



Bringing Affordable Rental Housing to York Region

CHALLENGES AND RECOMMENDATIONS
FOR MARKHAM, ONTARIO

MAKE RENTAL HAPPEN CHALLENGE

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Executive Summary

Objective

The objective of this report is to acknowledge the key challenges municipalities face when trying to attract private development of affordable rental units, and to suggest unique strategies they can use to address these challenges. Our recommendations are targeted towards Markham and York Region, but many of the suggestions are applicable in other Canadian contexts. These practical recommendations resulted from insights gained during an examination of multiple municipal approaches aimed at increasing the supply of affordable rental housing.

Rental Housing Shortage in York Region and Markham

Both York Region and Markham acknowledge the shortage of affordable housing within their jurisdictions. Residents who live in unaffordable housing are at a disadvantage in terms of their mental and physical well-being (Bryant, 2004). This is because they often have to face issues such as stress, overcrowding, and potentially unsuitable living conditions (Bryant, 2004). More often than not expenditures being spent on unaffordable housing are expenditures not being spent on social factors such as recreation, health care, nutrition, and education (Dunn, 2002). Furthermore, residents may lack the financial resources to address any physical inadequacies their home may have.

Affordable Rental Housing: Important Considerations

Though often overlooked during the development process, there are many social considerations that developers and planners need to factor in when creating affordable rental housing. Although creating affordable housing can ease the financial burden that low-income residents face, it is imperative that these new affordable rentals are located close to services and amenities such as schools, health care, job opportunities, recreation facilities, and transportation. This is essential so that unaffordable housing costs are not replaced by unaffordable food and/or transportation costs (Tegeler & Berstein, 2013). Additionally, new units should be built in such a way that utility costs remain low and where social mix can be incorporated so that one income group does not dominate (Damaris, 2004).

Challenges

There are a number of challenges that municipalities may face when trying to attract private development of affordable rental housing. Our report focuses on three of these challenges – NIMBYism, disincentives for developers, and lack of coordination between stakeholders.

1. NIMBY: “Not In My Back Yard”

NIMBYism describes a number of beliefs community members hold that cause them to resist new neighbourhood development (City of Toronto, 2009). NIMBYism is complex and stems from various beliefs, including prejudice and fear (City of Toronto, 2009). People in a community may worry that affordable rental housing will spoil the character of a neighbourhood, strain infrastructure, or decrease property values. While NIMBY complaints are often seen by planners as negative and invalid, community concern should not be automatically disregarded, as public input and involvement is an important component of the planning process.

2. Complexity and Disincentives for Developers

Private developers may not believe it is their responsibility to create affordable rental units, and instead link this duty to housing authorities (Human Services Planning Board of York Region, 2013). This belief is supported by a number of disincentives to affordable rental creation, including the uncertainty of federal and provincial funding, the tendency for lending institutions to favour condominium development over rental apartments, and unnecessary costs tagged onto development by municipalities.

3. Lack of Coordination between Stakeholders

A lack of information sharing and coordination among all sectors involved in rental housing creation makes it difficult to foster long-term solutions that guarantee affordable rental availability (Witwer, 2007). For instance, it is difficult to form a public-private partnership model that encourages continual private sector involvement with affordable housing projects. Additionally, NIMBYism can arise due to a lack of coordination among developers and the community; without public consultation at the beginning of a project there is likely to be opposition.

Recommendations

The recommendations put forth have been informed by our analysis of the previously described Canadian case studies. Recommendations focus on both direct municipal actions (development based and financial incentives) and larger scale recommendations aimed at the region (focused on collaboration between different stakeholders).

Direct Municipal Actions

There are a number of mechanisms that municipalities can use to lower the cost of developing rental housing. These incentives make affordable rental projects much more likely to be undertaken by developers, and also lower the total cost of building rental units. This cost savings can be passed on to tenants. Key incentives municipalities can utilize include waiving development fees, allowing or zoning for parking space reductions, allowing unit size reductions, density bonusing and priority processing for affordable rental application permits.

Municipal Techniques to Reduce NIMBYism

There are four techniques municipalities can adopt to address community concerns about the introduction of affordable rental housing (Iglesias, 2002).

1. Plan early
2. Understand the Community
3. Employ Legal Rights
4. Utilize the media

Collaborative Efforts and Collective Impact

Collaboration and meaningful communication is critical in sustaining the momentum of previous success in affordable housing development. Bringing all stakeholders to a common ground eliminates uncertainties surrounding definitions of affordable housing, and clearly outlines the roles of each stakeholder. Communicating opportunities and barriers to affordable housing projects is one of the largest benefits of discussions across groups.

Collective impact is a systemic approach to progress that critiques the dominant practice of operating in silos and fixating on one spectrum point to solve an issue (Kania & Kramer, 2011). Ultimately, a collective impact initiative requires a common ground of measurements,

definitions, objectives, mutually reinforcing activities and continuous communication. It emphasizes that collaboration cannot stop at the surface-level, such as information sharing and short term actions, but requires a sustained and structured initiative which results in higher impact. A key component to collective impact is the presence of a separate organization to act as a backbone to the initiative, connecting and facilitating communications and information between the various stakeholders.

Next Steps and Further Research

Beyond the recommendations drawn from our research, our team identified other aspects of providing affordable rental housing that were outside the scope of our project. The following subsections provide direction that housing stakeholders in Markham should consider for further research.

Track Progression of Housing and Homelessness Plans

Since the introduction of the Housing Services Act in 2011, all Ontario municipalities are required to create plans to address housing and homelessness. Municipalities will benefit by tracking the successes and experiences of other municipalities, ultimately learning from what they implemented.

Examine International Best Practices

The case studies described in this report are limited to Canada so that applicability within the federal housing context could be ensured. However, international best practices can also provide insight on solutions to affordable housing in Canada.

Explore New Funding Models for Affordable Housing

The withdrawal of upper levels of government from housing provision has left the municipalities in Canada, and especially Ontario, with little financial support to provide affordable housing. Municipalities will have to explore alternative public-private partnerships to fund the development of affordable housing.

Conclusions

Providing affordable housing is a complex challenge. This report provides a background on the state of housing in Canada, with specific focus on the Town of Markham in York Region.

Recommendations were made for specific actions Markham can take to increase its stock of affordable rental. These areas for action must be considered along with the more general recommendations that address the complexity that municipalities face, including gaining public support and facilitating stakeholder collaboration. Municipalities have a key role to play in all of this, and it is the hope of the researchers that this project will offer guidance in meeting the challenge of providing affordable housing.

Contents

Executive Summary	i
Introduction.....	1
Methodology	Error! Bookmark not defined.
Literature.....	Error! Bookmark not defined.
Mapping	Error! Bookmark not defined.
Case Studies	Error! Bookmark not defined.
Limitations	Error! Bookmark not defined.
Examining the Study Area	3
York Region Background & Housing Policy Brief	6
The Importance of Affordable Housing.....	7
Importance to the Region.....	7
Social Considerations.....	7
Social Considerations: Developing New Private Market Rental Units	9
Challenges.....	10
Public Support: Overcoming the Not in my Backyard Attitude.....	10
Complexity and Disincentives for Developers	11
Lack of Coordination among Stakeholders.....	12
Case Studies	26
City of Vancouver.....	26
Community Snapshot – High demand for affordable rental units	26
Municipal actions – Incentive and land use policy changes	27
Results to Date – Early success and catalyst of new rental program.....	27
Region of Peel.....	28
Community Snapshot - High demand for affordable housing	28
Results to Date – Rental decay slowed.....	29
The City of Saskatoon.....	29
Community snapshot - High demand and lack of rental starts	29
Municipal Actions - Multiple incentive programs for affordable and rental housing	30
Results to Date - Annual rental starts on the rise.....	30
Recommendations.....	13

Direct Actions for Municipalities	13
I. The Waiving of Development Fees	13
II. Reductions in Parking Requirements	14
III. Unit Size Reductions.....	14
IV. Density Bonusing.....	15
V. Priority Processing	15
Addressing NIMBYism	15
1. Planning early	15
2. Understand the community	16
3. Employ legal rights	16
4. Utilize the media.....	16
Collaborative Efforts.....	17
Collective Impact	17
Next Steps & Further Research.....	18
Track Progression of Housing and Homelessness Plans	19
Examine International Best Practices	19
Explore New Funding Models for Affordable Housing	19
Conclusion	20
References.....	21
Appendix.....	26

Introduction

Located north of Toronto, York Region spans nine municipalities that have all undergone major transformations over the past few decades (York Region, 2013a). These predominantly middle income communities quickly evolved from sleepy rural communities into booming suburbs. (Mendleson, 2013). During this time of rapid growth, private market housing prices increased substantially faster than wages. Due to the unaffordable market, residents with careers that are typically seen as being secure – such as nurses, teachers, and police officers – are unable to purchase a house in York Region (York Region, 2013b).

Although middle and high income neighbourhoods characterize York Region, there is deepening income and social inequality, and 14% of neighbourhoods are categorized as either low or very low income neighbourhoods (Mendleson, 2013). The increasing number of low-income households within York Region, as well as higher market prices in general, has created greater demand for more affordable housing options. For example, between 2008 and 2012, the waitlist for social housing increased by 63%, leaving more than 10,000 households waiting for housing (York Region, 2013b). Markham maintains that the housing needs for most of its residents are being met; however, similar to the rest of York Region, there is a demand from low and moderate income households for more affordable housing, particularly for rental units (Town of Markham, 2011).

