



Report to: Development Services Committee

Meeting Date: October 17, 2023

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**SUBJECT:** Affordable and Rental Housing Strategy - Implementation Update

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**RECOMMENDATION:**

- 1) THAT the report dated October 17, 2023 entitled “Affordable and Rental Housing Strategy - Implementation Update” be received; and
- 2) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to provide an update on the implementation of the City’s Affordable and Rental Housing Strategy.

**BACKGROUND:**

In July 2021, Council approved [Housing Choices: Markham’s Affordable and Rental Housing Strategy](#) (AHS) to address affordability in the community. The AHS establishes the following vision:

“support the social and economic vitality of Markham through the facilitation and provision of a range of housing options for those that live and work in Markham throughout their lifetimes in order to sustain a more complete community.”

The AHS vision is supported by 3 goals:

- 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;
- 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; and
- Expand the supply of purpose-built rental market units throughout Markham.

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The vision and goals of the AHS are implemented through 35 actions to address housing gaps and needs in 5 thematic areas including Policy, Incentives, Advocacy, Partnerships, and Education. Each action includes one of the following timelines for implementation, priority (12 months), medium term (12-24 months) and ongoing.

Action #35 under the education theme is monitoring progress by measuring and reporting on the implementation of the AHS. This report has been prepared in response to the monitoring and reporting action item.

### **OPTIONS/ DISCUSSION:**

The following section provides an overview of recent federal and provincial initiatives to increase the supply of affordable and rental housing and commentary on staff actions to implement the AHS. See **Appendix A - Affordable and Rental Housing Strategy (AHS) Implementation Table** for a detailed update on the status of each action.

Since 2020, the City has secured approximately 115 new affordable ownership housing units.

### **Federal funding may unlock the potential for new initiatives to support an increased supply of affordable and rental housing**

The Federal government has announced a program that will allocate \$4 billion to Canadian municipalities to support the creation of 100,000 housing units. In June of 2023, City staff received direction from Council to submit an application to the Housing Accelerator Fund (HAF) to secure up to \$57 million dollars in federal funding to support the provision of affordable and rental housing in Markham. The City's application includes an Action Plan with 7 initiatives to deliver housing units:

1. Public Lands Partnership Opportunities (190 units)
2. Additional Residential (Secondary) Units Outreach and Incentives (400 units)
3. Major Transit Station Areas - Policy Update and Pre-Zoning (700 units)
4. Inclusionary Zoning in MTSA's (40 units)
5. Incentive Program for Affordable and Rental Housing (300 units)
6. Parking and Travel Demand Management Standard Update for Intensification Areas (70 units)
7. Enhance Markham's Electronic Development Application System (210 units)

The initiatives identified in the HAF application support many of the actions in the AHS and introduce new initiatives that support the vision of the strategy. Staff anticipate a decision on its application from the Federal government in the Fall of 2023.

**Responding to an evolving land use planning framework has delayed or shifted the delivery of many actions in the Housing Strategy and resulted in greater emphasis being placed on the advocacy actions**

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Since approval of the AHS in 2021, housing has continued to be a focal point of all levels of government which has resulted in several new and proposed initiatives targeted at increasing the supply of housing in Ontario. An overview of the provincial initiatives and the applicable resolutions of Markham council are provided below:

- [Affordable Housing Taskforce, 2022](#) ([Council Resolution – Item 8.3.2](#))
- [Bill 109 – More Homes for Everyone Act, 2022](#)
- [Bill 23 – More Homes Built Faster Act, 2022](#) ([Council Resolution – Item 5.0/Council Resolution – Item 8.4.9](#))
- [Bill 97 – Helping Homebuyers and Protecting Tenants Act, 2023](#) ([Council Resolution - Item 8.2.5](#))
- [Proposed Provincial Planning Statement, 2023](#) ([Council Resolution - Item 8.2.5](#))

