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**Sent:** Tuesday, June 29, 2021 10:43 AM

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**Subject:** Regional Council Decision - Affordable Housing in York Region - 2020 Measuring and Monitoring

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

On June 24, 2021 Regional Council made the following decision:

1. The Regional Clerk circulate this report to the local municipalities.

The original staff report is attached for your information.

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

Regards,

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

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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  
June 10, 2021

Report of the Commissioner of Corporate Services and Chief Planner

## **Affordable Housing in York Region 2020 Measuring and Monitoring**

### **1. Recommendation**

The Regional Clerk circulate this report to the local municipalities.

### **2. Summary**

This report provides a summary of the 2020 affordable housing measuring and monitoring results (Attachment 1).

Key Points:

- Affordable ownership and rental housing are a key component for building strong, caring and safe communities
- The annual measuring and monitoring exercise provides an assessment of new housing supply for affordability each year
- Lack of affordable housing options continues to be a challenge in York Region
- Regional Official Plan affordability targets have not been met for the third year in a row, with only 8% of all new ownership and rental units in 2020 affordable at the provincial threshold, a decline from 14% in 2019
- In evaluating new ownership housing, only 5% of all new ownership units are below the affordability threshold and approximately 99% of these are studio and one-bedroom condominium units
- One third of total affordable units are in rental tenure, but new rental stock accounts for only 3% of total new units in 2020. This means that a small supply of new rental units is responsible for delivering a large portion of affordable housing options in York Region and there is a need for an increased rental supply to help address York Region's affordability challenges
- Opportunities to address housing challenges in York Region requires exploring new innovations and collaboration across all levels of government, private industry and the non-profit sector

### 3. Background

#### **A range of housing options is integral for building complete communities in York Region**

A full mix and range of housing options, including both affordable ownership and rental, is essential for communities where people of all ages, stages and incomes can live, work and play. A mix and range of ownership and rental housing refers to a variety of suitably sized housing options affordable based on a resident's income and provided in appropriate locations. Currently, York Region has limited purpose-built rental housing and missing middle housing types that support the development of complete communities. A variety of affordable options support economic development and is a major contributor to individual and community health and well-being. A full mix and range of housing options is required to support growth projections in the Regional Official Plan (ROP).

#### **Affordable housing targets in the Regional Official Plan are monitored annually**

The York Region Official Plan requires 35% of new housing in the Region's Centres and key development areas be affordable, and 25% of new housing outside of those areas be affordable. The ownership affordability threshold used in this measuring and monitoring exercise is based on the Provincial definition set out in the Provincial Policy Statement. For ownership purposes, a household income is calculated at the 60th percentile to set the affordable housing threshold (i.e. the maximum house price that the lowest earning 60% of households can afford). In 2020, York Region's annual household income at the 60th percentile was \$125,957 and a housing unit affordable at that income could not exceed \$503,145. The Measuring and Monitoring Affordable Housing exercise provides data and identifies housing gaps to support development of new policies and programs.

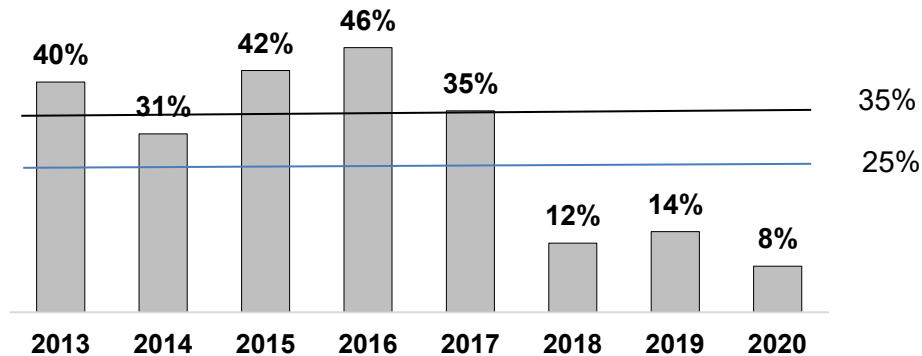
Through the Municipal Comprehensive Review, housing policy targets are being reviewed and directions were outlined in the January 2021 [Regional Official Plan Update – Housing Challenges and Opportunities](#) report.

### 4. Analysis

#### **In 2020, Regional Official Plan targets for affordable housing were not achieved for the third year in a row**

In 2020, the York Region Official Plan affordable housing targets were not achieved, with 8% of new units below the affordable housing threshold. This was a decrease from 14% in 2019, reflecting recent declines in affordability (Figure 1).

**Figure 1**  
**Percentage of New Affordable Units by Year, 2013-2020**



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

Among all new housing units built in 2020, 97% were ownership units and only 3% were rental. Of the 8% affordable new units in 2020, one third (33%) are rental tenure (in 2019, 21% of affordable units were rental), meaning that a small supply of new rental units are responsible for delivering a growing portion of affordable housing options in York Region.

### **The trend of limited affordable ownership options continues, with few family-sized options available**

The majority of affordable units in York Region are studio or one-bedroom ownership condominiums and rental units in the secondary market, with limited family-sized options available. In 2020, only 5% of new ownership units were below the affordability threshold. Of the affordable ownership units, 99% were studio and 1-bedroom condominium units in high density developments, primarily in Newmarket, Markham and Vaughan. In 2020, there were no affordable two-bedroom or larger-sized high-density units and only four low density units were coded as affordable. This impacts the ability for many families to come to York Region, and find suitably sized or adequate housing for their needs.

In 2020 monitoring, new rental supply mainly consisted of newly registered second suites captured through local municipal registries (131 units, or 78% of 167 rental units) and the remaining units are from one private purpose-built rental housing building in Markham (22%, or 36 units). Due to limited data on secondary suite rents, all are coded as affordable. Rental units in the secondary market are traditionally more expensive than purpose-built rental housing. This means that many units reported in this data exercise may not be affordable to households requiring affordable housing options at the 60th percentile. Condominium fees are not captured in affordability assessments as there is limited data available. For many households, the additional costs of condominium fees can make these units less affordable.

