



Report to: Development Services Committee

Meeting Date: June 4, 2024

SUBJECT: Options to Secure Affordable Housing Long Term

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RECOMMENDATION:

- 1) THAT the report dated June 4, 2024 entitled “Options to Secure Affordable Housing Long Term” be received; and
- 2) That Staff be directed to further explore options for securing and managing affordable housing commitments obtained through the development review process and explore potential partnership options with York Region and/or other affordable housing providers and report back to Development Services Committee with the results; and
- 3) 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 overview of the City's current approach to securing affordable housing units and policy tools for managing affordability long term.

BACKGROUND:

The City of Markham approved the Affordable and Rental Housing Strategy in 2021 as a response to direction in the 2014 Markham Official Plan to increase the supply of affordable housing units in partnership with senior levels of government, not-for-profits, and the development industry.

• **Recent Federal and Provincial initiatives aimed at Affordable Housing**

In 2022, through the More Homes, Built Faster: Ontario’s Housing Supply Action Plan 2022-2023 and the More Homes Built Faster Act (Bill 23), the province committed to a target of 1.5 million homes being built over the next 10 years and assigned a Municipal Housing Target to Markham. In response, the City of Markham made a [Municipal Housing Pledge](#) to facilitate the construction of 44,000 new homes. An overview of the provincial initiatives and the applicable resolutions of Markham council are provided below:

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- [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)
 - [Bill 134 – Affordable Homes and Good Jobs Act, 2023](#)
 - [Bill 185 - Cutting Red Tape to Build More Homes Act, 2024](#)
 - [Proposed Provincial Planning Statement, 2024](#)

The Federal government has also released a National Housing Strategy which is aimed at increasing access to housing through partnerships, funding, grants and loan to create affordable, stable, and livable communities. This includes the recent Housing Accelerator Fund Initiative.

The legislation and initiatives released by the Federal and Provincial government have further informed the land use planning obligations of municipalities to provide solutions to address the housing crisis and support the development of affordable and purpose-built rental housing.

Council Members at various Development Services Committee meetings have also requested that staff prepare a report on how affordable housing units committed through development applications are being secured long term and the obligations of the municipality to secure affordable housing.

OPTIONS/ DISCUSSION:

2014 Markham Official Plan

The City of Markham Official Plan supports a diversity of housing types and tenures, and affordable housing options to contribute to the livability of neighbourhoods and the quality of life for residents.

The Official Plan requires a housing impact statement for mid-rise and high-rise development applications exceeding 500 dwelling units or two apartment buildings to monitor and encourage the implementation of a diverse and affordable housing stock. Local official plan policies establish a target of 25% of new units across Markham being affordable and 35% of new units in Markham Centre, Langstaff Gateway, and key development areas being affordable to low- and moderate-income individuals. The targets reflect the 2010 York Region Official Plan requirements and to date the targets have not been met. Having policy tools in place to request more affordable units and secure affordability through agreements is a key component in making progress towards the achievement of the housing targets.

Further policy direction is provided to develop a strategy for affordable and shared housing in partnership with the Region, the non-profit sector, the development industry, community partners, and senior levels of government to increase the supply of affordable housing options and ensure a diverse range of housing choice.

Markham Affordable and Rental Housing Strategy

In July 2021, Council approved [Housing Choices: Markham's Affordable and Rental Housing Strategy](#) (AHS) to support the social and economic vitality of Markham through the facilitation of a range of housing options to meet community needs and fulfill the City's ongoing vision to be a complete community.

The City of Markham developed its AHS, as a guiding document to help increase housing options and address housing affordability. The AHS goals incorporate input from the [Phase 1 Housing Needs Assessment, Phase 2 Policy Framework and Recommendations](#), and stakeholder feedback on housing issues and solutions. As a result, the AHS sets out 35 actions to be advanced under the umbrellas of Policy, Incentive Programs, Advocacy, Partnerships, and Education, to ensure that the City preserves its existing housing stock and, in parallel, increases the supply of housing options across the continuum.