Provincial initiatives have significantly impacted the ability of staff to deliver actions identified in the ‘Policy’ thematic area. Staff resources have focused on responding to proposed changes to land use planning and development related legislation. For example, the Proposed Provincial Planning Statement removed the provincial definition of ‘Affordable Housing’ and through Bill 23, a definition for affordable residential unit was provided that removed the link to income thresholds in favour of a Housing Bulletin to be issued by the Minister. Approximately 11 of the 35 AHS actions were impacted by the uncertainty around the definition of affordable housing and affordable residential unit. To date, the Minister of Municipal Affairs and Housing has not issued a Housing Bulletin. However, as of the date of writing of this report, the Provincial government has issued an ERO which proposes to amend the *Development Charges Act, 1997* to change the definition of an affordable residential unit for the purposes of discounting and exempting units from municipal development related charges.

Markham Staff and Council have continued to advocate for the re-introduction of the provincial definition of affordable housing for low to moderate income individuals that reflects the definition in the Provincial Policy Statement, 2020. Despite the uncertainty with provincial planning policy, several key action items have advanced since the approval of the AHS.

- Action #4 - On January 31, 2023 Staff presented a [report](#) to DSC that explored the feasibility of establishing a Community Planning Permit System (CPPS). A CPPS is required to implement inclusionary zoning outside of Major Transit Station Areas (MTSAs). Staff were directed to evaluate the findings of the study and report back to DSC with potential options for a Community Planning Permit System including a work program and required resources. Staff will continue to evaluate the benefits of a CPPS through the upcoming official plan review.
- Action #5 - Co-Housing/Co-Living – The ongoing Comprehensive Zoning By-law project adheres to Section 35. (2) of the Planning Act by removing barriers to co-habitation that historically limited occupants of a dwelling on the basis of familial relationship. The draft by-law proposes new definitions for Dwelling Units, Lodging Rooms, and Rooming Houses. As adopted by Council in 2018,

permissions for the establishment of a rooming house currently require a zoning by-law amendment through a site specific application for zoning approval.

- Action #8 and #9 - Reduction of Residential Parking Requirements. The City is currently undertaking a Citywide Parking Strategy, one of the study objectives is to explore a framework that leverages parking to support affordable housing and develop a framework for rates in areas served by transit. Currently, reduction of parking requirements to support affordable and rental housing units in new residential developments is being considered on an application by application basis.

The City will be initiating an Official Plan Review (OPR) to review and update the policies in the 2014 Markham Official Plan. The OPR will advance several AHS action items and result in updates to housing related official plan policies. The AHS action items that will be considered through the OPR include:

- Action #1- Developing annual affordable housing targets by type and tenure (ownership and rental) for all residential developments; and by affordability level and unit size.
- Action #2 - Reviewing the definition of Affordable Housing
- Action #6 - Additional Residential Units (ARU)
- Action #7 - Study Opportunities for Tiny Homes
- Action #13 - Protections for Purpose-Built Rental Housing

### **Incentives for affordable housing are negotiated on an application by application basis**

Action #14 is the development of an incentive package for affordable/supportive housing. Markham staff are exploring opportunities to incentivize affordable housing on a site by site basis through the development application review process. Staff continue to explore and evaluate the tools available to develop an incentive package for affordable and rental housing, including tools such as Community Improvement Plan (CIP) with Tax Increment Equivalent Grants (TIEGs), flexibility through Community Planning Permit Systems, Community Benefits Charges (CBC), and parking reductions for affordable housing.

Recent provincial and federal actions on housing may provide opportunities for the City to deliver an incentive package. It should be noted that through Bill 23, the Province has drafted provisions to exempt affordable residential units from Development Charges and Parkland Dedication. While these provisions received royal assent in November 2022, they have not been proclaimed and are not in-effect. Once enacted, municipalities will be required to provide incentives which may support affordable housing. This would augment existing exemptions (subject to criteria) in the *Development Charges Act, 1997* for residential units in existing rental residential buildings, residential units in existing

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houses, additional residential units in new residential buildings, non-profit housing developments, and inclusionary zoning affordable residential units. At the time of writing this report, a new definition for affordable residential unit for the purpose of exempting or discounting municipal development related charges is proposed. Staff are evaluating the proposal and will bring a report forward to Development Services Committee (DSC) for consideration.