## Home ownership is unaffordable to an increasing proportion of residents across the income spectrum

In 2020, 5% of new ownership units were affordable based on the provincial definition (i.e. to households with incomes of \$125,957), compared to the 8% of units that were affordable when both ownership and rental housing was evaluated (as identified, all rental units are coded as affordable due to data limitations).

To evaluate true affordability challenges facing mid-range income and upper income households in the ownership market, a sensitivity analysis was conducted for households at the 40th, 50th, 70th and 80th income deciles (Table 1). The reporting shows that when evaluated for depths of affordability for mid-range income households (40th – 60th percentiles), the number of affordable units rapidly declines from 5% to 0%. When higher incomes are assessed (above the 60th percentile), affordability pressures remain. Table 1 shows that even higher incomes are not able to afford a larger proportion of new units in the housing market and may struggle to find affordable options. In 2019, households at the 80th percentile (household income of approximately \$185,486) could afford 63% of new affordable ownership units compared to 58% in 2020 and households at the 70th percentile (household income of approximately \$151,703) could afford 43% of new units with a decrease to 30% affordable in 2020.

**Table 1**  
**Percentage of Affordable Ownership for a Range of Incomes**

Percentile	Upper Household Income Threshold	Maximum Affordable House Price	% Affordable Ownership Units
40th	\$84,253	\$336,554	0%
50th	\$104,181	\$416,157	2%
60th	\$125,957	\$503,145	5%
70th	\$151,703	\$611,073	30%
80th	\$185,486	\$752,770	58%

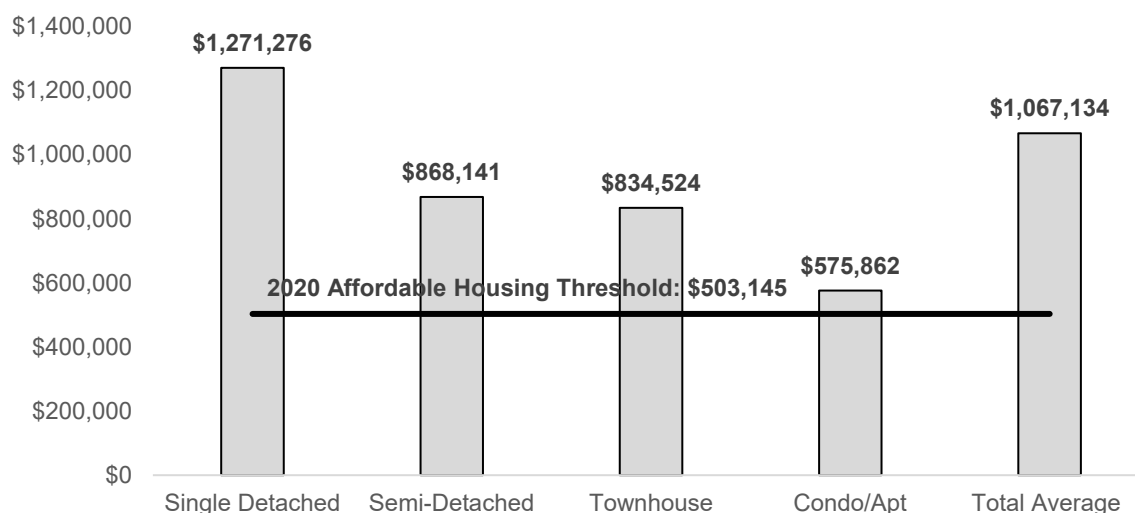
Source: York Region Planning and Economic Development, 2021.

## The resale market also provided limited affordable housing options in 2020

While this monitoring exercise has traditionally focused on new housing supply in York Region, 2020 average resale prices were also evaluated against the monitoring thresholds to consider if residents can turn to the resale market to find more affordable options. Compared to the 2020 affordable housing threshold (\$503,145), only resale condominiums are close to the affordable threshold when average resale house prices across housing types were analyzed. This data shows that both semi-detached and townhouse units are more than

\$300,000 above the threshold, making it very difficult for households in and around the mid-range income range to get into the ownership market. As identified on Figure 2, the average price of resale housing across all housing types in 2020 is greater than the monitoring threshold leaving a growing gap between what many households can afford and average market resale prices.

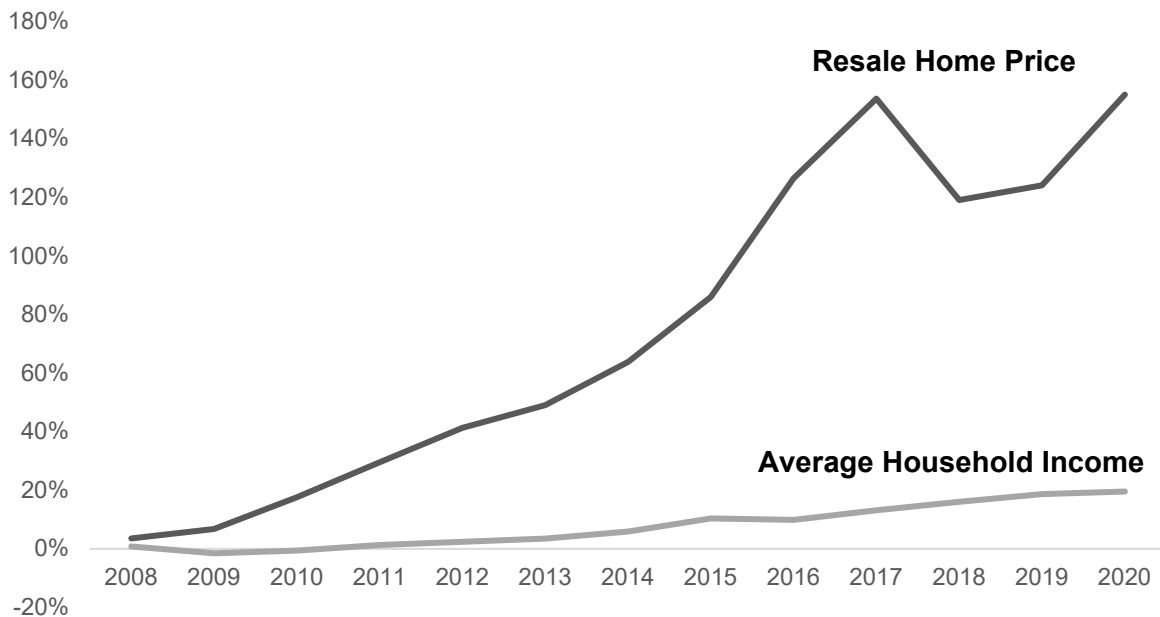
**Figure 2**  
**York Region Affordable Housing Threshold and Average Resale Prices, 2020**



Source: TREB Market Data, 2021.