According to Ontario's 2014 Provincial Policy Statement (PPS), affordable rental housing is defined as the least expensive of:

- A unit for which the rent does not exceed 30% of gross annual household income for low and moderate income households¹; or
- A unit for which the rent is at or below the average market rent of a unit in the regional market area.

It is evident that there is a need for more affordable rental housing options in York Region and, more specifically, within the municipality of Markham. However, there are many challenges that make it difficult to increase the supply of private market rental housing. These barriers include

¹ From the PPS: In the case of rental housing, low and moderate income households refer to households with incomes in the lowest 60% of the income distribution for renter households for the regional market area.

opposition from the local community, difficulty in attracting developers, and a lack of coordination among public and private stakeholders.

The objective of this report is to acknowledge the key challenges municipalities face when trying to attract private development of affordable rental units, and to suggest unique strategies to address these challenges. Our recommendations are targeted towards Markham and York Region, but many are applicable in other Canadian contexts. These practical recommendations result from insights gained during an examination of multiple case studies of municipal approaches to increasing affordable rental housing.



Figure 1: The location of York Region within the province of Ontario. Sources (data): Statistics Canada, 2006; United States Census Bureau, 2010.

Examining the Study Area

Figures 2 and 3 portray median income and Figures 4 and 5 portray percentage of rented dwellings per dissemination area in York Region and Markham. Income is dispersed from low to high income, making Markham a suitable municipality to locate new rental housing. Similarly, Markham is currently characterized by homeownership primarily; however, there are pockets of rental housing units, which makes Markham an ideal location to continue to build up the rental housing market.

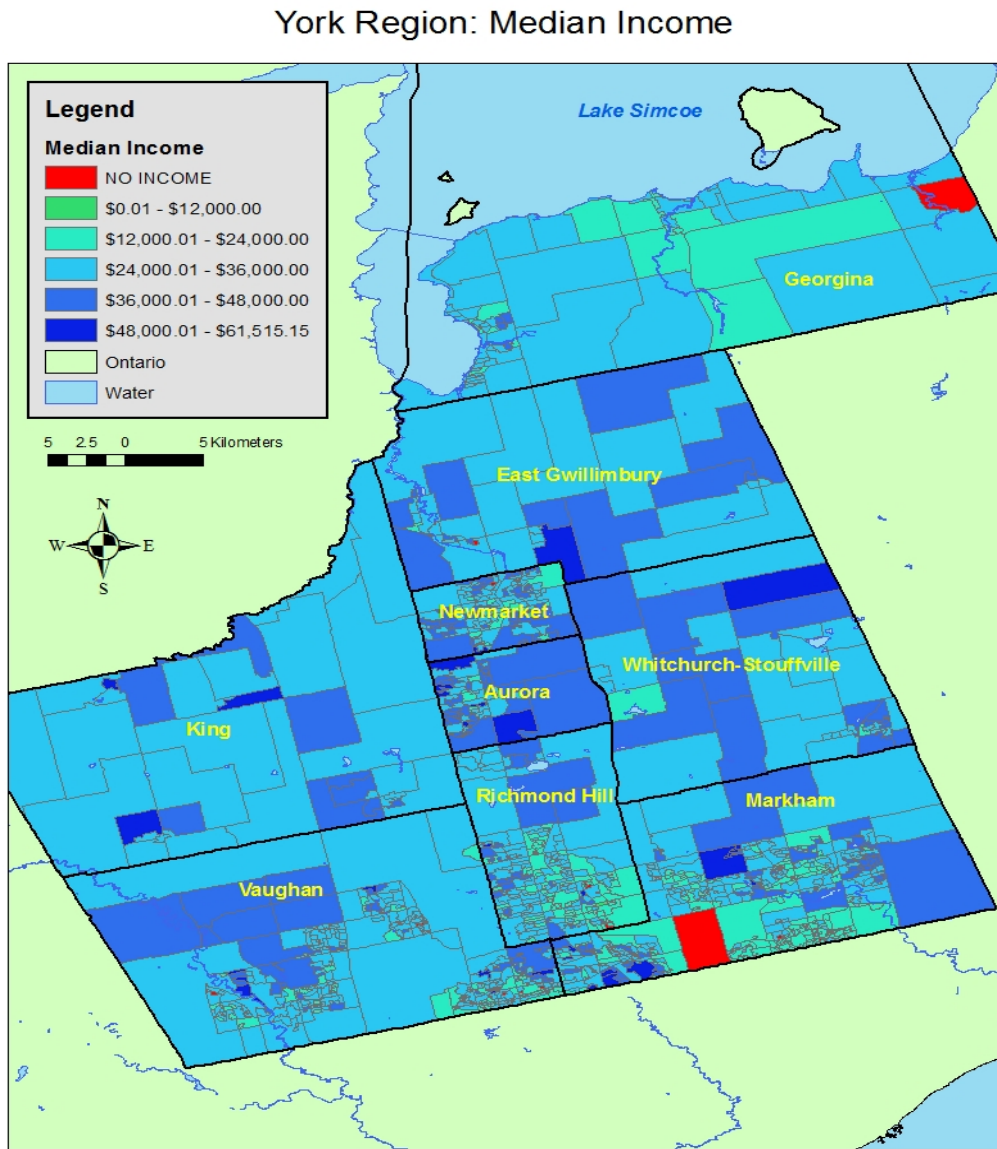


Figure 2: The Median Income by Households in York Region. Sources (data): Statistics Canada, 2006.

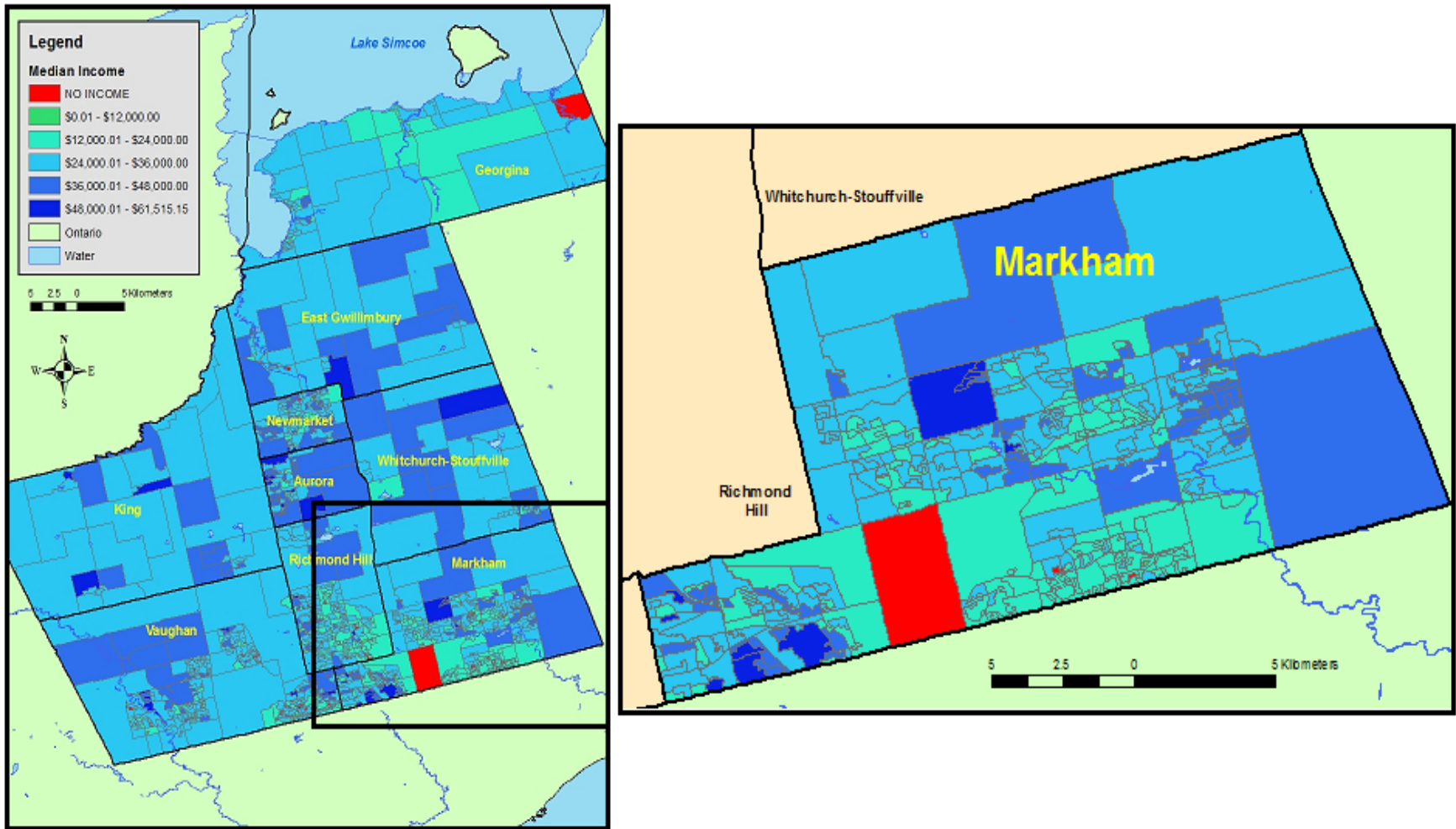


Figure 3: The Median Income by Households in Markham. Sources (data): Statistics Canada, 2006.

