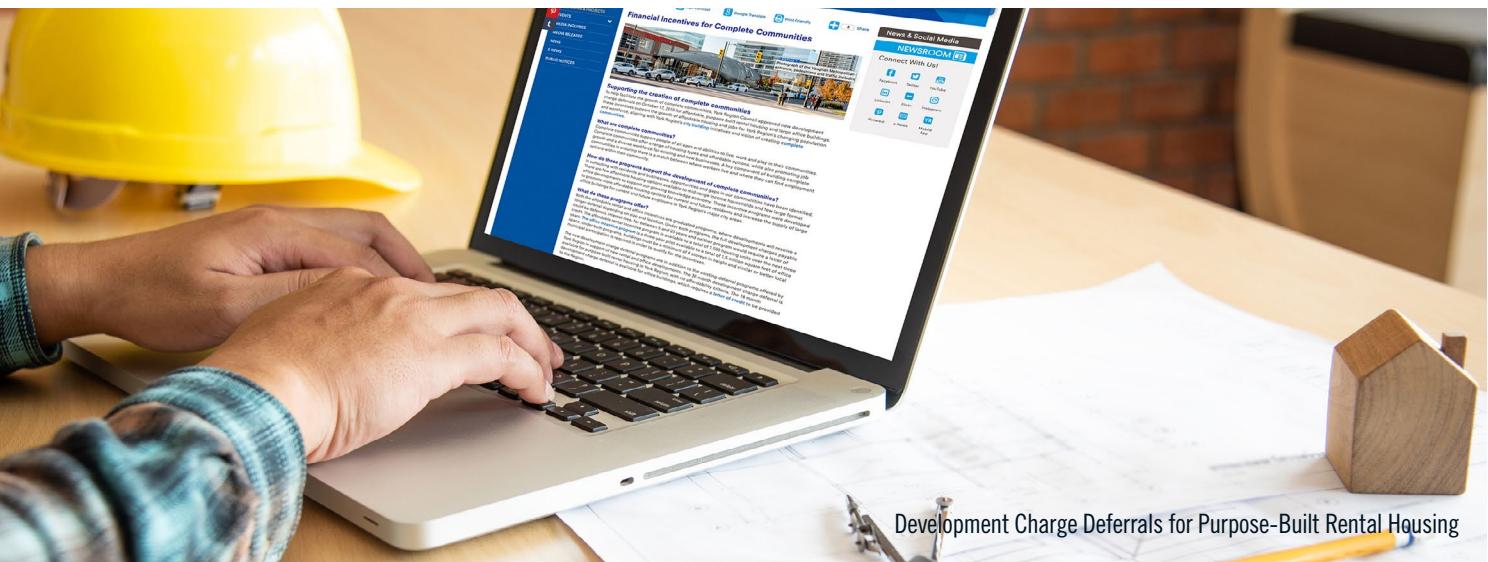
TIMBER BUILDINGS/CROSS LAMINATED TIMBER: Timber framing or post-and-beam construction are traditional methods of building with heavy timbers, creating structures using squared-off and carefully fitted and joined timbers with joints secured by large wooden pegs. Although supply chain challenges currently exist with this innovation in Ontario leading to increased costs to building with timber, this could be a future innovation to consider in supporting affordable housing options in a sustainable way.

CASE EXAMPLES: › [University of British Columbia: Brock Commons](#) › [Oslo, Norway](#)



MUNICIPAL PROGRAMS

To help bridge the gap between market prices and feasibility and affordability, government incentives can help financial viability. This includes making publicly owned lands available for affordable housing through grants, reduced prices or long-term leases. In some cases, the delivery of incentives requires a mechanism to legally deliver them. These mechanisms are also captured in this scan. The municipal programs identified are not recommendations for use, but considerations for what is available, and their potential use in a York Region context would require additional discussion and evaluation. There may be additional easy, "quick win" solutions offered through the existing planning framework that could support affordable developments, which may include options such as infill development, pre-zoning or broadening the existing zoning framework. These options are not explored as innovations in this report but should be explored in the supplementary analysis for York Region-based solutions.



