



Report to: Development Services Committee

Report Date: June 22, 2021

SUBJECT: Housing Choices: Markham's Affordable and Rental Housing Strategy

PREPARED BY: Emily Irvine, M.C.I.P., R.P.P., Special Projects Coordinator, Policy & Research, Ext. 2094

REVIEWED BY: Darryl Lyons, M.C.I.P., R.P.P., Manager, Policy, Policy & Research, Ext. 2459

RECOMMENDATION:

- 1) That the report and presentation dated June 22, 2021 entitled "Housing Choices: Markham's Affordable and Rental Housing Strategy" be received;
- 2) That "Housing Choices: Markham's Affordable and Rental Housing Strategy" attached as Appendix A to the report dated June 22, 2021 entitled "Housing Choices: Markham's Affordable and Rental Housing Strategy" be adopted;
- 3) That staff be directed to address the York Region February 25, 2021 Council resolution requesting lower tier municipalities to support, in principle, the provision of two acres of land by each municipality, either directly or through partnership for affordable housing over the next five years through implementation of Action 10 of Housing Choices: Markham's Affordable and Rental Housing Strategy and report back to Development Services Committee;
- 4) That staff be directed to assess the York Region February 25, 2021 Council resolution requesting lower tier municipalities amend their parkland dedication by-law to exempt Housing York Inc. from being required to pay parkland fees through implementation of Action 14 in Housing Choices: Markham's Affordable and Rental Housing Strategy and report back to Development Services Committee; and
- 5) Further that Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY

This report presents Housing Choices: Markham's Affordable and Rental Housing Strategy (final Housing Strategy) for adoption, as attached in Appendix A. The report also provides a summary of consultation efforts that were undertaken on the draft Affordable and Rental and Housing Strategy and an update related work being undertaken to implement inclusionary zoning.

The final Housing Strategy includes a vision, three goals and 35 actions that are intended to help address housing challenges across the City and represents the culmination of over two years of work.

In September 2018, Council requested staff to bring forward an updated Affordable and Rental Housing Strategy for the City of Markham, including options for inclusionary zoning and additional financial incentives.

SHS Consulting was retained to undertake a two-phase study in support of updating the City's Affordable and Rental Housing Strategy. Upon completion of the two-phase study staff was directed to undertake public consultation on the [Draft Affordable and Rental Strategy](#) (Draft Housing Strategy) and report back on a final housing strategy.

Staff have undertaken consultation on the Draft Housing Strategy including the Markham Housing Summit, a Virtual Community Information Meeting, and engagement through Your Voice Markham. There was wide support for the Draft Housing Strategy and the proposed actions that seek to increase the supply of affordable housing.

In the final Housing Strategy, fifteen Actions have been updated and three new Actions have been added in response to feedback from the public consultation (see Appendix B for a table that illustrates proposed revisions). A timeline for implementing the Actions has also been included in the final Housing Strategy, along with priority Actions.

PURPOSE:

This report presents Markham's final Housing Strategy for adoption which includes a vision, three goals and 35 Actions. This report summarizes consultation activities, including feedback received and proposed changes reflected in the final Housing Strategy. This report also provides an update on efforts towards implementation of inclusionary zoning.

BACKGROUND:

An updated Affordable and Rental Housing Strategy is needed to provide recommended Actions and guide decision making to increase the supply of affordable and rental housing in Markham

In September 2018, Council requested staff to bring forward an updated Affordable and Rental Housing Strategy for the City of Markham, including options for inclusionary zoning and additional financial incentives.

SHS Consulting was retained to undertake a two-phase study in support of updating the City's Affordable and Rental Housing Strategy. The [Phase 1: Housing Needs Assessment](#) (Phase 1 report) provided a Housing Needs Assessment that examined current and emerging housing gaps in Markham. More specifically, the Phase 1 report identified three key housing gaps in Markham:

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1. There is a need for more housing options that are affordable to households with low incomes and persons needing support to live independently, and these options should include smaller dwelling units, family-sized units, and housing to facilitate aging in place.
 2. There is a need to encourage the development of ownership options that are affordable to households with moderate incomes and that are appropriate for larger households.
 3. There is a need to increase the number of purpose-built rental housing units in Markham.