York Region: Rented Dwellings

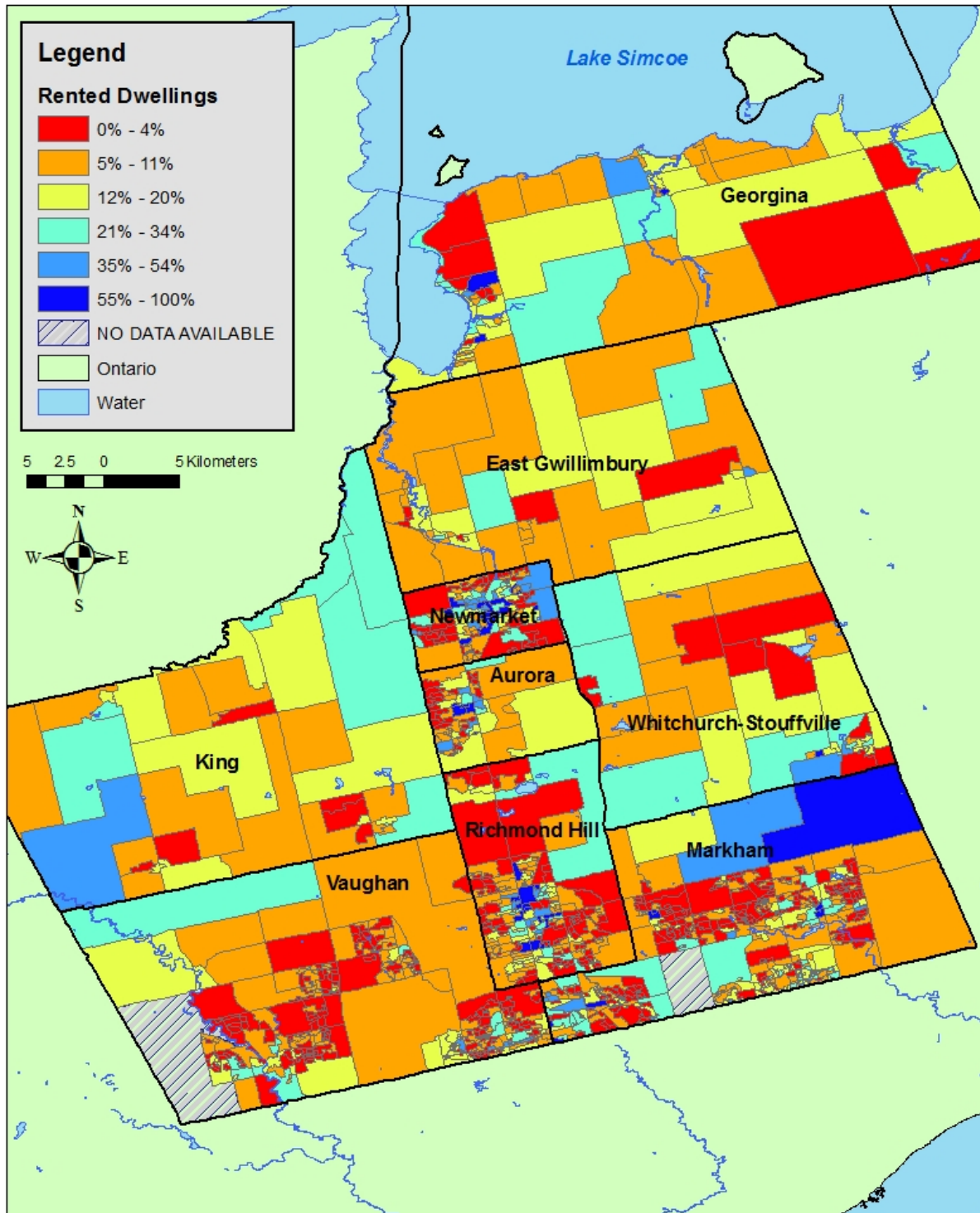


Figure 4: Percentage of Rented Dwellings in York Region. Sources (data): Statistics Canada, 2006.

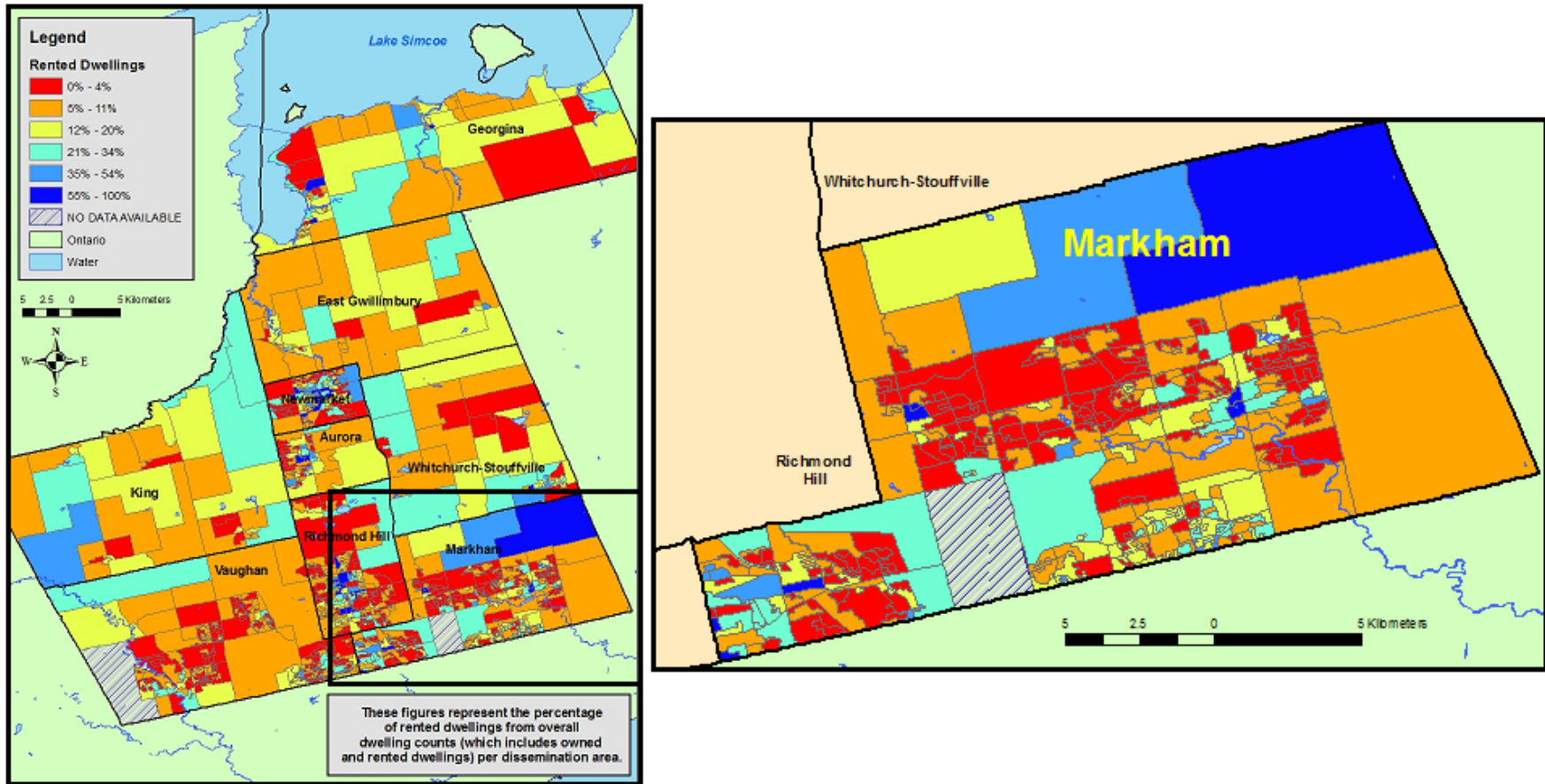


Figure 5: Percentage of Rented Dwellings in Markham. Sources (data): Statistics Canada, 2006.

The Importance of Affordable Housing

Importance to the Region

The lack of rental housing options in York Region has many negative impacts, which include (York Region, 2013b):

- A high demand and long wait times for publicly subsidized housing units
- Difficulty for businesses to attract and retain employees who cannot find adequate housing
- Long commutes to work which increases congestion and diminishes quality of life due to time away from home, environmental concerns, and stress
- Limited options for seniors looking to downsize and for young adults starting out

Social Considerations

The lack of affordable housing in York Region is a problem. Planners addressing this problem must consider the variety of ways in which unaffordable housing impacts residents living in these conditions. This understanding will allow municipalities to plan accordingly for new affordable housing developments. Socio-economic factors that are housing-related negatively impact vulnerable populations (Dunn, Hayes, Hulchanski, Hwang, & Potvin, 2006). In their research, Dunn et al. (2006) relate specific housing factors to socio-economic factors. See Table 1 below.

Figure 6: Housing, socio-economic status, and health framework.

Housing Dimensions ²	Socio-economic Category ³
Physical hazards	Owners/renters
Physical design	Different income levels
Psychological benefits	Family household status
Social benefits	(Dis)ability
Political dimensions	Mental illness

² Housing attributes that directly or indirectly impact health (Dunn et al., 2006).