Comparing average resale house price increases over time to average household incomes highlights that affordability challenges are increasing (Figure 3). Despite there being a market correction that caused a slight decline in 2018 for resale house prices, there has been rapid growth in resale housing prices compared to lower growth in average household incomes from 2008 to 2020. This shows the growing disparity for residents between what they must pay to enter the housing market in York Region and the inability for income growth to match these market trends.

**Figure 3**  
**York Region Average Household Incomes Compared to Average Resale Prices,**  
**2008 - 2020**



Source: TREB Market Data, Bank of Canada, Statistics Canada, 2021.

### **Addressing affordability challenges may support York Region in meeting population forecasts**

To provide an evaluation of the impact of York Region's housing market on population growth, Watson and Associates Economists (Watson) was retained to provide an analysis for the January [Regional Official Plan Update- Housing Challenges and Opportunities](#) report and the March [Proposed 2051 Forecast and Land Needs Assessment](#) report. Watson's analysis identified several key findings on the role housing affordability has on population and economic growth potential and municipal competitiveness that expand on the data outlined in this report. These findings identified York Region needs to attract young families for economic development, require larger, affordable family-sized units, needs additional rental units due to continued low vacancy of existing rental units and identified townhouse units as a way to provide more affordable ground related housing options.

The findings confirm that limited housing options and affordability are impacting population growth. If more affordable options are available elsewhere for prospective residents, York Region may not achieve anticipated levels of growth. Watson identified that addressing the interconnection between the Region's competitive economic position and housing needs by market segment could assist the Region in meeting population and employment forecasts.

## **Purpose-built rental housing remains a key solution to addressing housing challenges in York Region**

Purpose-built rental housing continues to be an integral part of a healthy mix and range of housing options. Council has demonstrated commitment to housing solutions, particularly in supporting the development of purpose-built rental housing. Council has approved financial incentives for purpose-built rental housing, including a 36-month development charge deferral program developed in 2017 and an expanded, [graduated incentive program endorsed](#) in 2019. In addition, Council approved [a purpose-built rental servicing allocation reserve](#) (subject to capacity) to help encourage new rental supply. In 2020, two developments accessed the incentive program for a total of 261 units, 216 units in Newmarket and 45 units in Vaughan. An additional development is in early stages of discussion to participate in the incentive program that would provide approximately 64 affordable units, which would be reported in future monitoring years. In the [2020 Regional Centres and Corridors Update](#) report, it was identified that there are currently 3,080 purpose-built rental units proposed by eight development applications that may be able to access the Region's incentive program and support the development of more affordable housing options in the future for York Region residents.

## **Opportunities to address housing affordability through innovative housing options continues**

Council has continued to demonstrate a commitment to responding to the affordability challenges in York Region, but affordability remains a growing challenge across the Greater Toronto Area. On February 25, 2021, Council approved a motion to declare a [Housing Affordability Crisis in York Region](#) on February 25, 2021, to recognize and respond to the affordability challenges facing York Region.

All levels of government and industry proponents have roles in supporting solutions to delivering affordable housing options to residents through innovative housing options to support a diverse mix and range of housing options, including:

- Maintaining adequate supply
- Tiny Houses and Modular Construction
- Secondary/Accessory Dwelling Units
- Missing middle housing types, including multi-unit or clustered housing options

Attachment 3 [Innovative Housing - Options to Support Affordable Housing](#) to the January 2021 [Regional Official Plan Update – Housing Challenges and Opportunities](#) report provides further detail.

There are a number of ways to address affordability challenges through public and private partnerships, as well as advocacy. In addition to further analysis and recommendations by staff, the York Region Housing Affordability Task Force will advise Council on strategies to



address housing supply and affordability challenges facing York Region, looking at policy options, market forces and other potential innovative solutions to work to respond to the growing affordability challenges outlined in recent years through this annual reporting exercise.

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

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

## **5. Financial**

The work completed by staff for the 2019 measuring and monitoring of affordable housing has been completed within the existing staff complement, and within the approved business plan and budget.

The financial impact of failing to address affordable housing challenges in York Region could lead to unintended consequences, such as lower residential and employment growth rates. York Region continues to fall short of the Growth Plan forecast; a shortfall of affordable housing options may be a contributing factor.

## **6. Local Impact**

Local municipalities are key partners in addressing housing affordability. Each year, local municipal staff works with Regional staff in supporting data collection for this report. Regional staff shares the data results and methodology with local municipal partners. Local municipalities continue to partner with York Region in working towards finding new solutions that respond to their local municipal context. Regional staff will continue to collaborate with local municipal staff to address affordable housing needs across York Region. The housing challenges outlined impact all local municipalities, requiring continued collaboration and ongoing support to deliver solutions.

## 7. Conclusion

York Region Council has set the foundation to address housing challenges by encouraging a full mix and range of housing options and supporting investment in new affordable purpose-built rental housing projects. As outlined in this report, only 8% of new housing in 2020 was affordable, with a growing portion of these affordable units being studio or 1-bedroom condominiums that are unsuitable for families. Continued research and analysis to understand the true affordability challenges facing residents across different ages and stages of life and incomes is required. No one level of government or industry partner can solve housing affordability challenges alone. Staff will continue to work in collaboration with partners and local municipal staff to find innovative solutions, including evaluating potential [innovative housing options](#) and will continue to monitor the affordability of housing across York Region to support evidence-based policy solutions.

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For more information on this report, please contact Danielle De Fields at 1-877-464-9675 ext. 71525. Accessible formats or communication supports are available upon request.