In addition, through the City's HAF application, one of the seven action items proposed is the development of an incentives program for affordable and rental housing. If successful, this initiative may lay the ground work for an on-going incentives program.

### **Advocacy efforts to senior levels of government to support affordable and rental housing is on-going**

The City continues its advocacy work to senior levels of government to support the vision and goals of the AHS. This occurs through many forums such as the Ontario Big City Mayor Caucus and City comments on provincial legislation (i.e. Bill 23, Proposed Provincial Planning Statement). Some recent examples AHS advocacy actions that have been implemented are as follows:

- Action #18 - Increase access to the First-Time Home Buyer Incentive by increasing the maximum combined income allowable for families with children in certain housing markets.

First-time homebuyers purchasing a home in the Toronto, Vancouver, or Victoria Census Metropolitan Areas (CMA) including Markham are now eligible for an increased Qualifying Annual Income of \$150,000 instead of \$120,000, and an increased total borrowing amount of 4.5 instead of 4.0 times their qualifying income.

- Action #19 - To fully exempt charitable non-profit organizations from HST for new affordable housing projects and purpose-built rental projects.

On September 14, 2023, the Federal government announced that it would introduce legislation to provide a GST rental rebate on new purpose-built rental housing such as apartment buildings, student housing, and senior residence built specifically for long-term rental accommodations. The program will apply to projects that begin construction on or after September 14, 2023, and on or before December 31, 2030, and complete construction by December 31, 2035.

### **Partnerships and Education**

Partnerships are an important part of the AHS that can support the delivery of affordable and supportive housing. Partnerships can occur with many stakeholders including senior levels of government, faith groups, non-profit and for profit residential developers, community agencies, and property owners.

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Action #30 of the AHS is facilitating partnerships for affordable housing. Since 2020, staff have worked with municipal and private sector partners through the development application process to provide a total of 115 new affordable ownership units. Staff will continue to explore partnership opportunities with other groups including residential developers and Housing York.

Further, one of the action items identified in the City's HAF application is Public Partnerships. It is anticipated that this initiative will advance the City's efforts on partnerships by establishing a program to leverage public and privately owned lands to support opportunities for the provision of affordable and rental housing.

Action #32 – Work to increase awareness of housing needs. Staff are working with York Region and other housing partners to increase the awareness around housing needs in Markham and the benefits of including affordable and rental housing in all communities. This includes making connections with developers and information sharing through forums such as City Builders. As the housing crisis continues to be an issue for governments and the public, education will continue to be a critical thematic area of the AHS.

### **Next Steps**

The advancement and implementation of the City's Affordable and Rental Housing Strategy should continue to be monitored and analyzed to determine what is working and what is not, as well as areas for improvement. The AHS should be reviewed and updated periodically to ensure the actions reflect the current context and municipal priorities.

Staff will continue to advance the action items identified in the AHS to support affordable and rental housing in Markham and report annually on progress. Should the City's HAF application be approved, staff will prioritize advancement of the 7 initiatives that will support the goals outlined in the AHS.

### **FINANCIAL CONSIDERATIONS**

Not Applicable

### **HUMAN RESOURCES CONSIDERATIONS**

Not Applicable

### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

This report aligns with the "Safe, Sustainable, and Complete Community" strategic goal, as the advancement of actions on rental and affordable housing in the City supports the development of complete communities.

### **BUSINESS UNITS CONSULTED AND AFFECTED:**

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Staff from Transportation, Development Planning, Finance, and Development Facilitation Office were consulted in the preparation of this report.

**RECOMMENDED BY:**

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**ATTACHMENTS:**

Appendix A - Affordable and Rental Housing Strategy (AHS) Implementation Table