³ Vulnerable subpopulations and social disadvantage frameworks that the housing attributes will influence (Dunn et al., 2006).

Financial dimensions	Life stage (particularly children and seniors)
Location	Gender
	Ethnicity/immigration
	Aboriginal status

Source: Adapted from Dunn et al. (2006) table (p. S12).

Inaction in addressing this affordable housing crisis leaves low-income residents vulnerable to living in substandard housing which, according to Bryant (2004), is a social determinant of health. Specifically, Bryant (2004) states that a “housing disadvantage is a unique predictor of poor health outcomes” (p. 162). For example, overcrowding increases the likelihood of respiratory and infectious diseases in both children and adults. Likewise, children are negatively affected by the stress that their low-income parents’ exhibit, which can affect the child’s emotional, social, economic, and physical well-being in the future (Dunn, 2002).

Residents who are forced to live in unstable and unaffordable situations continue to move frequently in order to find adequate affordable housing (Mueller & Tighe, 2007). This has a direct negative impact on both children’s scholastic achievement, as they are constantly trying to catch up and “shift their focus to different material in the middle of the school year,” and their social and psychological well-being, as they are unable to maintain a close social network (Mueller & Tighe, 2007, p. 374).

Additionally, the expenditures that vulnerable populations spend on housing represents resources that are not available to address other social factors in their lives. These other factors include health services, nutrition, education, and recreation; all of which may be directly or indirectly related to housing, and a reduction of these factors can negatively affect their social well-being (Dunn, 2002; Bryant, 2004). Furthermore, populations with a low socio-economic status often face barriers, such as a lack of financial resources to address the adverse physical conditions of their homes (Dunn et al., 2006).

The lack of control associated with uncertain housing conditions and the lack of stable housing creates substantial stress that largely affects those with a lower socio-economic status (Dunn, 2002). There are several benefits to being securely housed which people in unstable housing

situations cannot take advantage of. For example, secure housing provides people with a sense of identity, pride, ownership, and control; which can increase the emotional, psychological, and overall health well-being of individuals and provides “a place of continuity, stability, and permanence in everyday life” (Dunn, 2002, p. iv). Similarly, one’s own home acts as the centre for their social network and, according to Dunn (2002), “social support is a powerful determinant of health” (p. iv).

Social Considerations: Developing New Private Market Rental Units

The location of housing relative to social services and amenities (such as schools, public recreation facilities, health services, retail services, and employment), family and friends, polluting industries, traffic, and perceived or actual crime can all either positively or negatively impact a person’s health (Dunn, 2002). Housing choice is often constrained, if available at all (Dunn, 2002). Dunn argues that the “housing assignment process” influences how access to the above services are determined, which shapes people’s existence within the space and gives them more or less control over their life circumstances (2002, p. 28). The location of rental housing and the amount of public investment within that place “shapes the incentives that people have to remain, leave, avoid, or move to that place” (Davidson, 2013, p. 391). For example, affordable housing incentives within a community that offers supports and job training will likely attract residents to leave their prior neighbourhoods and move into the “better” community (Davidson, 2013).

However, Tegeler and Berstein (2013) argue that housing affordability is not the only cost that low-income families need to contend with, as transportation costs and access to affordable grocery stores must also be taken into consideration. That is, increased food and transportation costs “could lead to inaccurate assumptions about affordability,” even if the home is considered affordable (Tegeler & Berstein, 2013, p. 117). Additionally, new affordable rental housing units should be built in such a way to keep utility costs low.

Social mix should be a factor in new housing so that one income-group is not predominant. Social mix is “an ideal originally rooted in nineteenth-century utopianism” (Damaris, 2004, p. 279). Wood (2003) argues that concentrating low-income residents creates social isolation where the residents lack access to education and job opportunities and face mental and physical health

concerns. Therefore, by integrating social mix within new affordable housing development, these socio-economic inequalities can be decreased as all residents have the same access to services, amenities, and job opportunities (Damaris, 2004).

Housing policy is widening the inequalities for social and health well-being of Canadian residents, which the government is not addressing seriously (Bryant, 2004). Bryant (2004) argues that political strategies are needed to frame how these inequalities are negatively affecting Canadian residents as a whole.

Challenges

Some of the challenges associated with increasing affordable housing options were briefly highlighted above. However, to better understand the impacts of these limitations, they will be discussed here in further detail. Whether improving affordability of existing market price units or building new affordable options, it is difficult to introduce such projects for the reasons described below. While these challenges are significant, it is important to note that they are not the only limitations surrounding such proposals.

Public Support: Overcoming the Not in my Backyard Attitude

“NIMBY stems from concerns about change in the neighbourhood, ranging from expressions about the presumed characteristics of newcomers (often in the case of supportive or affordable housing) through to concerns over neighbourhood impacts such as traffic and building.” (City of Toronto, 2009)

Common public opposition associated with affordable and social housing include prejudice and fear from existing residents in the area. There is a lack of understanding and empathy towards low-income residents. When these “newcomers” move into more affluent neighbourhoods, the public often believes that crime and violence will increase, the neighbourhood’s character will be spoiled, new development will strain public services and infrastructure, and that nearby property values will decrease (City of Toronto, 2009). In York Region local politicians are trying to address the growing income gap, however, NIMBYism is a huge factor and was particularly

present in Richmond Hill following the development of a youth shelter and social housing units (Mills, 2013).

Keeping that in mind, it is important to note that while NIMBY complaints are often seen as negative and invalid, it is best not to automatically disregard a community's concern surrounding development in their neighbourhood, as public input and involvement should never be overlooked.

Complexity and Disincentives for Developers

Although there can be opposition expressed by the public throughout the planning and construction phases, it is often difficult to initiate such projects due to the complexity and disincentives for developers to become involved. Most developers do not believe that it is their duty to provide affordable housing, but rather it is the responsibility of the government and housing authorities. Funding plays a very important role as well. Private developers and investors cite the uncertainty of government funding as a disincentive to investing in affordable or social housing projects (Human Services Planning Board of York Region, 2013).

Municipal fees and regulations can make this type of development unfavorable as they add significantly to the total cost of developing a rental building, ultimately making it more difficult to provide tenants with affordable rents. These restrictions include outdated zoning by-laws that state the need for large setbacks, or excessive requirements for parking. These regulations can also prolong the approval process, increasing the carrying costs of development (Human Services Planning Board of York Region, 2013).

Development charges are an additional financial burden with building affordable housing units. Development charges are fees levied by municipalities against new development or redevelopment to recover the associated cost of providing hard and soft infrastructure (Baumeister, 2012). In Markham, development fees are \$30,102 for apartment units under 700 ft² and \$41,984 for apartment units 700 ft² and over (Town of Markham, 2014).

Finally, condominium development also contributes to the erosion of affordable rental options. As demand for condominiums increases, rental units are being converted for sale which contributes to the overall decrease in the rental housing stock. According to the CMHC, most condominiums are more expensive than apartments, generating a loss in housing options that are

more affordable (FCM, 2012). Additionally, it is more difficult for developers to finance apartments than condominiums. While condominiums can be sold very quickly – that is, have a faster rate of return on investment – recouping costs from rental units is a slower process (Human Services Planning Board of York Region, 2013).

Lack of Coordination among Stakeholders

The final challenge that will be examined is the lack of coordination among stakeholders. This includes an absence of information sharing between developers concerning their involvement with affordable housing projects (Witwer, 2007). If developers are unaware of other success stories or experiences implementing affordable rental units, they will not be in favor of investing in such housing because it is seen as a riskier development (Witwer, 2007). It is also difficult to form a public-private partnership model that encourages continual private sector involvement with affordable housing projects. A study in Calgary looked at encouraging private sector engagement in affordable housing and found that having a continual model that engages various stakeholders was one of the most challenging aspects of developing affordable housing (Witwer, 2007).

A further obstacle is the lack of coordination among various levels of government. Affordable housing projects are difficult to launch if there is any friction between federal, provincial, regional and/or municipal government bodies (Human Services Planning Board of York Region, 2013). York Region (2013b) is trying to partner with developers and is pushing the federal and provincial governments to reintroduce incentives to build rental units. Funding is one of the biggest barriers to increasing affordable rental units in the region, which is why the need to attract developers to the region is so imperative (Human Services Planning Board of York Region, 2013).

Housing policy goals in Markham also stress the need for partnerships among different levels of government, community agencies, housing providers, the private sector and local health centers in order to reach its aim of increasing the supply of affordable housing units (Town of Markham, 2011). However, neither the York Region nor the Town of Markham provide a detailed outline as to how they plan on achieving and maintaining such partnerships, which adds further to the challenge and uncertainty associated with coordination among stakeholders.

Recommendations

The case study process (Appendix 1) led to the development of several recommendations that can either be implemented at the municipal level by Markham or, on a larger scale, by York Region. Furthermore, it is important to recognize that none of these recommendations focus on funding efforts aimed towards the provincial and federal governments, or on financial assistance in the form of subsidies. Rather, the goal of this research was to formulate innovative recommendations intended to attract private developers or promote collaboration between a diverse set of stakeholders. Following these recommendations for municipal action, conclusions are drawn from research and case studies to address the other challenges discussed earlier in this report.

Direct Actions for Municipalities

The following list of incentives offers direct actions that municipalities like the Town of Markham can utilize to encourage the development of rental housing. These recommendations provide a range of development-based and financial incentives that can be used to attract private developers. The following recommendations could be put in place immediately, without the need for extensive collaboration with other stakeholders or planning.