Recommended by:



**Paul Freeman, MCIP, RPP**  
Chief Planner



**Dino Basso**  
Commissioner of Corporate Services

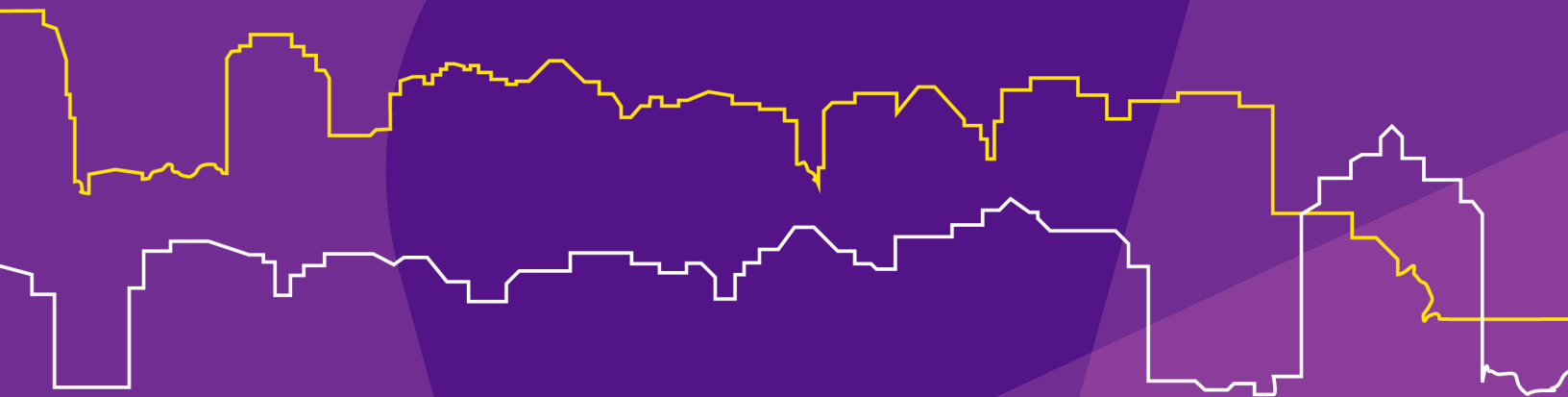
Approved for Submission:



**Bruce Macgregor**  
Chief Administrative Officer

May 28, 2021  
Attachment (1)  
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# AFFORDABLE **HOUSING** in YORK REGION **2020** MEASURING and MONITORING



JUNE 2021

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# HOUSING IS A CORNERSTONE FOR BUILDING COMPLETE COMMUNITIES IN YORK REGION

Housing is a cornerstone of complete communities, which require a variety of ownership and rental housing options that meet the needs of residents and workers at all ages and stages of life. A diverse mix and range of housing options is a major contributor to quality of life, well-being, economic vitality and community health. Housing has remained at the forefront of discussions in York Region, with many residents facing continued affordability challenges and a lack of affordable housing options. In order to build complete communities, addressing the continued affordability challenges through partnerships, new innovations and policy is imperative. Through these various partnerships between both public and private sector actors, York Region works to support a full mix and range of housing options across all nine local municipalities.

## **York Region monitors the affordability of new housing units each year to determine if York Region Official Plan affordability targets are met**

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

York Regional Council endorsed the Affordable Housing Measuring and Monitoring Guidelines in June 2015. An update to the [Guidelines](#) was approved in 2018 to better reflect on the ground reality in terms of how the amount, type and location of new affordable housing units are analyzed. The Guidelines establish a standardized approach to identify and measure the supply of new affordable units in order to monitor progress each year in meeting the ROP affordable housing targets and to help inform decision making around housing need.

## **Maximum affordable housing thresholds are calculated annually for rental and ownership tenures**

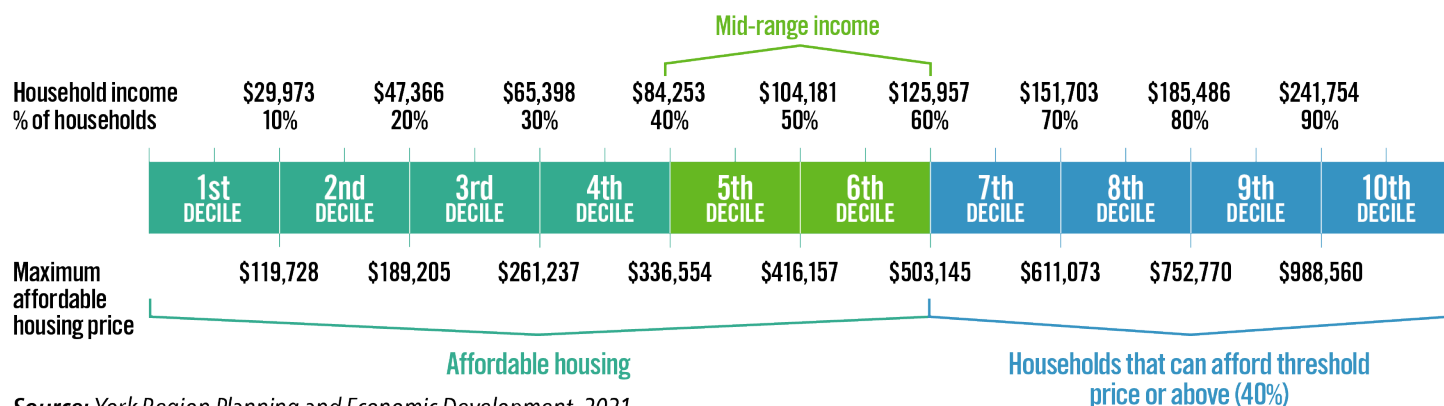
The affordable housing thresholds are calculated annually for both ownership and rental units, based on Provincial legislation and definitions in the York Region context. The thresholds provide the upper limits of what is considered "affordable" from a land use planning perspective. These thresholds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

The affordable threshold for ownership is the maximum price that households at the sixth decile of the income distribution can afford to pay and includes the cost of a mortgage, mortgage insurance, a minimum of a 5% down payment for the first \$500,000 and 10% on the remaining portion over \$500,000 up to \$1 million<sup>1</sup>, as well as property taxes. As displayed in **Figure 1**, the maximum ownership threshold for York Region in 2020 is \$503,145, the first year of monitoring that it is over the \$500,000 threshold and based on a household income of \$125,957.

