

Make Rental Happen:

Creating the Conditions to Build
Private Market Rental Housing

Message from Human Services Planning Board of York Region Co-Chairs

A good mix of housing options is essential to creating a healthy, complete community.

The development of rental housing is not keeping pace with our growth. We have one of the lowest rental vacancy rates in the GTA, which means that many individuals and families looking to call York Region home have few choices.

The high cost of home ownership forces many prospective residents to live elsewhere. Rental housing traditionally provides housing options to new graduates, young families, newcomers and seniors unable or not wanting to buy a home. There are not enough rental units to meet this demand. The real risks this creates are possible shortages in our local workforce, more congestion on our roads and communities that lack the vibrant mix of residents that characterize a complete community.

York Regional Council has shown leadership in tackling the shortage of rental housing by endorsing its 10-year housing plan – *Housing Solutions: A place for everyone*. Through the Human Services Planning Board, Council is collaborating with all levels of government, corporate leaders and the building industry to forge a new direction in our community where residents have housing options for all ages and stages of their lives.

Make Rental Happen: Creating the Conditions to Build Private Market Rental Housing begins a dialogue about what each of us can bring to the table to address the shortage of rental housing.

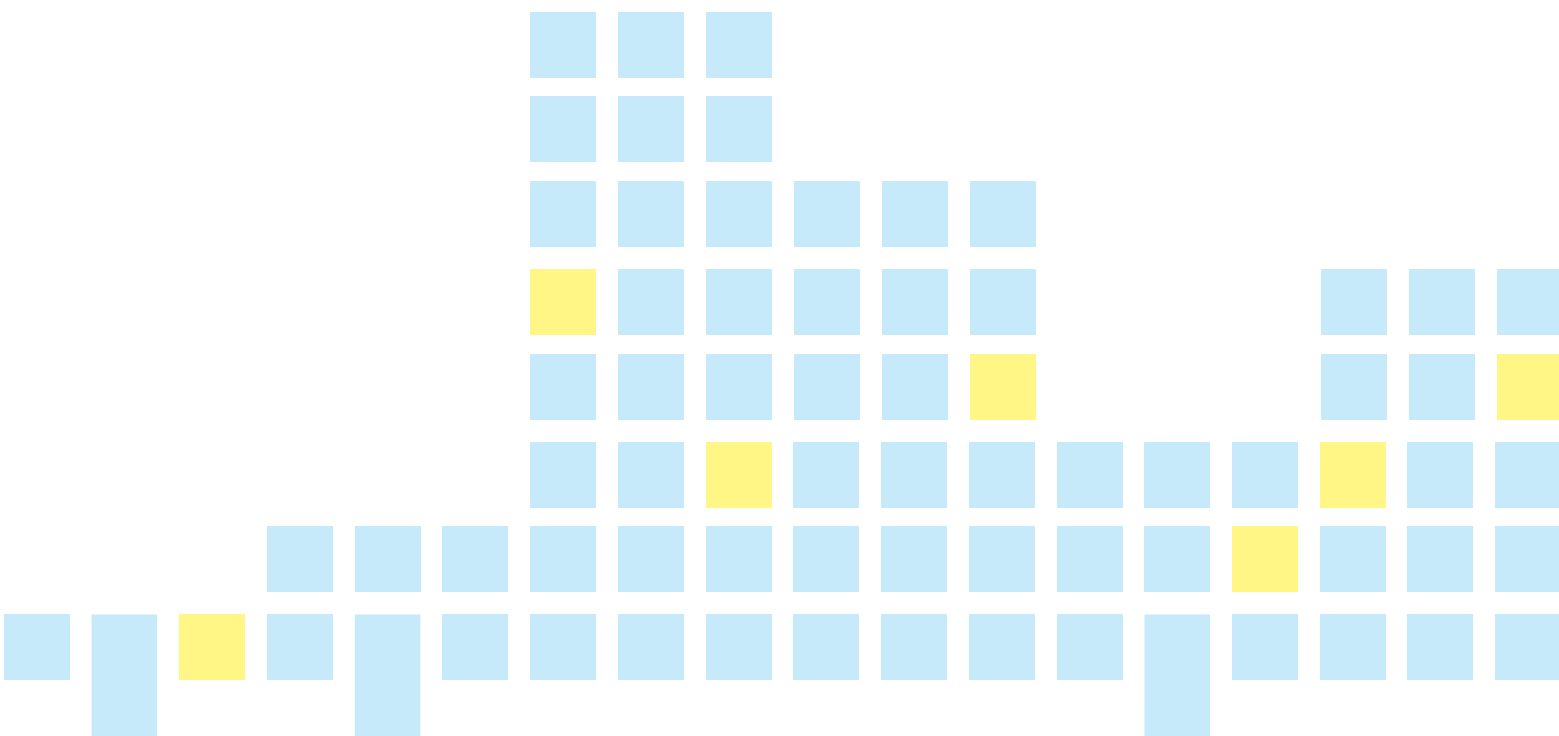
No single group can address this issue in isolation but by working together we can Make Rental Happen.