I. The Waiving of Development Fees

The waiving of development fees contributes to reducing overall project costs. In Vancouver's STIR Program, one of their primary financial incentives was the waiving of Development Cost Levies (DCL) allowing for the construction of 372 rental units in their projects which were 100% rental and thus, contained no market units (City of Vancouver, 2012b). The *Development Charges Act*, which was created by the province of Ontario in 1997, grants municipalities the authority to set development charges and utilize the revenue generated from these fees for "growth-related capital costs" (Ontario Ministry of Municipal Affairs and Housing, 2012). However, the implementation of these fees is not mandatory – it is a municipal decision (Ontario Ministry of Municipal Affairs and Housing, 2012). Therefore, municipalities can enact by-laws which position rental housing into its own special category – a category either completely or nearly exempt from paying development charges (City of Toronto Urban Development Roundtable, Rental Working Group, 2004). However, it is critical to recognize that for municipalities, development fees are an important source of revenue for "growth-related capital

costs” (Ontario Ministry of Municipal Affairs and Housing, 2012). Thus, municipalities will need to devise other programs or funding strategies to try and compensate for this lost revenue.

II. Reductions in Parking Requirements

The Town of Markham’s Zoning By-law 28 – 97 indicates that apartment dwellings are required to have “1.25 parking spaces per dwelling unit plus 0.25 parking spaces per dwelling unit for visitors” (The Town of Markham, 2010). However, Markham acknowledges that these current parking requirements act as a barrier for the development of affordable housing units (The Town of Markham, 2010). Reductions in parking requirements can save developers a great deal of money, especially if mandatory parking spaces are underused. Research has suggested that car ownership among renters is lower in comparison to homeowners (City of Toronto Urban Development Roundtable, Rental Working Group, 2004). To address this issue, the use of a parking survey could be an effective method for estimating typical car ownership among renters so that appropriate parking reductions could be implemented for rental housing (City of Toronto Urban Development Roundtable, Rental Working Group, 2004). Therefore, having alternative parking requirements may help developers to construct affordable rental housing.

III. Unit Size Reductions

Unit size reductions as a financial incentive was implemented by the City of Vancouver’s STIR Program, and allowed rental units to be minimized to a size of 320 square feet. Unit size reductions were only allowed as long as satisfactory living accommodations were maintained, as defined by the livability criteria outlined in the City’s Zoning and Development By-law (City of Vancouver, 2012b). Similarly, design standard reductions maintain livability without the need for excess embellishments in construction of the unit.

Additionally, the STIR Program found that building projects, in terms of all financial incentives, were more cost effective when they were 100% rental (City of Vancouver, 2012b). If projects were to mix both rental and market housing, market units would require larger sizes and higher design standards, eliminating the cost savings achieved through 100% rental projects. However, this perspective is purely financial and other factors, such as social considerations (reviewed earlier in this report) should be considered when developing affordable rental housing.

IV. Density Bonusing

Rezoning to grant the construction of a multi-unit residential complex can be an extremely time consuming process (City of Toronto Urban Development Roundtable, Rental Working Group, 2004). There were several case studies which demonstrated how incentives allowing density bonusing in accommodating larger buildings with more rental units, can be effective in attracting developers. For instance, Saskatoon created a new zoning district (RMTNI) for both affordable and entry-level housing, which allowed for higher density buildings and subsequently, helped to reduce the cost per unit (City of Saskatoon, n.d.)

V. Priority Processing

The idea behind priority processing is to streamline the development approval process so that it is as smooth and efficient as possible (City of Toronto Urban Development Roundtable, Rental Working Group, 2004). Long, drawn-out approval processes add cost to development, and can act as a disincentive, discouraging developers from engaging in affordable rental unit construction. The Region of Peel's Housing Strategy indicated how methods for fast-tracking priority development projects could help increase the supply of affordable rental housing (Region of Peel, 2010). This incentive was also employed in Saskatoon.

Addressing NIMBYism

Beyond the direct ways that municipalities can promote affordable rental housing, there are several other aspects that need to be considered. Although NIMBYism can be location- and context-specific; many opposition techniques are predictable, such as petitioning and door-to-door canvassing. This predictability allows for generalized strategies to manage opposition. These strategies require consideration of five critical stakeholders: local government, supporters, concerned neighbours, media and the legal system (Iglesias, 2002). Dear (1992) states two approaches to addressing NIMBYism: collaboration and cooperation with the community, and aggressive autonomy through use of civil rights. However, Iglesias (2002) argues for the following four strategies that combine both approaches.

1. Planning early

This stage includes extensive background research of the neighbourhood to frame the issue. Determining potential supporters to participate in early consultations before a project is unveiled to the community allows for strategic planning to address anticipated concerns (CMHC, 2006;

Iglesias, 2002). Identifying decision-makers and understanding the decision making process in the early stages provides an advantageous position to cater a proposal to the correct audience (Iglesias, 2002). Should planners involved with affordable projects fail to properly prepare before meeting with the public, there is risk to create more opposition within the community (Dear, 1992).

2. Understand the community

Research into past relations of the community will reveal historical relationships with relevant stakeholders and similar past projects (Iglesias, 2002). Collaborating with past projects that experienced success can also provide valuable insight. Identifying and connecting community agencies with common objectives creates a stronger local support base (CMHC, 2006). Consideration of the social demographic and political climate at the time is critical in determining informed strategies towards proposing your project, such as timing and involvement of local politicians for widespread support (Iglesias, 2002 and CMHC, 2006). Understanding a community's character can provide insight into if a community may respond better to statistics, facts or trusted community members.

3. Employ legal rights

Enforcing the project's legal basis, such as existing zoning or bylaws that justify your project, can be seen as an autonomous approach, independent of collaboration (Dear, 1996). However, involving attorneys who have the expertise to identify applicable laws (i.e. antidiscrimination laws) can be utilized for collaboration with decision makers. First, it can inform decision-makers of rights they may be unaware of. Second, some decision-makers are under political pressure to oppose projects based on community disapproval, even when they are in favour of the project. Providing legal basis gives decision-makers legitimate justification to support projects in the face of the public (Iglesias, 2002).

4. Utilize the media

The media is a strong tool that can determine how a community perceives your project. Positive media exposure can increase awareness, understanding and tolerance of a project (Dear, 1996). In the early stages of planning it is important to consider media outlets and determine coverage strategies. Identify who the target audience is and how to appeal to them. If ongoing negative coverage occurs, a good strategy is to pick and choose which issues to address and avoid

defensive responses. Most importantly, providing full detailed facts and research to media outlets ensures that communication is as comprehensive as possible (Iglesias, 2002).

Collaborative Efforts

Collaboration and meaningful communication is critical in sustaining the momentum of previous success in affordable housing development. Bringing all stakeholders to a common ground eliminates uncertainties surrounding definitions of affordable housing, and clearly outlines the roles of each stakeholder. Communicating opportunities and barriers to affordable housing projects is one of the largest benefits of discussions across groups. Addressing concerns inhibiting further action may be resolved with these discussions; for example by clearly outlining the role of government and level of intervention developers may expect. In the United Kingdom, a taskforce was formed of developers, management bodies and institutional investors to facilitate more investment into private rental development (Department for Communities and Local Government, 2013). In Scotland, collaboration involved housing authorities acting as intermediaries to utilize advantages of consolidating smaller projects together for larger scale developments. The housing authority identifies potential stakeholders to bring together and work towards a common objective (Scanlon et al. 2013).

There are also examples of collaborative task forces from Toronto and London, Ontario. By bringing together strong representatives of key stakeholders, conversations can be both equitable and efficient. These examples united experts from private and non-profit sectors interested in affordable housing initiatives to exchange best practices and new ideas. Government bodies may be either directly involved in the conversation or advised of it, depending upon the opinion of the task force (City of Toronto Urban Development Roundtable, Rental Working Group, 2004; OrgCode Consulting Inc., 2010). This type of partnership provides guidance on roles and consolidates commitment from each stakeholder. When stakeholders commit, they feel a responsibility that obligates them to contribute to the initiative, thus ensuring a dedicated partnership.

Collective Impact

“Large-scale social change requires broad cross-sector coordination” - (Kania & Kramer, 2011, p. 36)

Collective impact is a systemic approach to progress that critiques the dominant practice of operating in silos and fixating on one spectrum point to solve an issue. Ultimately, a collective impact initiative requires a common ground of measurements, definitions, objectives, mutually reinforcing activities and continuous communication. It emphasizes that collaboration cannot stop at the surface-level, such as information sharing and short term actions, but requires a sustained and structured initiative which results in higher impact. A key component to collective impact is the presence of a separate organization to act as a backbone to the initiative, connecting and facilitating communications and information between the various stakeholders (Kania & Kramer, 2011).

A neutral, third party influential organization could act as a backbone amongst the key stakeholders identified in affordable rental housing development. This backbone organization could take the form of a non-profit organization so that funding is not directly tied to any stakeholders, thereby causing a conflict of interest. This organization would work to lead and mediate between stakeholders, should conflicts or barriers to communication arise. Being a neutral party, it would standardize and monitor the progress of the initiative as a whole. Lastly, this organization can bring together the expertise available amongst stakeholders and stakeholder networks to act as a one-stop shop for necessary guidance with initiatives.