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<sup>1</sup>For CMHC-insured mortgage loans, individuals need a minimum down payment of 5% for the purchase price of \$500,000 or less and when the purchase price is above \$500,000, the minimum down payment is 5% for the first \$500,000 and 10% for the remaining portion.

**Figure 1** York Region Household Income Distribution and Affordable Ownership Thresholds, 2020<sup>2</sup>



*Source: York Region Planning and Economic Development, 2021.*

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

## 2020 LOCAL MAXIMUM AFFORDABLE HOUSING THRESHOLDS RANGE FROM \$407,374 TO \$503,145

**Table 1** provides the maximum local municipal affordable ownership thresholds for 2020, for the lowest earning 60% of households in each municipality. As average household incomes vary between local municipalities, ownership thresholds are calculated both on a region-wide basis and by local municipality. Where the local municipal threshold exceeds the Regional threshold (\$503,145), the Regional threshold is used for affordable housing commitment and monitoring purposes in order to help achieve region-wide affordability. Where the local municipal threshold is below the Regional threshold, the local municipal threshold is used for affordable housing monitoring purposes. This helps to best reflect the local municipal context and the incomes of residents, impacting how affordability is defined across York Region's nine local cities and towns.

**Table 1: 2020 Affordable Ownership Thresholds<sup>3</sup>**

Local Municipality	Local Municipal Threshold	Thresholds Used for Commitments and Monitoring
Aurora	\$555,918	\$503,145
East Gwillimbury	\$536,246	\$503,145
Georgina	\$407,374	\$407,374
King	\$621,071	\$503,145
Markham	\$480,723	\$480,723
Newmarket	\$496,104	\$496,104
Richmond Hill	\$482,413	\$482,413
Vaughan	\$557,380	\$503,145
Whitchurch-Stouffville	\$531,308	\$503,145

*Source: York Region Planning and Economic Development, 2021*

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

<sup>2</sup> The figure simplifies York Region's housing market and represents all households in York Region. The figure separates York Region's households into ten separate decile groups based on household income, each decile representing 10% of the total household population. The distribution identifies that the affordable ownership housing thresholds must provide a maximum price that is affordable to 40% of households, which is measured to the sixth decile of the income distribution.

<sup>3</sup> Throughout the Region, there are significant variations in average household income by local municipality, which in turn impacts the maximum income-based affordable housing threshold. The local municipal threshold seeks to reflect the differences in the demographics and better reflect actual average affordable prices at the local level.

## YORK REGION'S HOUSING AFFORDABILITY TARGETS ARE NOT BEING ACHIEVED WITH ONLY 8% AFFORDABLE NEW UNITS, CHALLENGING COMPLETE COMMUNITY INITIATIVES

**Table 2** displays the number and percentage of new affordable units in 2020 by local municipality and tenure based on the thresholds in **Figure 1**. For monitoring purposes, all rental units are coded as affordable due to data limitations of rents charged on new rental units, both in the primary and secondary rental markets. Average market rents reported by CMHC Rental Market Housing report are evaluated in **Table 5**.

**Table 2: New Affordable Housing Monitoring Analysis, 2020**

Local Municipality	Ownership Units		Rental Units*		All Units	
	Total Units	Affordable Units	Total Units	Affordable Units	Total Units	Affordable Units
Aurora	210	0 (0%)	11	11 (100%)	221	11 (5%)
East Gwillimbury	391	0 (0%)	7	7 (100%)	398	7 (2%)
Georgina	153	0 (0%)	13	13 (100%)	166	13 (8%)
King	8	0 (0%)	-	-	8	0 (0%)
Markham	976	26 (3%)	37	37 (100%)	1,013	63 (6%)
Newmarket	195	38 (19%)	41	41 (100%)	236	79 (33%)
Richmond Hill	649	11 (2%)	-	-	649	11 (2%)
Vaughan	3,700	254 (7%)	55	55 (100%)	3,755	309 (8%)
Whitchurch-Stouffville	168	4 (2%)	3	3 (100%)	171	7 (4%)
<b>York Region</b>	<b>6,450</b>	<b>333 (5%)</b>	<b>167</b>	<b>167 (100%)</b>	<b>6,617</b>	<b>500 (8%)</b>

**Source:** York Region Planning and Economic Development, 2021.

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

\*All rental is coded as affordable due to data limitations

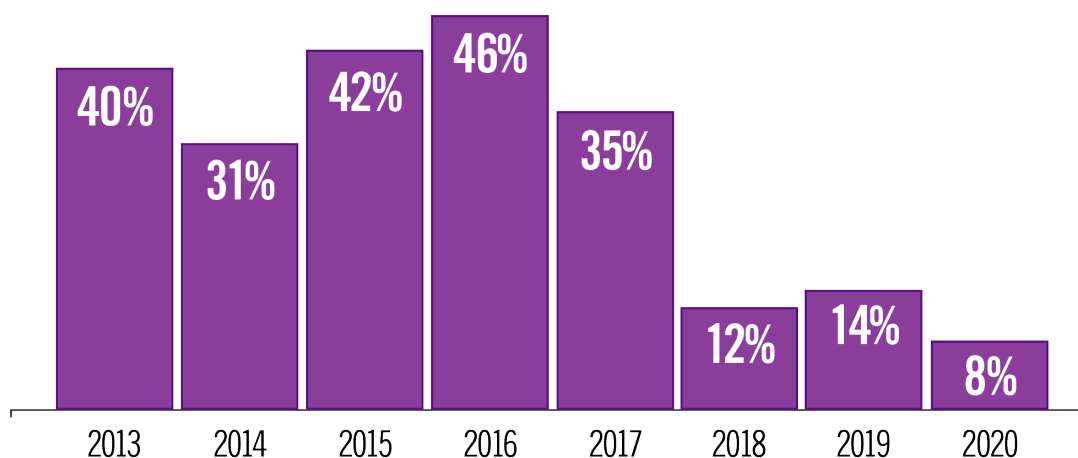
Of the 333 new affordable ownership units in 2020, 72% were one-bedroom, with 27% studio apartments and only 1% ground related housing stock. In 2019, 91% of the new affordable ownership units were one-bedroom units. This highlights an increasing reliance on studio apartments to deliver affordable units to the market and declining number of one or more-bedroom units that are affordable each year. Out of all the new one-bedroom units monitored in 2020, the number of affordable, one-bedroom units was 11%, a decrease from 30% in 2019, 57% in 2018, 94% in 2017 and 95% in 2016. This highlights a decline in affordability of one-bedroom units in York Region over the past few monitoring years.