An implementation update [report](#) on the AHS was presented to Development Services Committee in October of 2023. Several action items from the AHS will be implemented through the City's Housing Accelerator Fund Action Plan and the upcoming Official Plan Review, which will also respond to recent changes in legislation by the province.

City of Markham's Approach to Securing Affordable Housing Commitments in Response to Policy Direction

The City does not have a formal process for securing affordable housing units. Currently, through the Pre-Application Consultation process, development staff advise prospective applicants about the City's interest in affordable housing, including advising that Council has approved an Affordable and Rental Housing strategy. Recommendation reports for development applications indicate when affordable housing units are proposed as a part of a development.

In some cases, affordable housing units are also provided as a part of a negotiated settlement through the Ontario Land Tribunal. The City has received commitments for approximately 186 affordable and rental housing units in recent years. Staff are evaluating the options available to secure these units through agreements, inclusive of affordability details such as depth of affordability and the length of time the units would remain affordable. Appendix 1 identifies the approved developments in the City of Markham where affordable housing units have been committed but require securement.

Provincial Policy Directs Municipalities to Support Affordable Housing

The *Planning Act* sets the ground rules for land use planning in Ontario. This includes identifying matters of provincial interest such as providing for a full range of housing, including affordable housing. Planning decisions made by the province and municipalities must have regard to matters of provincial interest.

The Provincial Policy Statement 2020 and proposed Provincial Planning Statement 2024 require municipalities to plan for healthy and safe communities by, among other factors, accommodating an appropriate affordable and market-based range and mix of residential types including affordable housing for current and future residents. This policy direction includes establishing and implementing minimum targets for providing affordable housing to low- and moderate-income households aligning with applicable housing and homelessness plans. The definition of 'Affordable' in the PPS, 2020 and proposed PPS, 2024 are similar with the only difference being the replacement of the term 'Regional Market Area' with 'Municipality' in the proposed PPS, 2024.

Through Bill 134, Affordable Homes and Good Jobs Act, 2023 and Bill 23, the More Homes Built Faster Act, 2022, the province introduced a framework for exemptions and discounts to affordable residential units from municipal development-related charges (MDRCs) including Development Charges and Parkland Dedication fees. These exemptions and discounts are slated to come into effect across Ontario on June 1, 2024 as indicated in the [Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin](#), which sets out the average purchase prices, market rents, and income-based thresholds that are to be used to determine the eligibility of an affordable residential unit for exemptions.

The Bulletin also states that units eligible for exemptions must be subject to agreements that provide for them to remain affordable residential units for 25 years, and that units must also be sold or rented on an arm's length basis. This highlights the need for further review and study of the most appropriate and effective tools which the City can use to implement these requirements.

York Region established targets for Affordable Housing in the York Region Official Plan

The 2022 York Region Official Plan (YROP) establishes guiding principles for the management of growth in the Region to support complete communities. Guiding principle #7 in the YROP is the provision of a full range of housing types with a region-wide target of 25% of all new housing and 35% of all new housing within Regional Centres and Major Transit Station Areas being affordable to low to moderate income households. This principle is also reflected in Regional policies and is applicable to each local municipalities in York Region.

The YROP includes policy direction to prioritize the use of public lands for affordable housing, encouraging the development industry to identify approaches and locations for

affordable housing early in the development process, and working with local municipalities and other key stakeholders to explore opportunities to deliver housing in a timely manner.

York Region is identified as a Service Manager through the *Housing Services Act* and Ontario Regulation 638/00. Service Managers are responsible for delivering and administering social and affordable housing and social service programs. Service Managers are also required by the Provincial government to develop and maintain a 10-year housing and homelessness plan. The Region's first plan, Housing Solutions, was approved in June 2014 and was significantly updated in October 2019. York Region's next housing and homelessness plan for 2025-2035 is to be brought forward to Regional Council in early 2025 and will be informed by three implementation plans which addresses the Region's needs across the housing continuum: the Affordable Private Market Housing Implementation Plan, the Community Housing Development Master Plan and the Homelessness Service System Plan. A new strategic plan for the Region's housing corporation, Housing York Inc. is also underway. It is worthy to note that Regional Council declared a housing affordability crisis in February 2021.

