

Clause 4 in Report No. 15 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on October 15, 2015.

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York Region Housing Incentives Study

Committee of the Whole recommends adoption of the following recommendation contained in the report dated September 17, 2015 from the Commissioner of Corporate Services, Chief Planner and Commissioner of Community and Health Services.

1. Recommendation

It is recommended that:

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

2. Purpose

This report provides Council an overview of the York Region Housing Incentives Study being conducted by the GTA Housing Action Lab. The study aims to develop and advance a housing incentives framework to encourage more affordable homeownership, affordable rental housing, and market rental housing options in York Region.

3. Background

Housing market indicators point towards increasing pressures on affordability

York Region is a robust, healthy, and prosperous region, but as a prosperous community it is important to not forget about the need for housing affordability. The Region has an expensive homeownership market, the lowest proportion of rental housing in the Greater Toronto Area and a low vacancy rate. The following trends are cause for concern and point towards the need for action:

- 1) **Home prices are not affordable for many residents:** As of June 2015 the average price of a new single family detached home in the Region is \$947,707. The year-to-date average resale price for 2015 home sales of all structure types in the Region is \$766,866, an increase of 14 percent over the same period in 2014.
- 2) **Construction of purpose built rental housing by the private sector has flat-lined:** Only 57 new private sector rental units have been built in the Region over the past three years.
- 3) **York Region's low vacancy rate shows high demand for existing rental stock:** The Region's 1.5 per cent vacancy rate is among the lowest in the Greater Toronto Area. This is below a healthy 3 per cent vacancy rate that indicates sufficient choice in the market to prevent rents from increasing too quickly.

York Region is taking action to lead a multi-faceted response to housing affordability needs

York Region's strategic direction is to increase the supply of affordable housing. *Vision 2051* includes a goal area for Appropriate Housing for All Ages and Stages. The *2015-2019 Strategic Plan* identifies increasing the range of available and affordable housing choices as a strategic objective. The *Regional Official Plan* sets affordable housing targets and includes policies to encourage the creation of new rental housing and the protection of existing rental housing stock. The Region's 10-Year Housing Plan lays the foundation to create new rental housing supply, preserve existing rental housing stock, address homeownership affordability, and strengthen the homelessness and housing stability system.

York Region is moving policies to action through strategic partnerships to achieve the mix of housing options needed by our residents

The Housing Strategies Steering Committee is a senior staff committee that was created in 2015 to provide guidance to departments and ensure coordination of strategic housing initiatives across the corporation. Through the Committee, York Region is facilitating key partnerships that are leading to a mix of affordable housing options. Highlights of these projects and partnerships include:

- **The Region partnered with the private sector, Housing York Inc., and the Town of Newmarket to take the first steps in building new market rental supply:** Regional Council authorized a deferral of development charges for 36 months for a private purpose-built rental development at 212 Davis Drive in Newmarket, as a site specific pilot project. The proposed building is 15 storeys with 225 units, including up to 56 units reserved for households who will receive Regional rent subsidies. The Town of Newmarket has also

deferred development charges, building permit fees and cash in lieu of parkland requirements for 36 months. Newmarket Council adopted By-law Number 2015-29 on June 29, 2015 in support of the proposed development. The Site Plan agreement and Section 37 agreements have been signed and a building permit has been issued. The developer's approach, combined with support of Regional Council and Newmarket Council have been key ingredients to moving this project forward.

- **In June 2015, Regional Council endorsed the Affordable Housing Measuring and Monitoring Guidelines:** The guidelines establish a clear process for local municipal staff to secure affordable housing commitments through the development review and approval process and for Regional staff to monitor progress towards the affordable housing targets in the *Regional Official Plan*. The standardized approach will allow for the consistent identification and measurement of the supply of new affordable units, which will in turn allow for evidence based policy responses to housing needs.
- **On March 2, 2015, an Expression of Interest (EOI) was issued to the development community seeking interest in partnering with the Region to deliver new affordable mixed-income rental housing:** The Region received several proposals in response to the EOI, all seeking waivers of fees and charges. Although the EOI was informative it did not produce the anticipated result and the process was closed. Work is now underway to develop a more comprehensive expression of interest package to generate future partnership opportunities with the development community.
- **York Region provided a submission to the Provincial Consultation on the Long-Term Affordable Housing Strategy Update:** A long-term affordable housing strategy needs to create a more sustainable housing system. It should provide funding stability to give Service Managers, Housing Providers and the development industry confidence to invest in building complete communities. In York Region, this means federal and provincial funding commitments to support affordable housing development. It also means enabling the Service Manager to set local standards to better meet the needs of our residents.

The Region has been a key member of the GTA Housing Action Lab

The Action Lab is a collaborative exploring housing affordability solutions across the Greater Toronto Area. It is led by Evergreen CityWorks and The Natural Step Canada with support from the United Way Toronto and York Region, Institute on Municipal Finance and Governance, and The Centre for Urban Growth and Renewal. In April 2015, Regional Chair Emmerson sent a letter to formally endorse the Housing Action Lab and commit Regional staff to continue to participate in the initiative.

The Human Services Planning Board (HSPB) of York Region's Make Rental Happen campaign is re-engaging the private sector in developing purpose-built market rental housing

The HSPB has found the shortage of rental housing in York Region to be one of the most important challenges impacting the ability of many residents to make ends meet. Regional Council endorsed the HSPB's collaborative advocacy plan entitled *Make Rental Happen: Creating the Conditions to Build Private Market Rental Housing* in 2013. Through the Make Rental Happen campaign, the HSPB is leading discussions with all levels of government, the building industry, and corporate leaders to encourage more private sector development of purpose-built market rental housing.