These findings emphasize the continued lack of affordable ownership options across all housing structure types, relying on small unit sizes with a growing reliance on studios to deliver affordable housing stock to York Region's households. Similarly, the number of affordable two-bedroom units monitored was 0%, the same as 2019 and 2018, a decrease from 11% in 2017 and 51% in 2016. Overall, this is of growing concern as it represents a lack of suitable housing options in York Region for families, due to a lack of affordable family-sized units.

## IN 2020, THE TREND OF FEW AFFORDABLE UNITS MONITORED CONTINUES WHICH MAY IMPACT YORK REGION'S ABILITY TO MEET FORECASTED POPULATION GROWTH

**Figure 2** provides an overview of the percentage of new ownership and rental units below the affordable thresholds from 2013 – when the Region began tracking affordability – to 2020. The increase from 12% in 2018 to 14% in 2019 is mainly due to the 162 new community housing units that became available in 2019. Similar to 2019, affordable options were not consistently represented in all local municipalities and across all unit types and tenures in 2020.

**Figure 2: New Units below York Region's Affordable Threshold, 2013 to 2020**



The same trend of few affordable options remains an issue for the long-term growth and vitality of York Region's local businesses and economy. This uneven representation of affordable options leads to many residents choosing unsuitable housing and could cause clusters of affordability rather than the even distribution of a mix and range of housing options found in complete communities. It may also lead to many people choosing more affordable alternatives to York Region. Across the nine local municipalities, affordable housing is foundational to attract new residents, business and economic growth. Watson and Associates Economists (Watson) were hired to conduct a foundational housing analysis report, outlined in [Attachment 2](#) of the Regional Official Plan Update - Housing Challenges and opportunities report, which evaluated housing affordability as one factor that has led to slower growth in the Region over the last decade. Based on their research, Watson has determined that a lack of housing options across York Region, most notably affordable low-density housing (missing middle housing) and purpose-built rental housing, has likely contributed to limiting the Region's recent population growth. As affordability continues to decline, this will impact forecasted population, employment and household growth.

There has been an increasing reliance on new high-density ownership units to meet York Region Official Plan targets for new affordable housing stock. In 2020, only 8% of new high-density units met the affordability threshold compared to a few affordable units in the ground related supply (around 1%). This reflects a similar declining trend in recent years, where 26% in 2018 and 18% in 2019 of new high density was affordable, but no ground related supply was affordable. However, this was a significant decrease from 2017, with 50% of new high-density units and 5% of ground related units falling below the affordability threshold. This highlights that even new high-density ownership stock has become less affordable over time, as well as declining affordability overall across all densities since previous monitoring years.



## PURPOSE BUILT RENTAL HOUSING HAS A PIVOTAL ROLE IN SUPPORTING AFFORDABLE HOUSING OPTIONS

The majority of new housing stock monitored in 2020 is ownership housing, consistent with other monitoring years, but there is a growing reliance on rental housing to support more affordable housing options. The ownership market accounted for 67% of the affordable units region-wide and rental units accounted for 33% of affordable units in 2020. In 2019, the ownership market accounted for 79% of affordable units and 21% of affordable units were new rental. Due to data gaps, all rental units are coded as “affordable” for monitoring purposes. This included 36 new purpose-built rental units<sup>4</sup>, no new community housing units<sup>5</sup>, and 131 newly registered second suites for a total of 167 new rental units in 2020. As rental units are all coded as affordable, these new units are used to achieve the York Region Official Plan targets each year, which may over-represent the true depth of affordability for residents. However, purpose-built rental units provide affordable options to many mid-range income households and are a major contributor to the solution of the housing challenges facing York Region. The rental stock will become increasingly important as we see a continued decline in affordable ownership options across all housing sizes. The breakdown of affordable housing by tenure is further exemplified with 97% of all new housing stock being ownership and only 3% rental housing, reflecting a similar distribution to past reporting years. This shows a growing reliance on the small number of new rental units each year to deliver a growing portion of the affordable units each year.

The percentage of affordable new units varied across local municipalities, reflecting the different challenges faced by residents depending on location. Local municipal rates of total affordability ranged from as low as 0% in King, to as high as 33% in Newmarket (mainly from growth in new registered secondary suites and small, high density units). A number of local municipalities had no affordable ownership units, including Aurora, East Gwillimbury, Georgina and King, due to no new high-density units. While affordable housing options are available in other local municipalities, they may not be in suitable locations and are generally not large enough to accommodate families. Access to services and transit options continue to impact home prices and rents. Unfortunately, the result is that affordability generally decreases as access to services and transit options increase, impacting efforts to create complete communities. Few affordable housing options will continue to impact the economic growth and development of York Region, with few affordable ownership options and a low rental supply.

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

Mid-range income households are represented by the 4th to 6th deciles of the income distribution, which are the 20% of households that are between the highest and lowest earning 40% of households in the Region (households earning between \$84,253 and \$125,957). The affordable ownership threshold provides a maximum affordable house price for the sixth decile, or the highest earning mid-range income households. As the ownership housing thresholds provide an upper limit, they do not address the need for an appropriate range of housing for households with incomes below this limit, also mid-range income households (4th and 5th deciles).

To understand housing need throughout the mid-range income spectrum, the Region also reviews affordability using thresholds that are affordable to 40% and 50% of households (units that are measured to the 5th and 4th deciles on Figure 1). This evaluates depth of affordability for households below the upper threshold, and identifies that affordability only applies to the highest earning households being monitored. Table 3 summarized the findings from the 2020 analysis.

<sup>4</sup> CMHC reporting tables included approximately 162 additional private purpose-built rental units, but they were counted in past reporting coded in 2019 as community housing. To ensure no double counts were included, this has been removed from the 2020 reporting.

<sup>5</sup> All Housing York Inc. units are coded as community housing. In earlier monitoring years, they were identified as government assisted/non-profit housing.