Development Charge Deferrals for Purpose-Built Rental Housing

HOUSING INNOVATIONS and CASE STUDIES

PUBLICLY OWNED LANDS: Publicly owned land is land owned by the Government that is either vacant or underutilized and no longer needed to deliver government services. There are several options for what the government could do to the land, including selling the land at market value and redirect funding for affordable housing on a more suitable location, selling the land below market value in exchange for affordable housing units, or leasing the land to a developer or non-profit organization, based on the number of affordable units to be provided. Some municipalities have adopted a housing first policy for surplus city-owned land. In some instances, municipalities work with Non-Profit and the Co-operative Housing Sector to partner on municipally owned lands to develop affordable housing.

CASE EXAMPLES: [Region of Peel: ROPA 23](#) [City of Vancouver: Affordable Housing Agency](#)

COMMUNITY LAND TRUSTS: A Community Land Trust (CLT) is a nonprofit corporation that develops and stewards affordable housing, community gardens, commercial spaces and other community assets on behalf of a community. The trust may retain title to properties and convey homeownership through a long-term ground lease to ensure continued affordability. The CLT obtains and holds land and housing for the benefit of the community in which it exists. The CLTs maintain affordability in dual ownership, the separation of land ownership (owned by the CLT) from ownership of the housing or buildings on the land itself, which is leased out to individuals or non-profit organizations over a long-term period. CLTs are designed to be membership-based organizations that are legally governed by a board of directors, often made up of lease holders and renters, community members, public servants and non-profit organizations. There are three types of CLTs: community-based, sector-based and publicly based.

The CLT retains an option to repurchase any residential (or commercial) structures on its land if their owners ever choose to sell. The resale price is set by a formula contained in the ground lease that is designed to give present homeowners a fair return on their investment but giving future homebuyers fair access to housing at an affordable price. By design and by intent, the CLT is committed to preserving the affordability of housing (and other structures), one owner after another, and one generation after another, in perpetuity.

CASE EXAMPLES: [Parkdale Neighborhood Land Trust \(PNLT\) – Toronto](#) [Land Trust Project – Vancouver](#)

WAIVING, DEFERRING or REDUCING APPLICATION FEES and DEVELOPMENT CHARGES:

A reduction or waiver of fees for applications for affordable housing development would help reduce costs associated with development. A development charge bylaw can:

- › Identify the relevant jurisdiction (part or whole of the municipal jurisdiction)
- › Phase in development charges to stimulate development
- › Exempt or reduce development charges for types of development specified in the bylaw

In order to impose development charges, municipalities must have passed a development charge bylaw. A policy is required to identify the program and parameters for waiving, deferring or reducing development charges or application fees.

CASE EXAMPLE: › [York Region: Development Charge Deferrals for \(Affordable\) Purpose-Built Rental Housing](#)

RENTAL HOUSING PROTECTION (DEMOLITION and PROTECTION from CONDOMINIUM CONVERSION):

Affordable rental units are sometimes lost through demolition or the conversion of existing units from rental to ownership condominiums. Section 33 of the *Planning Act* allows municipalities to designate "demolition control areas" to help maintain existing housing stock. Demolition control areas established under the *Planning Act* can include both ownership and rental properties. Municipalities may enact policies to prohibit and regulate the demolition of residential rental properties containing six or more dwelling units and the conversion of such properties to a purpose other than residential rental.

CASE EXAMPLE: › [City of Mississauga](#)

MUNICIPAL COVENANT TOOLS: Covenants can restrict what an owner can do on the lands, and/or allow or restrict an activity to the effect of benefiting local or provincial government. To protect affordable housing, covenants may be used in a housing agreement to restrict who can live on a property and how much the property can be sold or rented for, thereby keeping a home perpetually affordable for future owners. The covenant can also include a listing of fines and other tools to ensure compliance and long-term affordable housing. Development agreement covenants are used to ensure the benefit of affordable housing is provided as part of a rezoning process. This is one way to protect affordable housing in the long-run and protects development agreements to ensure a developer provides the affordable housing benefits they agreed to. Covenants can be cumbersome and require legal expertise in order to enforce.

CASE EXAMPLE: › [British Columbia](#)

SHORT-TERM RENTAL REGULATIONS: Short-term nightly rentals are part of a broader trend of residential property owners earning revenues from nightly rentals (fewer than 30 days). While short-term rentals benefit a homeowner by providing an additional source of income, they reduce the availability of units that could otherwise provide affordable housing options in the market (apartments, suites, rental homes). Regulating short-term rentals through zoning and other tools as well as through enforcement is one way to reduce the impact on the stock of long-term rentals. Leading practices to protect affordable housing supply include full bans on short-term rentals. Both approaches require municipal enforcement.