The analysis also identified a mismatch between the affordable supply by housing type and household needs. The supply of new affordable housing is predominately smaller one-bedroom condominium apartments and do not address different household needs in the City. More family-sized units are needed to increase the diversity in the affordable supply. In addition, there is also a very limited supply of purpose-built rental units.

The [Phase 2: Policy Framework and Recommendations](#) (Phase 2 report) summarized the feedback from the initial stakeholder consultation sessions that were held from June to December 2019 to discuss tools and incentives that might be used to address affordable housing needs. These sessions were attended by stakeholders including representatives from the development industry, non-profit housing providers, ratepayer associations, Councillors and staff from the City, Region, Province and Canada Mortgage and Housing Corporation.

Stakeholder input informed development of the Recommended Actions in the Draft Housing Strategy that was included in the Phase 2 report. The Actions were grouped into five focus areas: policy, financial incentives, advocacy, partnerships and education.

The Phase 2 report also included a proposed Inclusionary Zoning Framework that was based on a scan of best practices, the housing needs assessment, a financial impact analysis by N. Barry Lyon Consultants Limited and feedback from consultation sessions with stakeholders.

Upon completion of the Phase 2 report, staff were directed by Council to undertake public consultation on the Draft Housing Strategy and report back on the final Housing Strategy.

DISCUSSION:

This section provides:

- 1.0 An overview of consultation on the Draft Affordable and Rental Housing Strategy;
- 2.0 A summary of the final Housing Strategy (attached as Appendix A);
- 3.0 An update related to work being undertaken to implement inclusionary zoning; and,

4.0 Staff recommendations regarding the York Region Council Resolutions of February 25, 2021 related to affordable housing.

1.0 Overview of Consultation on Draft Affordable and Rental Housing Strategy

Wide support was received on Markham's Draft Housing Strategy from consultation activities and the feedback has informed recommended revisions in the Final Housing Strategy

A number of consultation activities were undertaken from 2020 to 2021 to obtain feedback on the Draft Housing Strategy including:

- Markham Housing Summit;
- Virtual Community Information Meeting; and,
- Your Voice Markham webpage and survey

Members of the community, representatives from all levels of government, private and non-profit housing sectors, and experts in the housing field were engaged as part of the consultation. Participants acknowledged the housing crisis and supported Markham's initiative to develop the final Housing Strategy.

Markham Housing Summit

The Markham Housing Summit was a virtual event held on November 10, 2020 and attended by 120 participants and publicly livestreamed. The Summit brought leaders together from all sectors involved in the provision of housing and focused on the objective to find solutions to the affordable housing crisis. As part of the Markham Housing Summit participants were asked to identify the top barriers and solutions to addressing the affordable housing crisis.

The barriers identified were:

- Land costs;
- Lengthy approval process; and,
- Community acceptance of affordable housing.

Solutions provided to address the affordable housing crisis included:

- Land for housing;
- Providing incentives;
- Fostering partnerships;
- Implementing policies and zoning to support affordable housing; and,
- Need for government leadership on the issue.

The final Housing Strategy includes Actions that are responsive to the barriers and solutions that were provided by participants at the Housing Summit.

Virtual Community Information Meeting and Your Voice Markham Webpage

The Virtual Community Information Meeting held on February 3, 2021, Your Voice Markham webpage and survey provided additional opportunities to comment on the Draft Housing Strategy. The comments received are summarized below:

- affordability thresholds need to be updated;
- partnerships with York Region and non-profit housing providers are needed;
- surplus public land should be considered for affordable housing;
- additional residential units should be prioritized;
- the Actions should have stronger language so that they are implemented; and,
- deeper affordability needs (income needs below the 3rd decile) should be supported.

Affordable Housing thresholds have been updated to reflect current data and the maximum amount for ownership is \$480,723 and \$1,541 per month for rent, on average across all unit sizes

Markham stakeholders remarked that the affordable housing thresholds in the Draft Housing Strategy were out of date and not in line with current housing costs. The thresholds in the Draft Housing Strategy were based on 2018 data from the Phase I: Housing Needs Assessment and the final Housing Strategy has been updated to reflect 2020 data as outlined in Table 1 below.

Table 1: 2020 Affordable Housing Thresholds

Ownership	Rental
Moderate Income Home Price = \$480,723	Average Market Rent = \$1,541/month 1 Bedroom = \$1,440 2 Bedroom = \$1,600 3+ Bedroom = \$1,668
Low Income Home Price = \$246,509	

The definition for calculating the affordable housing thresholds are in accordance with provincial policy direction and is reflected in Markham Official Plan, 2014.