In 2015, the HSPB facilitated a research partnership with Ryerson University's School of Urban and Regional Planning to identify a package of incentives York Region and local municipalities could offer to encourage private sector rental housing development. The Ryerson report also recommended mechanisms to evaluate, process, and deliver these incentives. This research was completed at no cost to the Region. Ryerson graduate students presented their findings to HSPB Members as well as senior York Region staff in spring 2015.

The research completed by Ryerson University provides a preliminary understanding of what a region or local municipality can offer to make market rental housing development more feasible for the private sector. The creation of a York Region incentives program requires further investigation and refinement of the Ryerson research and should include a wider scope that includes affordable rental and ownership housing options.

4. Analysis and Options

More needs to be done to address the housing affordability challenge

York Region has taken a number of actions to lead the way in supporting greater housing affordability. However, the Region cannot address this complex challenge alone. As the housing market becomes less affordable, more needs to be done to create alternatives. Re-engaging the private sector in building affordable housing provides an opportunity for success. It is acknowledged that the development industry will need help if it is to get back into the business of constructing affordable homeownership, affordable rental housing, and market rental housing options.

The Region is partnering with the GTA Housing Action Lab to conduct a York Region Housing Incentives Study

The Housing Strategies Steering Committee is coordinating a partnership with the GTA Housing Action Lab to conduct a more advanced study into types of incentives the Region and local municipalities can offer. The study will identify financial, policy, and procedural incentives to encourage homeownership affordability, affordable rental housing, and market rental housing. As part of the Region's participation in the GTA Housing Action Lab, consultant services have been offered at no cost to the Region.

York Region is not alone in experiencing high housing costs. To learn from the experiences of other communities, the GTA Housing Action Lab is conducting similar studies in the City of Toronto, the Region of Peel and the Region of Halton.

The study will use a multi-layered approach to identify recommended incentives

This study will model business cases for a variety of ownership and rental housing development types with detailed metrics that make the connection between incentives and financial feasibility for the private sector. This approach will allow the Region to view the feasibility of housing development from the developer's perspective. Key components of the research include:

- Identification of potential test sites across the Region
- Preparation of a market condition analysis for each test site
- Development of a test model for each construction form in affordable rental and ownership tenures
- The impact of incentives will be evaluated for each test site and model of development
- Analysis of results will identify the most effective package of incentives for each location and type of development.

The study commenced in September 2015 and will conclude in December 2015. The consultants will report to the Housing Strategies Steering Committee. Support will be provided by a cross-departmental working committee with representation from the Community and Health Services Department, the Corporate Services Department, and the Finance Department. Representatives from local municipalities participating in the study may be requested to join the working committee as the study progresses.

Recommendations from the study are to be used as a basis for action to address affordability and increase housing options in York Region.

The results of this study may inform initial recommendations towards the design and advancement of an incentives program to encourage more affordable homeownership, affordable rental housing, and market rental housing options in York Region. Staff will report the results and recommended actions to Council in the first quarter of 2016.

Link to key Council-approved plans

The York Region Housing Incentives Study supports the creation of more housing options for York Region's residents and is consistent with Council policy as reflected in:

- *Vision 2051's* Goal Statement: "In 2051, York Region has housing to match the needs of its residents and workers. Housing choices support affordable and sustainable living, and address the needs of a diverse and aging population."
- *York Region Ten Year Housing Plan* goals of increasing the rental housing supply and supporting home ownership affordability.
- *York Region Official Plan's* encouragement of the construction of rental housing with a full mix and range of unit sizes and the requirement that 25 per cent of all new housing and 35 per cent of new housing in Regional Centres and key development areas be affordable.

5. Financial Implications

Funding for the Housing Incentives Study is provided by the Housing Action Lab. These services are valued at approximately \$20,000 and will be provided to York Region at no cost.

The study will inform anticipated costs for the Region and local municipalities of implementing a housing incentives framework.

6. Local Municipal Impact

Creating healthy, sustainable, and complete communities with housing options for all residents is a common goal for local municipalities and York Region.

A critical component of the study's success will be the support of local municipalities. Local municipal staff will be contacted throughout the study to seek their participation in sharing information and local expertise. As the study progresses, the Region may seek municipal partners to facilitate the initial rollout of a housing incentives framework.

7. Conclusion

Housing is a long-standing priority for York Region. Regional Council has affirmed its commitment to a legacy of healthy, complete, and inclusive communities with housing options for everyone by supporting strong policies in the *Regional Official Plan* and the *10-Year Housing Plan*. The Region's continued commitment to a leadership role in housing has been demonstrated through support for the Make Rental Happen campaign and the rental housing pilot project at 212 Davis Drive in Newmarket.

Although a strong policy framework exists, more needs to be done. No one organization can address the housing affordability challenge alone. Realizing a vision of providing a full mix and range of housing types, tenures, and affordability requires partnerships with all levels of government, the housing development industry, and non-profit agencies.

The recommendations of the housing incentives study may provide the basis to advance partnerships, design an incentives program, and create a new system to facilitate development of affordable housing options. Staff will report the study's results and recommended actions to Council in the first quarter of 2016. This could change the way affordable housing is developed in York Region.

For more information on this report, please contact Valerie Shuttleworth, Chief Planner at ext. 71525.

The Senior Management Group has reviewed this report.

September 17, 2015

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Accessible formats or communication supports are available upon request