CASE EXAMPLES: › [Pemberton, British Columbia](#)

REDUCTION or EXEMPTION from PARKING REQUIREMENTS: The cost of providing parking, particularly in areas of higher land costs and/or where underground parking is needed, can add significantly to development costs. Municipalities can reduce capital and maintenance costs for themselves and developers, while facilitating pedestrian-friendly and transit-supportive areas, through agreements that reduce requirements or exempt owners or occupants of a building from providing and maintaining parking facilities, particularly where public transit is available.

CASE EXAMPLE: → [City of Mississauga](#)

VACANT UNIT TAX: A vacant unit tax is designed to increase a city's supply of rental homes by taxing the owners of properties that are not being fully used, thus encouraging them to make the properties available for rent. A vacant unit tax was introduced in Vancouver in 2018, with an implemented 1% property tax on homes sitting empty. The tax generated \$40 million last year and the number of vacant units has decreased by 22% from the previous year.

CASE EXAMPLE:

→ [City of Vancouver Vacant Tax Bylaw](#)

REDUCTION or EXEMPTION in PARKLAND DEDICATION or CASH-IN-LIEU: Section 42 of the *Planning Act* allows a municipality to require a percentage of the land proposed for residential development be conveyed to the municipality for park or other public recreational purposes and Section 42 (6) allows for cash-in-lieu of parkland. Municipalities are able to modify their parkland dedication and cash-in-lieu requirements to facilitate the development of affordable housing in their jurisdiction. Cash-in-lieu of parkland fees are waived or reduced to support either rental or an ownership affordable component of a proposed development.

CASE EXAMPLE: → [Belleville, Ontario](#) → [City of Kingston: Bylaw 2013-107](#)

MECHANISMS to DELIVER AFFORDABLE HOUSING

There are a number of planning tools available that once implemented, act as a mechanism to support delivering of affordable housing options. The tool itself does not deliver affordable housing options on its own.

INCLUSIONARY ZONING: Inclusionary Zoning (IZ) is a local municipal tool that requires or incentivizes private developers to develop a certain percentage of the units in a given project as below market rate targeted for middle-lower income households. IZ may include options and incentives such as density bonuses, reduced development standards, and financial assistance. The proportion of below market rate units a developer must build usually depends on the size of the project. The price of below market rate is based on the Area Median Income (AMI) which makes IZ effective for producing housing for middle-income residents that are not served by other programs which are usually reserved for people earning less than 30% of AMI. These units would then need to be maintained as affordable over a specified period of time.

The *Planning Act* and the associated regulations set out the framework for developing an Inclusionary Zoning program. Each program will differ as it is informed by local affordable housing needs, conditions and priorities and requires the

implementation through a zoning bylaw. The key components of Inclusionary Zoning programs include:

- › an assessment report on housing in the community
- › official plan policies in support of inclusionary zoning
- › a bylaw or bylaws passed under section 34 of the *Planning Act* implementing inclusionary zoning official plan policies
- › procedures for administration and monitoring
- › public reporting every two years
- › available option for lower or single tier municipalities

CASE EXAMPLE: › [City of Markham – Draft Inclusionary Zoning Framework](#)
› [City of Toronto – Inclusionary Zoning](#)

COMMUNITY IMPROVEMENT PLANS: Ontario's *Planning Act* gives municipalities the power to implement Community Improvement Plans (CIPs) as a vehicle for providing financial incentives (grants or loans) to private property owners to undertake physical improvements in areas that are designated within the municipal official plan. Subsection 28(1.1) of the *Planning Act* provides that "community improvement" includes the provision of affordable housing. Municipalities can designate a Community Improvement Project Area, which is the specific area or geographic location where this CIP applies.

Municipalities can consider using CIPs to provide for grants or loans in relation to the provision of affordable housing within CIP project areas. Community improvement programs have been tailored to support municipal redevelopment and revitalization goals such as diversifying employment opportunities, improving accessibility, remediating and redeveloping brownfields, revitalizing core areas, and ensuring a range of housing types that include affordable housing.