**Table 3: New Affordable Ownership Housing Supplemental Monitoring Analysis, 2020**

Monitoring Exercise (Provincial Definition)	Maximum Income	Maximum House Price	% Units Sold Under Threshold
6 <sup>th</sup> Decile	\$125,957	\$503,145	5%
5 <sup>th</sup> Decile	\$104,181	\$416,157	2%
4 <sup>th</sup> Decile	\$84,253	\$336,554	0%

**Source:** York Region Planning and Economic Development, 2021. Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data

Based on this analysis, the 2020 maximum affordable price for the lowest earning 50% of households was \$416,157, and 2% of new units (101 units) fell below this price. The 2020 maximum affordable price for the lowest earning 40% of households was \$336,554 and 0% of new units fell below this price.

## FOR THE SECOND YEAR, OWNERSHIP HOUSING AFFORDABILITY CHALLENGES ARE CONFIRMED FOR HIGHER INCOME HOUSEHOLDS

Continued affordability challenges for households in York Region requires investigation beyond the mid-range income (4th to 6th deciles) groups. Staff evaluated affordability for households beyond the provincial definition to gain a stronger understanding of true housing challenges facing York Region residents and workers (Table 4).

For the 7th income decile group, the percentage of affordable units rose to 32% which is a direct result from the large number of high-density units affordable to this income group (84% of affordable units were high density for the 7th decile). A larger portion of new housing stock become affordable to higher incomes; however, it is only higher income households that can afford the majority of housing. A total of 59% of new housing units were affordable to households at the 8th decile and 83% of units were affordable to households at the 9th decile.

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

**Table 4: Affordable Ownership Units for Households in the Upper Income Deciles, 2020**

Income Decile	Household Income	Affordable House Price	Number of Affordable Units (Total High Density/ Ground Related)	Per cent of Affordable Units
7 <sup>th</sup> Decile	\$151,703	\$611,073	2,113/6,617 (1,785/161)	32%
8 <sup>th</sup> Decile	\$185,486	\$752,770	3,884/6,617 (3,180/537)	59%
9 <sup>th</sup> Decile	\$241,754	\$988,560	5,461/6,617 (3,759/1,535)	83%

**Source:** York Region Planning and Economic Development, 2020. Based on Teranet, RealNet and Canada Mortgage and Housing Corporation data. **Note:** the York Region threshold was used across all nine local municipalities

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

The affordability of new rental stock cannot be monitored due to data limitations regarding rents charged for new units. As such, all new rental units are currently coded as “affordable”. Most non-luxury purpose-built rental housing units would be affordable to mid-range income earners and are reasonably considered affordable in York Region. In general, the secondary market is more expensive than the purpose-built rental market and offers less security of tenure. Through the monitoring exercise, all units that are rented are coded as rental. This includes community housing, registered secondary suites and purpose-built rental housing.

In 2020, only 167 rental units were built in York Region. Of that total, 36 units were private-purpose built rental housing and the remaining 131 were registered secondary suites. In 2020, there were no new community housing units built. Rental condominiums also contribute to the rental stock, with approximately 29% of condominium units that permit rentals rented out in the secondary market (approximately 13,000 units)<sup>6</sup>; however the average rents for one- and two-bedroom condominiums (between \$1,931 and \$2,378) exceeded 125% Average Market Rents (set by private, purpose-built rental housing).

### Regional rental thresholds in 2020 range from \$1,244 to \$2,179 based on the provincial definition

The Provincial definition of rental affordability is based on 100% average market rent (AMR), as determined by the annual Canada Mortgage and Housing Corporation (CMHC) survey. In 2018, Regional Council endorsed the updated York Region Affordable Housing Measuring and Monitoring Guidelines and an updated rental threshold of 125% AMR by bedroom type to encourage affordability in all unit types.

<sup>6</sup> CMHC Rental Market Report Data: These rented condominium units are not counted in the monitoring exercise for 2020 because they would be captured in the completion data under ownership in previous reporting years. Condominium owners have capitalized on the low interest rates and the lack of purpose-built rental supply in the primary rental market to use their condominium apartment for rent, as the condominium market has acted as the de-facto rental accommodation supplier for many years in the GTA.

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

The 2020 threshold for affordable rental housing at 125% AMR across all bedroom types was \$1,831. The maximum 2020 rental thresholds range from \$1,244 for a bachelor to \$2,179 for a three-bedroom apartment (Table 5).

In order to address these continued challenges of few affordable ownership options and a limited rental supply, Regional Council approved new development charge deferrals for affordable, purpose-built rental housing in 2019. Under the program, the full development charges payable could be deferred, interest-free, for between 5 and 20 years. The affordable rental incentive program is available to a total of 1,500 housing units over the next three years. In addition to other criteria outlined in the policy, average rents must not exceed 175% AMR, buildings must be a minimum of 4 storeys in height, and similar or better local municipal participation is required in order to qualify for the incentives.

As identified, these incentives define affordable rents at 175% AMR, making it affordable for mid-range income households. This income group has been identified with particular housing need, with few affordable ownership options and low rental supply available in York Region. Their housing need has been identified and evaluated through this annual Measuring and Monitoring report. These incentives work to support the development of complete communities, supporting residents and workers in York Region.

**Table 5: 2020 Percent Average Market Rents by Bedroom Type**

2020 Percent Average Market Rents by Type			
Bedroom Type	100% AMR	125% AMR	175% AMR
Bachelor	\$995	\$1,244	\$1,741
1 Bed	\$1,370	\$1,713	\$2,398
2 Bed	\$1,537	\$1,921	\$2,690
3+ Bed	\$1,743	\$2,179	\$3,050

**Source:** CMHC Rental Market Report 2020. Private Apartment Rent, Table 1.1.2., 2021.

## THE EXISTING HOUSING STOCK CONTINUES TO PROVIDE LIMITED AFFORDABLE HOUSING OPTIONS

When average resale prices are benchmarked against the affordable thresholds, there are limited affordable ownership options in all municipalities (Table 6). The average price of resale condominiums fell below the Regional affordable threshold in three local municipalities (East Gwillimbury, Georgina and Newmarket); no municipalities had average resale single detached, semi-detached or row houses under the Regional affordable threshold.