Local municipalities are referenced by the Region as critical partners in advancing the priorities around housing solutions, enabling the development of affordable housing options and responding to homelessness challenges. The City will continue to be engaged by the Region throughout 2024 as upcoming plans are being developed.

Summary of Potential Tools to Secure Affordable Housing

The *Municipal Act* and *Planning Act* set out some of the terms for how units can be secured as affordable subject to certain criteria being established or studies being undertaken to define the limits. Other tools such as the *Land and Titles Act* may allow for restrictions to be placed on the transfer of lands. The following section and Appendix 2 provides a brief overview of policy tools and instruments that can be used to secure affordable housing:

- **Municipal Act**
 - Municipal Capital Facilities Agreements (e.g. Contribution Agreements to secure affordability terms)
 - Municipal and City Services Corporations (e.g. Municipal Development Corporations for affordable oversight and management of affordable housing inventory)

- **Planning Act**
 - Inclusionary Zoning (requiring affordable housing in Protect Major Transit Station Areas)
 - Community Planning Permit System (require certain features including affordable housing to be included as a condition of approval/ implement inclusionary zoning in CPPS Areas)

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- Minister's Zoning Orders (intended to expedite approval process by overriding local Planning authority jurisdiction, the minister can require inclusionary zoning through MZO's)
 - Land and Titles Act
 - Impose restrictions on the transfer of land (Section 118)

In addition to the policy tools available for securing Affordable Housing, there are several tools that are available to provide incentives to support affordable housing. Using these tools to deliver incentives like grants, community improvement plans, fee exemptions and reductions, and community benefits charges require agreements outlining the terms of affordability.

Potential Options Available for Ensuring Long Term Affordability

Based on an initial review, staff have identified some options available to the City to maintain the affordability of ownership or rental unit long term that include:

- Acquiring and Administering Rental Units by Markham or a Third-Party Partner
- Renting at an Affordable Rate by a Development Proponent and Monitoring through an Agreement with Markham or a Third-Party Partner
- Affordable Ownership Managed and Administered by Markham or a Third-Party Partner

If the City was to acquire and maintain affordable units, there would be costs associated with the administration and operation of the long-term affordability of units. An assessment of each commitment is required to determine the correct policy tool and legal instruments required to secure the affordable units that have been committed through development applications. The applicable tools and instruments may vary depending on the applicants' offered units, type of unit, and type of tenure.

Staff are undertaking an evaluation of the options and costs to administer affordable housing units, including reaching out to local municipalities and Servicing Managers to inform potential costs and recommendations.

Next Steps

Staff will continue to support affordable housing outcomes in Markham through the development application review process in response to provincial, regional, and local planning policies that support the development of a range and mix of housing options including affordable housing. To advance the internal process, staff are reviewing the process to report on affordable housing units committed through the development application process.

For units already committed, staff will seek an external consultant to assist in the preparation of an options report outlining the delivery/maintenance options and legal agreements available to the City to secure affordable units and the administrative and operation related implications of securing affordable housing units long term. Staff are also targeting a report to Development Service Committee in October 2024 to provide additional information and recommendations on securement.

In the interim, staff will report to Council with recommended options for securement of affordable housing units in approved developments if a commitment needs to be advanced.

FINANCIAL CONSIDERATIONS

Staff will utilize existing operating budgets to retain a consultant to support work related to securing affordable housing.

HUMAN RESOURCES CONSIDERATIONS

There are no human resource considerations associated with this report.

ALIGNMENT WITH STRATEGIC PRIORITIES:

This report aligns with Goal 3.2 of Markham's Future Together, 2020-2023 (BMFT): "Build complete communities that offer a range of housing and employment opportunities, transportation options and outstanding community amenities".

BUSINESS UNITS CONSULTED AND AFFECTED:

This report was circulated to legal and finance.

RECOMMENDED BY:

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Giulio Cescato, MCIP, RPP
Director, Planning & Urban Design

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Commissioner, Development Services

ATTACHMENTS:

Appendix 1 – Approved Developments with Affordable Housing Units Committed that Require Securement

Appendix 2 - Potential Tools to Secure Affordable Housing