John Taylor
Regional Councillor, Town of Newmarket
Co-Chair, Human Services Planning Board
of York Region



Susan LaRosa
Co-Chair, Human Services Planning Board
of York Region





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Building a complete community in York Region begins with building a healthy housing market with a full mix of housing options as the core of our economic competitiveness, social well-being and community health.

Our population and urban structure are growing and diversifying, and our housing options need to do the same. We need an appropriate mix of housing that offers options for all levels of income and provides all residents a place to call home and a foundation to thrive.

How does the lack of housing options affect York Region?

Increased pressure on social housing infrastructure

Today, over 10,000 households are on the social housing waiting list and demand for units keeps rising. To make matters more difficult, very few existing tenants transition out of their units, which means space isn't opening up for those on the waiting list.

Economic competitiveness

It takes diversity of workers in all income levels to provide the services that create a healthy, vibrant community. A healthy housing market with a variety of options gives young professionals, skilled workers and new immigrants housing close to places of employment. Access to these housing options, such as rental housing, can be a major factor in businesses' ability to attract and retain skilled employees. In turn, accessing the Region's skilled workforce can play a role in new businesses investing here and in existing businesses deciding to stay.

Transportation

A lack of housing options also means our workers need to commute further on a daily basis to get to work. The Region has the second lowest live/work ratio in the Greater Toronto Area at 53 per cent. This means that about half of the jobs in the Region are filled by people living outside the Region and about half of the Region's workforce leaves the Region for work every day. This begs the question: are our roads congested due to lack of housing options close to work?

Quality of Life

Longer commutes adversely impact the environment, our health and our quality of life through increased carbon emissions, stress and time away from home.

The wicked question

How might we create the conditions within the current environment to increase the supply of private market rental housing options in York Region for residents of all ages and stages to thrive?

Affordable housing

A good mixture of safe and affordable housing options and programs throughout York Region for low and moderate income families and individuals to make ends meet.

Indicator areas where, as a community, we need to focus efforts and investments with program, services, and funding

- Housing options
- Housing affordability
- Housing policy decisions

The current rental housing trends that will be used to monitor progress in advancing the community results

Housing Tenure

York Region has the lowest proportion of rental housing in the Greater Toronto Area. In 2011, approximately 11.5 per cent of the Region's residential units were rented, which is well below the national average of 30.6 per cent, the provincial average of 28.4 per cent and lower than any other region in the GTA.

York Region

11.5% 

Province of Ontario

28.4% 

Canada

30.6% 

Average Rental Vacancy Rate

As of October 2012, York Region's rental vacancy rate was 1.6 per cent – well below the three per cent vacancy rate that indicates a healthy rental market and prevents rents from increasing too quickly.



Rental Housing Unit Starts

Out of the 10,570 housing starts in 2012, a total of 270 or 2.6 per cent of housing starts were for the rental market, including 237 built by Housing York Inc. and 33 by the private sector.



Housing Affordability for Tenants

Thirty-two per cent of low- and moderate-income renters spent 50 per cent or more of their gross income on housing in 2005.