Affordable housing is defined as housing that costs no more than 30% of household incomes for “low and moderate income households”. “Low and moderate income households” refers to households with incomes in the lowest 60 percent of the income distribution for Markham. These households are also referred to as the lowest six ‘deciles’. Households in the 40% to 60% income ranges (4th to 6th deciles) are often referred to as moderate income households. Households in the 30th income range or lower (3rd decile and below) are often referred to as low income households. Ownership and rental households have different affordability ranges.

Markham affordable housing thresholds are to be updated annually and Action 2 of the final Housing Strategy involves considering whether additional detail should be provided for unit sizes and affordability thresholds for households with low and moderate incomes.

York Region is preparing a new Regional Official Plan (ROP) and undertaking municipal comprehensive review (MCR) as part of its conformity exercise to the Growth Plan and other Provincial plans and policies. The City will need to consider any updated housing policies in the Region's new official plan when implementing Action 2.

Partnerships to be pursued with all levels of government, the private and non-profit sectors

Consultation participants identified the need for partnerships with York Region staff and non-profit housing providers to help address the housing crisis. Housing policy operates within a framework of legislation, policies and programs from senior levels of government to housing strategies and policies of local municipalities. The City of Markham has been engaged in addressing affordable housing needs for some time. This has included the development of a draft Affordable and Special Needs Housing Strategy in 2011. Since that time action has been undertaken including partnerships with key stakeholders.

Partnerships is one of the focus areas in the final Housing Strategy. Actions 30 and 31 include facilitating partnerships for infill and land sharing for affordable housing and supporting social enterprises that provide opportunities for residents of affordable housing.

Public lands from all levels of government that are surplus or underutilized should be considered for affordable housing

Public land for affordable housing is an issue that was identified at the Housing Summit and Virtual Community Information Meeting. Action 10 in the final Housing Strategy has been updated based on consultation to identify opportunities to use surplus or underutilized public land or buildings for the purpose of developing affordable and/or supportive housing from all public agencies rather than scoped to City-owned lands. In addition, Action 25 in the final Housing Strategy has been revised to more broadly advocate to senior levels of government to identify and provide publicly-owned lands which would be appropriate for affordable housing rather than scoped to only provincially-owned lands.

Additional residential units should be prioritized

The need to prioritize and provide stronger language regarding permissions for additional residential units (also referred to as secondary suites) was identified during the consultation.

Action 6 of the final Housing Strategy provides for the Markham Official Plan, 2014 and zoning by-law to be updated to reflect changes to the *Planning Act* in 2019. *The More Choices More Homes Act, 2019*, amended the *Planning Act* to require official plans to permit two residential units in a dwelling and an additional residential unit in an ancillary structure to a dwelling. The province also passed a regulation on September 3, 2019 providing direction regarding additional residential units as it relates to parking, owner occupancy and date of construction. Additional residential units that meet Building Code requirements can contribute to the supply of affordable housing.

The Actions in the final Housing Strategy should include stronger language

Some participants from the community meeting made a general comment that Actions in the Draft Affordable Housing Strategy should be reviewed for opportunities to include stronger language to ensure they are implemented.

The following Actions in the final Housing Strategy have been revised to include stronger language:

- Action 6 - Review permissions for additional residential units; and,
- Action 14 – Develop incentive package for affordable/supportive housing.

Support deeper affordability needs

Some stakeholders identified the need for housing options for lower income households. Low income households are those at the 3rd decile and lower (that earn no more than \$60,691). Households with incomes below the 3rd decile require financial programs and supports from senior levels of government. The final Housing Strategy focuses on housing needs between the 3rd and the 6th decile (that earn between \$60,691 and \$111,355), however, it does include Actions which could, when combined with partners, support deeper affordability including:

- Action 12: Support affordable housing projects that have funding
- Action 31: Support social enterprises with employment opportunities for residents of affordable housing; and,
- Action 33: Work to increase capacity of housing developers and community agencies.

In addition, some of the Actions in the Partnership and Advocacy focus areas could support deeper affordability needs.