The Saskatoon Housing Initiatives Partnership (SHIP) is an exceptional example of an organization that brings together developers, builders, lenders and housing providers. This non-profit organization partners with key stakeholders such as the CMHC and Habitat for Humanity. One of the primary roles of SHIP is to provide technical assistance in business planning, research, proposal writing, financing, design, and construction of affordable housing projects for proponents seeking support (SHIP, 2014). Advocating for affordable housing and acting as a leader in the community makes SHIP a successful collective impact initiative.

Next Steps & Further Research

Beyond the recommendations drawn from our research, our team identified other aspects of providing affordable rental housing that were outside the scope of our project. The following subsections provide direction that housing stakeholders in Markham should consider for further research.

Track Progression of Housing and Homelessness Plans

Since the introduction of the Housing Services Act in 2011, all Ontario municipalities are required to create plans to address housing and homelessness. These plans must assess current and future housing needs, set objectives related to these assessments, and describe how these objectives will be achieved (Province of Ontario, 2011). Given that this policy was enacted only three years ago, many municipal housing and homelessness plans are still in the draft phase. Vancouver stands out as a leader in addressing the issue and produced a strategy of its own accord in 2012. Some municipalities in Ontario may be quicker to respond to the new Act. For example, Peel Region seems to be further along the process than York Region. It would benefit Markham to follow the progression of other municipalities and to examine their methods and results, while implementing and periodically revising its own plan.

Examine International Best Practices

The case studies described above were limited to Canada so that applicability within the federal housing context could be ensured. However, international best practices can also provide insight on solutions to affordable housing in Canada. The German government does not currently own any social housing units, but provides housing subsidies for individuals-in-need to live in privately-owned units (CECODHAS, n.d.). Sweden has no eligibility requirements for its public housing, meaning that anyone can rent their units. Subsidies are provided for tenants who are not able to provide their own rent. Both of these approaches result in social housing that is free of stigma and would be less likely to meet public opposition. While the appropriateness of these examples need to be considered within the context of funding for social housing in Canadian municipalities, they still offer evidence and direction for innovation.

Explore New Funding Models for Affordable Housing

Due to rapid middle and high-income growth in York Region, the withdrawal of upper-tier government support has left the region with little financial support to provide affordable housing (Mendleson, 2013). As administrators of housing programs and emergency shelters, municipalities are unable to ignore this pressing issue, regardless of financial constraints. The interdependent stakeholders described in this report may hold potential for municipalities to develop new models of funding affordable housing, without support from upper-tier government. The ongoing revitalization of Regent Park exemplifies this. Private investors and commercial

partners have provided approximately half of the billion-dollar budget, and Toronto Community Housing Corporation nearly as much. Meanwhile provincial and federal subsidies total a relatively minute \$64 million (Toronto Community Housing Corporation, 2012). In this case, the high land value facilitates the sale of new market-rate condominiums to provide social housing and affordable rental units. This unique feature of the project means that the model will not be universally replicable. However, the federal government's stance on housing issues suggests that such innovative approaches to funding will need to become the modus operandi for Canadian municipalities.

Conclusion

Providing affordable housing is a complex challenge. This report has provided a background on the state of housing in Canada, with specific focus on the Town of Markham in York Region. After examining three other Canadian examples, recommendations were made for specific actions Markham can take to increase its stock of affordable rental. These areas for action must be considered along with the more general recommendations that address the complexity that municipalities face, including gaining public support and facilitating stakeholder collaboration. Municipalities have a key role to play in all of this, and it is the hope of the researchers that this project will offer guidance in meeting the challenge of providing affordable housing.

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Appendix

Case Studies

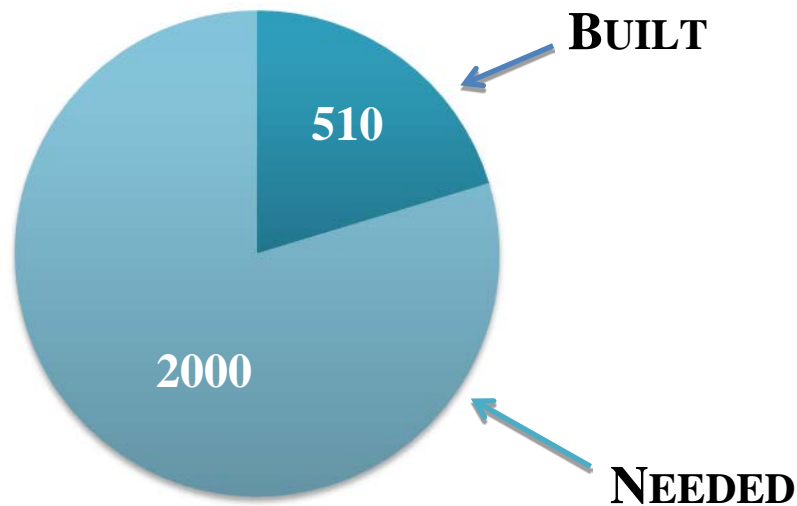
The three case studies below present examples of municipalities independently taking action to address rental housing affordability. While the approaches described are only a handful of the many currently underway across the country, they represent some of the most recent and successful.

City of Vancouver

Community Snapshot – High demand for affordable rental units with low vacancy rates

Vancouver has housing prices that are among the highest in Canada, with over 50% of its households provided as rentals. Rental housing is a highly demanded, essential part of the housing market and allows for more low to moderate income households to live in Vancouver. In comparing the median income of renters (\$34,000) to the median incomes of owners (\$66,000), it is apparent there is a major discrepancy between the groups. This gap further outlines the crucial need for availability of rental and affordable rental stock to meet the demand (City of Vancouver, 2012a). However, the vacancy rate in Vancouver has averaged 0.9% over the last 30 years, well below the level of 3% that is accepted to keep market rental prices at a manageable level (City of Vancouver, 2012a; FCM, 2008). While demand for rental is rising, market rental investment has remained stagnant since the early 1970s (Metro Vancouver, n.d.). This is reflected in the number of newly built affordable housing units being less than a quarter of what is needed in total to meet demand (See Figure 7) (City of Vancouver, 2011).

Number of New-build, Non-market Units (2006-2010)



City of Vancouver, 2011

Figure 7: This chart shows the number of newly built affordable units within the City of Vancouver from the period of 2006-2010. It outlines that only $\frac{1}{4}$ of the total 2,510 units needed to meet total demand were actually built.

Municipal actions – Incentive and land use policy changes

In 2009, Vancouver developed the Short-Term Incentives for Rental (STIR) program to provide incentives for private market rental investment. These incentives included strategies such as waiving development fees, reducing parking requirements, density bonusing, unit size reductions and priority permit processing (City of Vancouver, 2011).

Following the success of the STIR program, Vancouver implemented the Rental 100 Program. It improved on some lessons learned, including the economic efficiencies gained when building 100% rental buildings over mixed tenure buildings, and the importance of providing affordable housing appropriate for families. The Rental 100 program also had a strong focus on secure, or purpose-built, rental units that guaranteed long-term rental availability for tenants. Legal agreements with landowners or developers ensured rental availability for a minimum 60-year term, or the lifetime of the building, whichever was greater (Metro Vancouver, n.d.).

Results to Date – Early success and catalyst of new rental program

The STIR program ran from 2009 to 2011 and resulted in the addition of 1,651 new rental units to the City of Vancouver. The success of this program jumpstarted the current Rental 100 program, which aims to build 3,350 new rental units by the year 2021 and improve on the areas of growth from the STIR program (Metro Vancouver, n.d.). Both programs exhibit how a

municipality may generate incentive for private rental investment without directly subsidizing affordable housing initiatives. Although the programs may not focus explicitly on affordable rental units, the increase in rental supply will increase vacancy rates, driving rental prices down and contributing to affordability.

Region of Peel

Community Snapshot - High demand for affordable housing faces shrinking supply of rental

Over the past 15 to 20 years, the Region of Peel has experienced a large increase in population and changing demographics. Demographic shifts can cause changes in the housing market and, currently, the affordable rental housing supply in the Region of Peel is inadequate. In 2010, the vacancy rate was measured at 1.8%, far below what is considered ideal (Region of Peel, 2010). As referenced by Figure 8, in 2006 20% of the region’s households were below the affordable rental threshold. Additionally, while 31% of all dwelling units in the region were rented in 1996, this number dropped to 22% by 2006 because units were being converted or demolished without being replaced (Region of Peel, 2010).