We know there is demand for rental housing in York Region. We also know the private sector is not building the housing needed to meet this demand, but what are the stories, causes and forces at work behind these trends?

1. What are the barriers preventing private sector investment in the rental housing market?

A number of barriers underlie the lack of private investment in the rental market. Although not an exhaustive list, the following provides a few key considerations:

High cost of land

Competition for multi-residential land often results in inflated land values that are based on anticipated condominium development. This undermines the viability of new rental construction because it increases upfront costs, which in turn increases risk. In some communities they are investigating the use of a community land trust as a way of securing affordable land for designated residential developments.

Fundamentals of building rental housing don't add-up compared to condominium development

Building multi-residential developments requires a significant upfront investment of capital, reaching up to \$30 million. When dealing with this level of risk it is difficult for the development industry to maintain the long-term horizon needed to earn a significant return on investment in rental housing. In comparison, condominium development generates a more immediate return on investment. Exploring alternative development standards for private market rental projects could help reduce costs, such as:

- Conditional grants for development charges and development application processing fees.
- Reduced parking and parkland dedication requirements.
- Broader use of agreements to permit increased height and density in exchange for a community benefit.

Financing

It is more difficult to receive financing for rental developments. Lenders do not want to expose themselves to a higher level of risk in comparison to condominium developments that may be considered a safer investment. Lenders don't want to risk the possibility of owning a rental property that needs to be managed.

Mindset

Private market rental housing development requires two distinct business mindsets – one to build the property, and one to lease it to tenants and provide ongoing property management. In comparison, a condominium developer is able to sell units prior to construction and be in a position to sell the building following its completion, which translates into a faster return on investment for the developer.



Skeptical of government support

The private sector is skeptical of government support for the private market rental housing sector for a variety of reasons, including:

- Unpredictable changes to rent control guidelines;
- A tax system that does not provide incentive to build rental housing; and
- A number of senior government policies provide incentives to encourage ownership, such as first-time-buyer tax credits, RRSP down payments and favourable mortgage terms. These incentives have increased the consumer's ability to pay high ownership costs, which increases profitability of building ownership-housing and reduces incentive to build rental housing.

Not in my backyard (NIMBY)

Changing the perception of rental housing and getting neighbourhoods to accept alternative forms of housing is critical to meaningfully expanding the supply of private market rental housing. Negative community perceptions and reactions to rental housing can cause private developers and investors to reconsider building rental. Lack of public support for development applications can result in longer timelines due to community conflict and longer development application review processes, which creates added costs for the developer. Initiating streamlined, development-review processes for private market rental housing applications could reduce costs and shorten timelines.

2. Where are some of the opportunities for private market rental housing?

High costs of owning a home creates demand for rental housing

High home ownership costs have pushed ownership out of reach for some prospective home buyers and caused others to stay in the rental market longer as they save for a down payment.

Federal policy

Concerns about high household debt and over-valued housing have led the federal government to tighten lending conditions, such as limiting the maximum mortgage amortization period to 25 years.

York Region's aging population will keep demand for rental housing high:

Population forecasts suggest demand for rental accommodations will increase over the next 20 years as our population continues to age and diversify. Today, 20 per cent of York Region residents over 75 years old live in rental units. It is anticipated the number of residents over 75 will increase from approximately 48,000 people in 2009 to 137,000 people in 2031.

Interest rates

Low interest rates still provide an opportunity for developers to access capital and invest in building new rental housing developments.



Economic conditions

The Canadian economy faces economic challenges as the resource export boom subsides and weak global economic growth continues. During this time, household income may be minimized as more households face job insecurity or job loss. This could reduce the number of residents ready to buy a home each year and cause some families that currently own a home to look for rental options.

Who are the partners that need to do better?