2.0 A Summary of final Housing Strategy

The final Housing Strategy includes a Vision, 3 Goals and 35 Actions that are intended to increase housing choices for Markham residents and help address affordable housing challenges in the City of Markham

Vision

The Community Vision for Housing in the final Housing Strategy has been updated with a minor change to more fully reflect those that live and work in the City and is as follows:

To support the social and economic vitality of the City of Markham through the facilitation and provision of a range of housing options (by type, tenure and affordability) for those that live and work in Markham throughout their lifetime, in order to sustain a more complete community.

Goals

Three goals are included in the final Housing Strategy and are unchanged from the Draft Housing Strategy. The Goals are based on the housing needs and gaps identified through the Phase 1: Housing Needs Assessment. The goals articulate the needs of different household types in Markham and seek to achieve increased diversity in Markham's housing supply. The goals are as follows:

Goal 1: Increase the supply of affordable rental housing options, particularly for small and larger households with low incomes and that meet their needs in terms of size, accessibility and support services.

Goal 2: Stimulate the development of ownership housing options, particularly larger options for families, which are affordable to households with moderate incomes as well as households with low incomes where feasible.

Goal 3: Expand the supply of purpose-built rental market units throughout Markham.

Actions

The Housing Strategy includes 35 Actions in five focus areas. The focus areas include policy, incentives, advocacy, partnerships and education. As outlined above, some of the Actions proposed in the final Housing Strategy have been revised since the Draft Housing Strategy in response to feedback from consultation.

Appendix B provides a detailed table that compares the Draft and final Housing Strategy Actions, and provides staff comments regarding the changes.

The following key Actions have been revised in the final Housing Strategy:

- Action 2: Review the definition of affordable housing - Action updated based on public comments about challenges with definition and gap between thresholds and housing costs as well as future review of the definition
- Action 3: Develop an Inclusionary Zoning By-law for Major Transit Station Areas – Action updated to introduce some flexibility to revise the Inclusionary Zoning Framework when developing the implementing by-law including consideration of the findings from an updated market assessment and any additional input from stakeholders

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- Action 6: Review permissions for additional residential units – Action updated based on public comments which identified the need to prioritize this Action and include stronger language. Action also simplified
 - Action 10 and 25: Use public lands for affordable housing – these Actions have been updated based on public comments to consider surplus lands from all public agencies; and,
 - Action 14: Develop incentive package for affordable/supportive housing - Action updated based on public comments to include stronger language for an incentive package. Action also updated to consider creation of a development liaison/concierge service to support affordable and rental housing projects and to consider the application of incentives in all areas of the City where previously it was focused outside of inclusionary zoning areas

Staff are recommending three new Actions in the final Housing Strategy to protect purpose-built rental housing, advocate for enhanced incentives from senior levels of government and monitor implementation of the strategy. These include:

- Action 13 - Protect Purpose-Built Rental Housing – This Action is being proposed to protect the supply of rental housing by considering the implementation of a by-law under the *Municipal Act* to restrict demolition or conversion of purpose-built rental housing to non-rental tenure
- Action 29 - Consider expanding incentives – This Action is being proposed to more broadly advocate for affordable housing incentives from senior levels of government beyond the specific programs identified in other Actions; and,
- Action 35 - Monitor Progress – This Action is being proposed to monitor implementation progress of the final Housing Strategy.

An implementation timeline is proposed for each Action in the final Housing Strategy including Priority, Ongoing and Medium Term. Priority Actions are to be initiated in the short term or next 12 months; Ongoing Action continue to be pursued; and, Medium Term Actions are anticipated to be initiated within 12-24 months.

Five priority Actions have been identified in the final Housing Strategy for implementation based on feedback from the consultation including:

- Action 3 – Develop an Inclusionary Zoning By-law for Major Transit Station Areas
- Action 6 – Review permissions for additional residential units
- Action 10 – Use public land for affordable housing
- Action 14 – Develop an incentive package for affordable/supportive housing; and,
- Action 30 – Facilitate partnerships for affordable housing.