While affordable resale options are available region-wide, there are limitations by local municipality, structure and bedroom type. Staff report on the average resale price to provide a broader indication of housing options across the Region. In 2020, it was determined that, on average, little to no ground related product are affordable in the resale or new housing market. Some resale ground related units fell below the average and provide affordable housing options to residents. Both ground related and high density affordable options are found predominately in central and northern municipalities in the Region, often with pockets of affordability, not delivering a full mix and range of housing across communities.

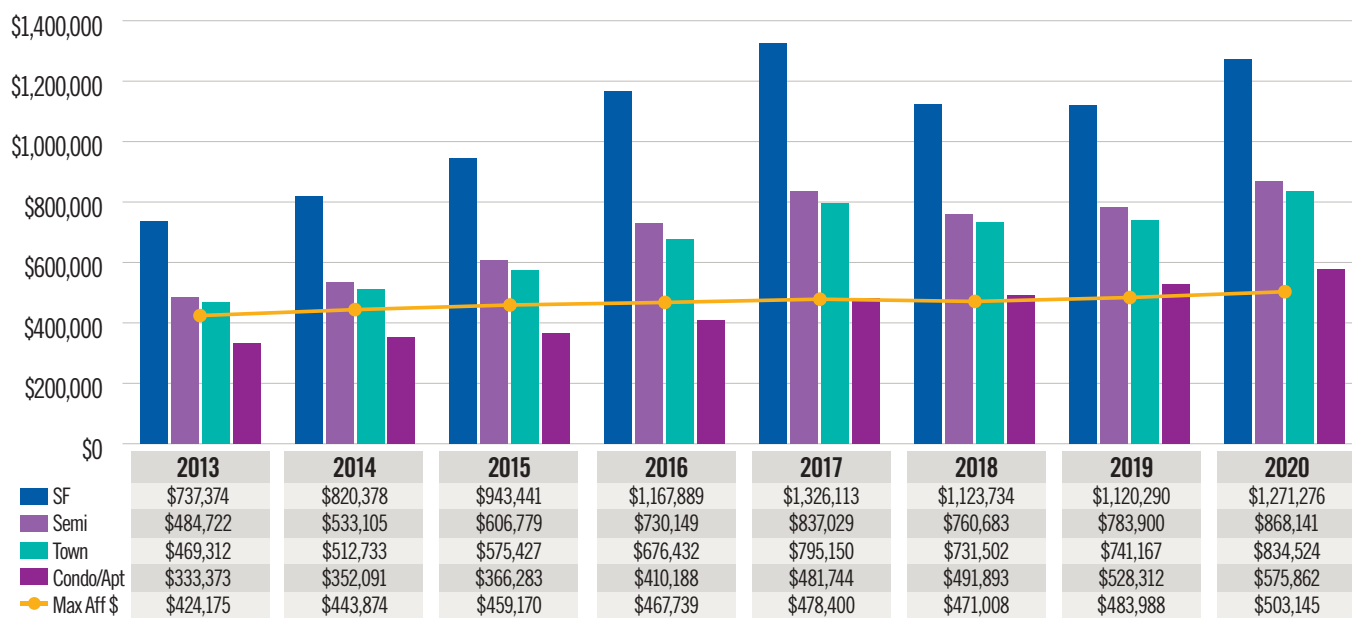
**Table 6: Affordable Units for Households in the Upper Income Deciles, 2020**

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

*Source: York Region Planning and Economic Development, 2021. Based on Toronto Real Estate Board data.*

When resale trends are evaluated over time, it is evident that average ownership house prices have continued to rise year over year at a rapid pace (Figure 3). However, compared to how much these housing costs have risen, the monitoring data determined through this exercise has remained quite constant. The average resale price for housing between 2013 and 2020 has risen by 71%, whereas the maximum affordable threshold identified through this exercise has only risen by 19% and incomes at the 6th decile have risen by 13%. This reiterates some of the challenges faced in recent years through the monitoring exercise with low percentages of affordable new units available in the market. With the majority of housing types (single family, semi-detached and townhouses/row houses) above the maximum affordable house price for houses at the 6th decile, this leaves the majority of affordable housing options in the condominium market.

**Figure 3: Average Resale House Prices Compared to Measuring & Monitoring Years, 2013-2020**



**Source:** York Region Planning and Economic Development, 2021. Based on TREB Market Data.

## THE REGIONAL OFFICIAL PLAN UPDATE WILL HELP TO BUILD THE POLICY FOUNDATION TO SUPPORT MORE AFFORDABLE HOUSING OPTIONS

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. Proposed housing policy directions to update the Regional Official Plan (ROP) as part of the Municipal Comprehensive Review (MCR) conform with updated Provincial Policies, and support future work on expanding housing options.

## WORK TO ADDRESS HOUSING AFFORDABILITY IS REQUIRED BEYOND THE REGIONAL OFFICIAL PLAN UPDATE

Policies alone are not expected to address housing gaps in York Region. In October 2019, Regional Council approved new *development charge deferrals* for affordable, purpose-built rental housing. These incentives support the growth of affordable housing and jobs for York Region's changing population and workforce, aligning with York Region's *city building* initiatives and vision of creating *complete communities*.

Innovative programs and policies are required to continue to address housing gaps, particularly as affordable housing options are necessary in the development of healthy and thriving communities. Some of these *potential innovations were explored in Attachment 3* to the January 2021 *Regional Official Plan Update – Housing Challenges and Opportunities* report to Regional Council. 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 a York Region context.

Monitoring affordability of new housing units each year allows staff to monitor the Region's progress in meeting affordability targets identified in the YROP. In addition, the monitoring exercise also allows Council to identify areas where affordability challenges persist, and formulate policies and programs, as well as advocate to senior levels of government to assist in responding to these challenges. Staff continue to work with our partners to encourage affordable housing, coordinated through a variety of consultation and engagements including the general public, consultations with BILD and through the York Region Local Municipal Housing Working Group. Supporting the growth of York Region's rental supply and affordable ownership housing market is imperative to the creation of complete communities across York Region. This annual measuring and monitoring exercise allows staff to track our progress in meeting Council objectives and attaining Regional Official Plan goals. The finalized document posted online will include all relevant data tables, as staff receive regular requests for this information.

# AFFORDABLE **HOUSING** in YORK REGION 2020 MEASURING and MONITORING

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