Finding solutions to the rental housing challenge requires coordinated and strategic approaches with contributions from partners in all sectors, including:

- All levels of government
- Major employers and corporate leaders including: public sector labour associations, housing associations, coalitions
- The building industry including: land developers, planners, architects, property managers, engineers, suppliers contractors
- The financial sector

What are the actions to do better:

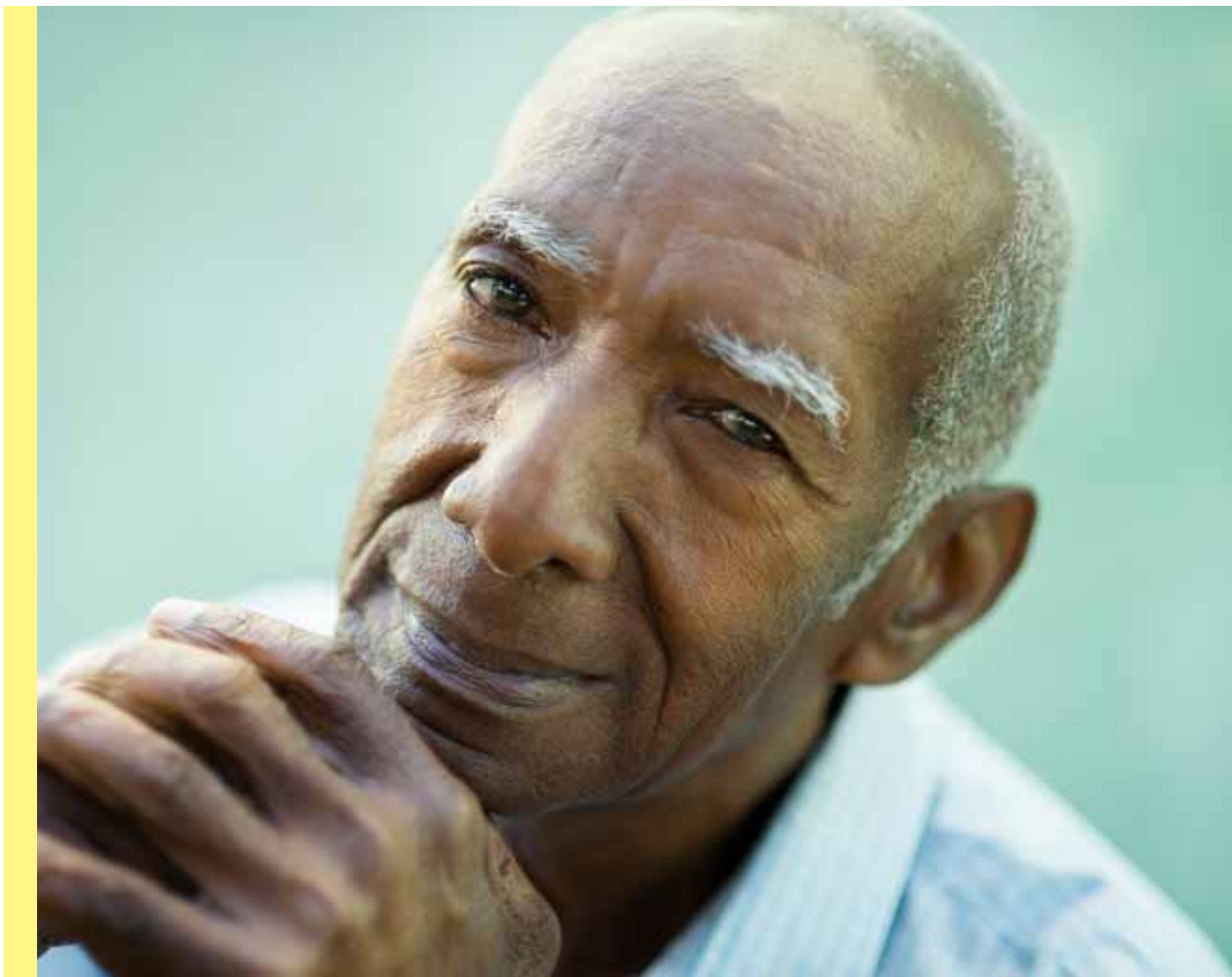
The Human Services Planning Board has developed the *Make Rental Happen: Creating the Conditions to Build Private Market Rental Housing* using an adoption model to focus its efforts in turning the private market rental housing curve. The adoption model mirrors the way many of us adopt new actions. It begins with gathering information; the second step raises awareness and builds understanding of the need for rental housing; the next engages those who have a role in the rental supply and the last provides opportunities for stakeholders to support efforts and do their part to increase the private market rental housing stock in York Region. Rather than signal the end of the change process, efforts must be sustainable over time – just think about how long Health Canada has advocated for smoking cessation – and needs to be re-evaluated from time-to-time.