CASE EXAMPLE: › [York Region: Affordable Housing Draft CIP](#) › [TIEG Program Guide: Oakville](#)



Expediting the approvals process for affordable housing developments

PROCESS IMPROVEMENTS and FINANCIAL TOOLS

Process improvements are critical to improve the ease to which applications are processed and supporting the transition of housing from inception to the development process and finally, until the units are completed and available to the public. Process improvements facilitate the development of affordable housing options in a timely manner.

HOUSING INNOVATIONS and CASE STUDIES

EXPEDITING the APPROVALS PROCESS for AFFORDABLE HOUSING DEVELOPMENTS: With a lower return on investment, affordable housing projects suffer disproportionately from the costs associated with regulatory processes and delays. A result, fewer affordable housing units are built. Fast-tracked or expedited approvals prioritize applications for affordable housing development, allowing them to essentially "jump the queue" in the standard review process. Some techniques used for lower approval costs include: 'one stop shop' for builders and residents, or priority placement in permitting queues.

CASE EXAMPLES: › [State of Rhode Island: Office of Housing and Community Development](#)
› [Kamloops, British Columbia](#)

PHASING AFFORDABILITY AT EACH PHASE OF DEVELOPMENT : A formalized process for which developments are required to complete affordable housing commitments at each phase of development, rather than deferring the development of affordable housing to a later phase of development. This would ensure that the development of affordable housing is not deferred to a later date, particularly when new affordable units are needed now.

CASE EXAMPLES are not explicitly identified and hard to find, but this solution ensures that affordable housing is delivered and not deferred indefinitely.

AFFORDABILITY THROUGH FINANCING: There are a number of financing options available to meet the changing realities for households in order to afford housing in their communities. Financing options developed through upper levels of government/government agencies (CMHC) and private companies can support households in finding ways to get into the ownership housing market in some capacity.

CASE EXAMPLES: › [Ontario Life Lease](#) › [Reverse Mortgage](#)
 › [Second Mortgage](#) › [First Home Buyer Incentive](#)

LEASE-TO-OWN/RENT-TO-OWN: Lease-to-own is an agreement that a tenant enters into with their landlord where the landlord continues to own the property and the tenant has the option to purchase the home. There are various payment options and stipulations that can be outlined in the agreement. Essentially this is an alternative payment plan for those who cannot afford the up-front capital costs of homeownership (down payment). It allows the renter to build up equity in the home they are leasing and provides the option for long-term tenants to become the homeowner.

CASE EXAMPLE: › [Daniels Home Investment Program: Peel Region](#)



PURPOSE BUILT RENTAL HOUSING OPTIONS CONTINUE to be CRITICAL for DELIVERING MORE AFFORDABLE HOUSING OPTIONS in YORK REGION.

Many of the innovations listed above can be used to address ownership and rental housing gaps. Previous Regional analysis has indicated that due to York Region's low rental supply, Regional financial incentives should be focused on rental housing options. Given the substantial gap between affordable and average market ownership housing prices, purpose-built rental remains one of the key solutions to delivering more affordable options to residents in York Region.

York Region has the lowest percentage of rental units in the Greater Toronto and Hamilton Area. Rental housing provides an affordable alternative to ownership and supports residents to live closer to public transit and in more compact, complete communities. In addition to addressing affordability concerns, rental housing provides flexibility for those that do not want to be tied to the obligations of owning a home. To start to address the low rental supply and lack of affordable options, York Region Council approved the Development Charge Deferrals for Affordable, Rental Housing. These incentives are highlighted in the scan.

CONCLUSIONS

The housing innovations scan provides information on a suite of options to address affordable housing challenges in York Region in the future. This research will help inform future work beyond the Municipal Comprehensive Review process. Although it is a comprehensive list, it is not exhaustive. The list provides potential options for new housing innovations focused on the private market and planning related mechanisms that contribute to more affordable housing options. Further evaluation is required to determine the feasibility and desirability of these innovations, meaning that just because it is listed in this document, does not mean it should be seen as an ideal or feasible way of delivering more affordable options in the York Region context. To solve housing gaps, a commitment from various levels of government, financial institutions, developers, non-profit housing providers and the public are necessary to deliver and support the development of affordable housing options across communities.

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