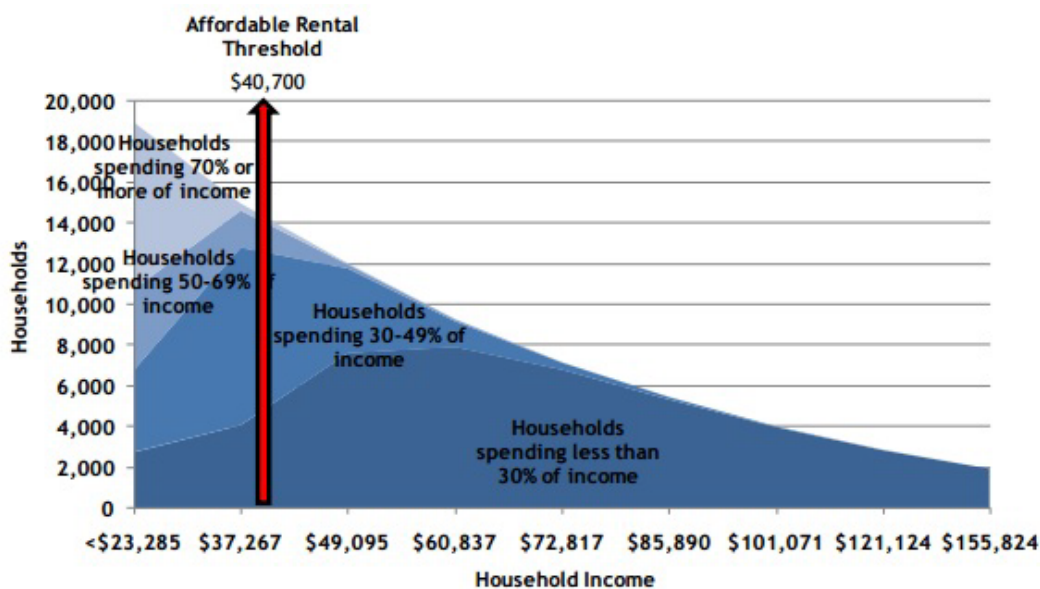


Figure 8: The inverse relationship between the amount of money households spend on housing (y-axis) and household income (x-axis). Lower income households tend to have to spend more than 30% of their income on their housing need (Region of Peel, 2010).

Municipal Actions – Housing strategy provides specific direction

In 2010, the Region of Peel developed a Housing Strategy to address the region's current status and the projected future needs of the residents based on existing trends (Region of Peel, 2010). The Housing Strategy identifies a number of key housing issues for the region, such as the need to increase the affordable housing supply both in terms of owned and rental units. A main objective of this Housing Strategy is to illustrate the need to propose policy directions related to housing. For instance, one of the 56 housing-related policies is that all area municipalities should identify housing targets, with respect to tenure, affordability and type, within their Official Plan. The Regional council has also approved \$17,100,000 annually to support initiatives presented in the region's Housing Investment Plan (FCM, 2012).

Results to Date – Rental decay slowed

To date, many of these 56 policies have yet to be implemented. However, the Region of Peel aims to achieve these goals in the future. The Housing Strategy discusses different implementation strategies that could be put in place to guide this process. For instance, the region proposed creating an internal staff team to be responsible for providing information, guiding the process and building capacity with the area municipalities. Further, since the release of the Housing Strategy in 2010, the policies have started to be enacted. A recent policy to regulate the conversion of rental units and require those demolished to be replaced has been implemented throughout the region (Region of Peel, 2010).

The City of Saskatoon

Community snapshot - High demand and lack of rental starts

The Saskatoon Housing Initiatives Partnership (SHIP) reports that immigration to the province of Saskatchewan has been increasingly rapidly since 2005 and a large proportion of these newcomers have settled in Saskatoon. SHIP also cites that approximately 30% of immigrants in Saskatoon are living in crowded conditions and many are paying more than 50% of their income on housing (SHIP, n.d.). The CMHC Housing Information Monthly (2014b) reports that, on average, 1.7% of housing starts between 2004 and 2009 were intended for the rental market (Figure 9). At this time, with the growing boom in condominiums, the sparse rental stock was at heightened risk of being further reduced in quantity and affordability.

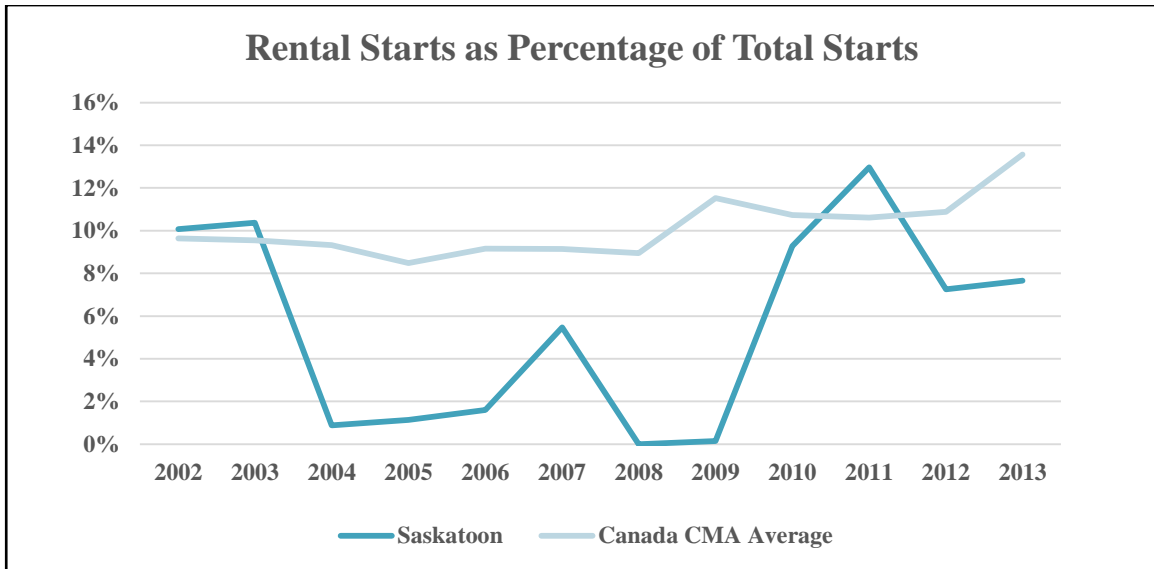


Figure 9: Amount of rental starts as a percentage of total starts (Saskatoon and average for Canadian census metropolitan areas; CMHC, 2014b).

Municipal Actions - Multiple incentive programs for affordable and rental housing

Saskatoon has introduced several incentives for the development of new rental units and affordable housing in general (City of Saskatoon, n.d.). The New Rental Construction Land Cost Rebate Program provides \$5,000 per unit (matched by the province) for 1,000 new market rentals. This is complemented by a five-year tax abatement for affordable rental projects that are provided on a non-profit basis. Further incentive is provided for builders by giving a priority status to permit applications for affordable housing projects. The City has also created a zoning designation for affordable and entry-level housing which facilitates lower housing costs by permitting higher densities. Lastly, two programs offered in partnership with a local credit union and the CMHC assist purchasers in making home ownership more affordable, indirectly relieving demand for rental.

Results to Date - Annual rental starts on the rise

After averaging 1.7% of all starts, annual rental starts exceeded 9% in 2010 and 12% in 2011 (Figure 9). While this proportion of rental starts exceeded the national average in 2011, it is still far less than desired, given that approximately a third of Canadian households are renters (FCM, 2012). It should also be noted that insufficient time has passed to decisively state whether these incentives merely encouraged experimentation in the development of rental, or have created a

much needed shift. Nevertheless, the incentives have, for the time being, been successful in attracting the development of private rental units.