Make Rental Happen: From advocacy to action

Target Audiences

The Plan will be used to engage the following target audiences:

- All levels of government (federal, provincial, regional, municipal)
- Building industry
- Corporate leaders



1. Laying the foundation

December 2013 - June 2014

Focus

Information gathering and conducting research

Outcomes

- The compelling York Region rental housing story
- A collective statement of commitment
- Partnerships and alliances

Getting there

- **Map out key target audience contacts** for discussion, engagement and information sharing to create private market rental housing options
- **Use a cross-disciplinary team of technical experts (planning, finance, building, community) to conduct research and review promising practices on the current rental housing environment:**
 - Identify the existing tools and the barriers to using those tools including: process, timing, policy, expertise, finance
 - Identify the priority gap areas that require advocacy
 - Identify leverage points for successful rental housing models
 - Understand the size of the rental housing issue in Ontario and Canada
 - Identify how rental housing is affecting York Region quality of life, economic competitiveness, transportation and social housing infrastructure
- **Host roundtable discussions, collect data and conduct surveys to:**
 - Attain target audience perspective of the current environment to build rental housing, points of view and understanding of the issue
 - Identify interconnected benefits of rental housing options in creating a healthy complete community
 - Engage private sector champions who have explored the feasibility of rental housing in York Region on lessons learned and what leads to success
- **Create strategic alliances** with others, including associations and coalitions that are aligned: Federation of Canadian Municipalities, Association of Municipalities Ontario, Canadian Rental Housing Coalition, Ontario Municipal Social Services Association, Ontario Non-Profit Housing Association, Canadian Housing and Renewal Association, Greater Toronto CivicAction Alliance and other Regions

2. Raising awareness, building understanding January – September 2014

Focus

Strategic inquiry

Outcomes

- Innovative ideas received from post-secondary Rental Housing Challenge submissions
- A refined compelling rental housing story based on key audience input
- A refined collective statement of commitment based on key audience input
- Tailored communication tools for telling the rental housing story

Getting there

- Host a post-secondary student challenge event to discuss and recognize innovative ideas for creating rental housing options in York Region using existing regulations
- Develop and implement the communication plan to reach each target audience that includes tailored communication tools
- Meet with local Members of Parliament, local Members of Provincial Parliament, employers, the building industry, senior policy staff of targeted Ministries to test the story and collective statement, gain insights as to views on the issue, future direction, check on positioning and who else needs to be involved



3. Engaging our partners June 2014 – March 2015

Focus

Demonstrating leadership

Outcomes

- Endorsement of the York Region collective statement of commitment
- The compelling story is shared by the target audience with networks
- Discussions with Provincial and Federal Ministers
- Host a broad rental housing forum

Getting there

- Seek endorsement from the Region, local municipalities, building industry, corporate leaders of the collective statement of commitment reflecting the tools and contributions available in York Region and the points of agreement for changes to the current legislative environment
- Attend meetings with Provincial and federal Ministers to share the compelling story, the collective statement of commitment, discuss gaps and find the win-win for both sides
- Bring target audience together at a broad rental housing forum, including traditional and non-traditional funders, to identify solutions, synergies, partnerships and investments that create solutions to the rental housing shortage



4. Adopting the vision 2015 - Ongoing

Focus

Maintaining momentum and sustaining the changes

Outcomes

- Encourage the development of business practices and organizational structures to facilitate the development of private market rental options
- Make rental happen – increased ability to navigate current environment
- Establish partnerships to create the conditions needed to build private market rental housing
- The collective statement of commitment is used as a communication tool in York Region
- Tools are being used effectively to build private market rental options
- Legislative changes encourage the creation of private market rental options
- Developing rental housing is a sound investment in York Region