In addition to the priority Actions, there are seventeen ongoing Actions that represent matters which the City continues to be involved in, including:

- Action 12: Support affordable housing projects that are funded

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- Action 17: Increase funding and improve approval timelines for the National Housing Co-Investment Fund
 - Action 32: Work to increase awareness of housing needs

There are also thirteen medium term Actions the City will undertake such as:

- Action 1: Develop annual affordable housing targets
- Action 2: Review the definition of affordable housing
- Action 13: Protect purpose-built rental housing

3.0 Inclusionary Zoning Framework

An updated market analysis is being prepared in response to changing economic conditions to inform the City's proposed inclusionary zoning framework

In September 2018 Council directed staff to bring forward an updated Affordable and Rental Housing Strategy for the City of Markham, including options for inclusionary zoning. Inclusionary zoning is a tool that requires affordable housing units to be included in residential developments. In accordance with the *Planning Act*, the City can implement inclusionary zoning once York Region has enabling policies in its official plan and has addressed regulatory requirements. Inclusionary zoning can only be applied within Major Transit Station Areas or where the Minister of Municipal Affairs and Housing orders implementation of a Development Permit System (also known as a Community Planning Permit System).

According to provincial regulation to implement inclusionary zoning, the City is required, amongst other things, to prepare an assessment report analyzing housing need and the financial impact of inclusionary zoning. The City retained N. Barry Lyon Consultants and a market assessment was completed in late 2019. The findings of the assessment was presented in the Phase 2 report and the Draft Housing Strategy included a proposed Inclusionary Zoning Framework based on this work and feedback received through stakeholder engagement. To consider current market conditions an updated market assessment is being prepared.

Based on the above, Action 3 in the final Housing Strategy has been revised to develop and implement inclusionary zoning in Markham's Major Transit Station Areas as a Priority Action and to consider the Inclusionary Zoning Framework from the Draft Housing Strategy when developing the implementing official plan and zoning by-law amendments. This updated Action provides some flexibility to revise the inclusionary zoning framework, if needed, based on the findings of the updated market assessment.

4.0 York Region Council Resolutions of February 25, 2021

York Regional Council resolutions dated February 25, 2021 requesting local municipalities to consider provision of two acres of land either directly or in

partnerships and exempting Housing York Inc. from parkland dedication by-laws should be assessed through related implementation actions of Markham's final Housing Strategy

On February 25, 2021, York Regional Council passed two resolutions to support the acceleration of affordable housing.

The first resolution requested all lower tier municipalities in York Region to pass a resolution in support, in principle, of the provision, by each municipality of two acres of land, either directly or in partnership, over the next five years to support affordable housing. The land is to be provided to Housing York, a non-profit or for-profit organization as appropriate for each municipality. Action 10 of the final Housing Strategy outlines that a process should be undertaken to identify opportunities to use surplus or underutilized public land or buildings for affordable and/or supportive housing.

The second resolution requested all lower tier municipalities in York Region to amend their parkland dedication by-laws to exempt Housing York Inc. from being required to provide parkland dedication or cash-in-lieu. Action 14 of the final Housing Strategy proposes that an incentive package for affordable housing and/or supportive housing be developed. Incentives may consider waiving or providing grants for certain development applications, development charges or parkland dedication requirements.

Actions 10 and 14 are priority Actions to be initiated with 12 months of the approval of the final Housing Strategy. Staff recommend that the Region's resolutions be considered through implementation of Actions 10 and 14 in the final Housing Strategy.

NEXT STEPS:

Following Council endorsement of the recommendations in this report, staff will move forward with the implementation of the final Housing Strategy based on its included timelines. The 35 actions contained in the final Housing Strategy will guide the City's efforts to increase the supply of affordable and rental housing. Staff will report back to Development Services Committee as needed to implement individual Actions related to the final Housing Strategy including inclusionary zoning.

FINANCIAL CONSIDERATIONS:

Not applicable.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The final Housing Strategy supports Goal 3 – Safe, Sustainable and Complete Community of Building Markham's Future Together, 2020-2023. More specifically, it

supports Goal 3.2: “Build complete communities that offer a range of housing and employment opportunities, transportation options and outstanding community amenities”.

BUSINESS UNITS CONSULTED AND AFFECTED:

Planning and Urban Design (Urban Design, Zoning and Special Projects), Economic Growth, Culture and Entrepreneurship, Engineering (Transportation) and Financial Services were consulted during preparation of this staff report.

RECOMMENDED BY:

Marg Wouters, M.C.I.P., R.P.P.,
Senior Manager, Policy & Research

Biju Karumanchery M.C.I.P., R.P.P.
Acting Commissioner of Development Services

ATTACHMENTS:

Appendix A – Housing Choices: Markham’s Affordable and Rental Housing Strategy

Appendix B – Comparison of Draft and Final Affordable and Rental Housing Strategy
Actions