York Region: Recent Immigrants

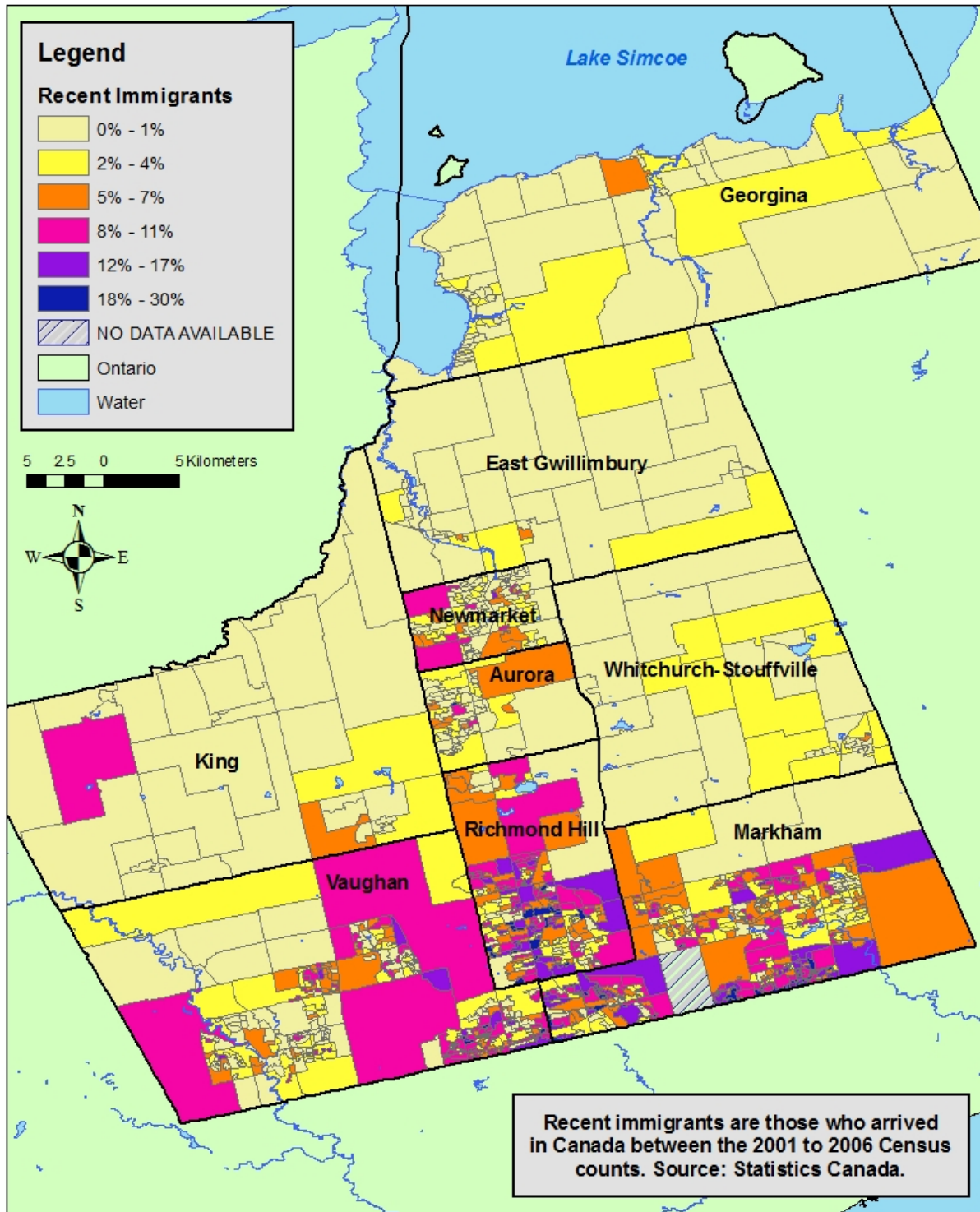


Figure 10: Percentage of Recent Immigrants to York Region. Sources (data): Statistics Canada, 2006.

York Region: Lone Parent Households

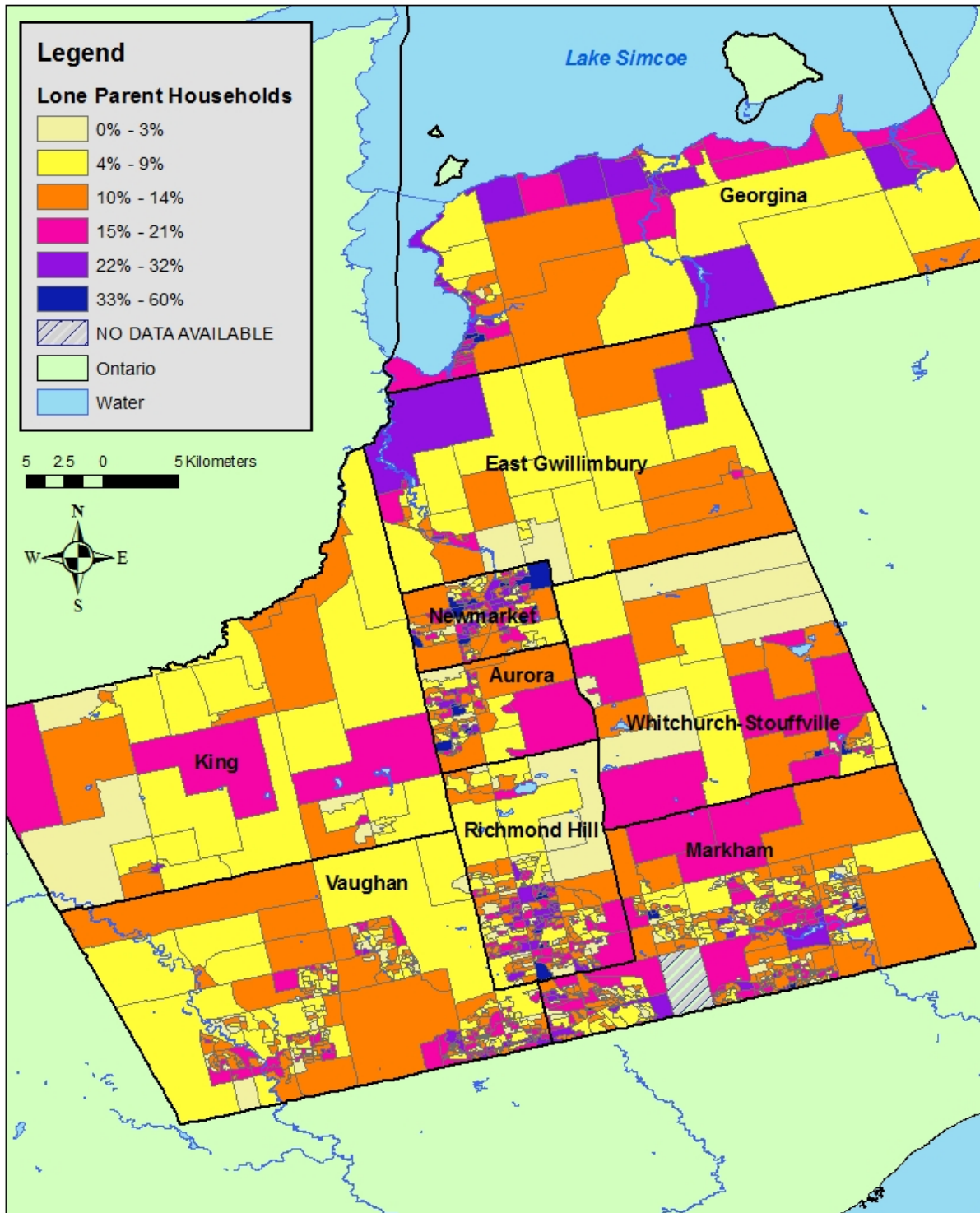


Figure 11: Percentage of Lone Parent Households in York Region. Sources (data): Statistics Canada, 2006.

York Region: Visible Minorities

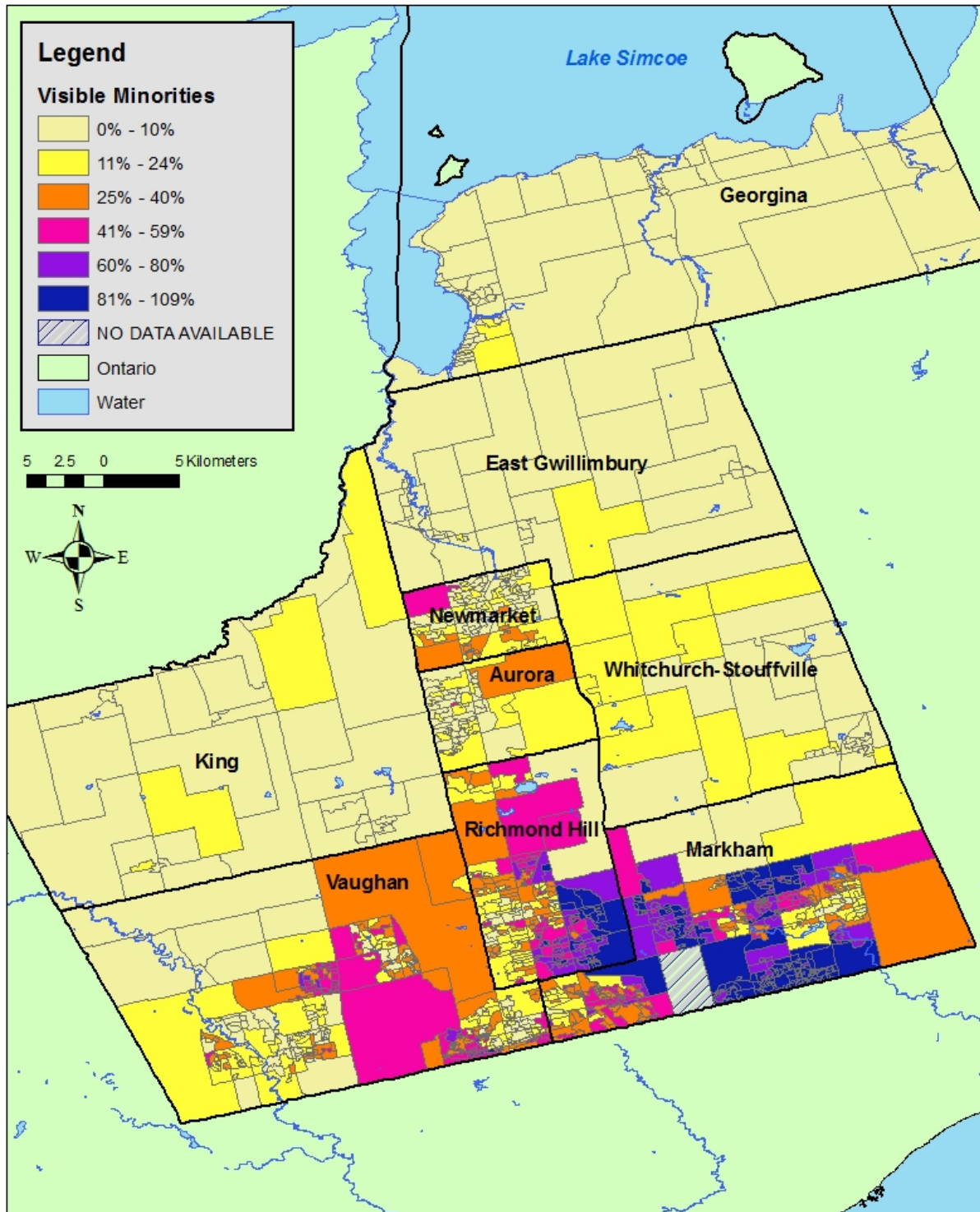


Figure 12: Percentage of Visible Minorities in York Region. Sources (data): Statistics Canada, 2006.