Getting there

- Repository of information created on tools available and using them effectively
- Policies and procedures are flexible to encourage the creation of rental housing options
- Recommendations are identified to continuously improve housing affordability in York Region



Human Services Planning Board of York Region (HSPB-YR)

Mandate

To enhance the effectiveness and efficiency of human services in York Region through capacity building in the human services sector and collaborative advocacy.

Vision

A healthy and vibrant community enhanced through inclusive, collaborative and innovative human services.

Mission

To develop and implement system solutions which enhance community health and well-being.

Seven Guiding Principles

- Accountability and Transparency
- Collaboration
- Communication
- Community Engagement
- Creating a Healthy Community
- Mindset of Sharing
- Respect and Diversity



Member Organizations

Regional Government Sector:

Bill Fisch, Chairman and Chief Executive Officer (CEO), The Regional Municipality of York

John Taylor, Regional Councillor, Town of Newmarket and Co-Chair, Human Services Planning Board of York Region

Adelina Urbanski, Commissioner of Community and Health Services, The Regional Municipality of York

Education Sector:

Patricia Preston, Director of Education, York Catholic District School Board (YCDSB)

Ken Thurston, Director of Education, York Region District School Board (YRDSB)

Hospital-based Healthcare Sector:

David Cox, Director, Human Resources and Occupational Health and Safety, Southlake Regional Health Centre and Vice-Chair of the Human Services Planning Board of York Region and representing all three York Region hospitals.

Community-based Healthcare Sector:

Isabel Araya, Executive Director, Vaughan Community Health Centre (VCHC)

Rebecca Shields, CEO, Canadian Mental Health Association (CMHA) York Region

Non-Profit Community

Investment Sector:

Daniele Zanotti, CEO, United Way of York Region

Community Safety Sector:

Chief Eric Jolliffe, York Regional Police

Children, Youth and Family

Services Sector:

Sylvia Pivko, Executive Director, Blue Hills Child and Family Centre and Co-Chair of the Forum for Children, Youth and Their Families in York Region

Seniors/Healthy Aging Sector:

Christina Bisanz, CEO, CHATS-Community & Home Assistance to Seniors

Training-Education/Labour Market/

Business Community Sector:

Paula Curtis, President and CEO, Vaughan Chamber of Commerce

Tina DiSimone, Dean, Faculty of Applied Arts and Health Sciences, Principal of King Campus, Seneca College

Pat Horgan, Vice President, Manufacturing, Development and Operations, IBM Canada

Newcomer/Immigrant

Support Services Sector:

Patricia Cousins, Chief Executive Officer, Social Enterprise for Canada (SEC) and representing the Welcome Centre Immigrant Services and its five lead agencies

Community and Social Support-Based Services Sector:

Kirsten Eastwood, Executive Director, Women's Centre of York Region

Community Leader Members

Jim Baird, Commissioner of Development Services, Town of Markham

Bill Hogarth, Former Co-Chair, Human Services Planning Coalition (HSPC)

Stephen Gaetz, Associate Dean, Research and Field Development, Faculty of Education, York University

Rehana Sumar, Executive Director, Mosaic Interfaith Out of the Cold (MIOTC)

Deborah Bonk Greenwood, Community Leader Member

Susan LaRosa, Co-Chair, Human Services Planning Board of York Region

Government Advisor and Resource Members

Sandy McMillan, Service Delivery Manager, Ministry of Training Colleges and Universities

Catherine Campbell, Regional Advisor, Ministry of Culture, Ontario Ministry of Citizenship and Immigration, Ontario Ministry of Health Promotion (Sport and Recreation Branch)

Mark Salerno, Corporate Representative, Canada Mortgage and Housing Corporation (CMHC)

Kim Baker, CEO, Central Local Health Integration Network (CLHIN)



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