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HOUSING SUPPLY STRATEGY PROGRESS REPORT AND 2004/2005 WORK PLAN

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, August 27, 2004, from the Commissioner of Community Services and Housing and the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. Committee and Council endorse the 2004/2005 Work Plan.
2. A copy of this report be formally circulated to the Federal Minister Responsible for Canada Mortgage and Housing Corporation, the Federal Minister of Labour and Housing, the Federal Minister of Communities and Infrastructure, the Provincial Minister of Municipal Affairs and Housing, the Provincial Minister of Public Infrastructure and Renewal, and all area municipalities in York Region.

2. PURPOSE

The purpose of this report is to:

- Report on the progress of the implementation of the Region's Housing Supply Strategy.
- Highlight the results achieved.
- Recommend a work plan for 2004/2005.

3. BACKGROUND

3.1 General

Until the mid 1990's the federal and provincial governments played a major role in the provision of affordable/social housing by providing funding and mortgage guarantees to municipalities and non-profit groups.

The Federal government has tentatively stepped back into the homelessness and affordable housing arena with multi-year programs such as Supporting Communities Initiatives Program (SCPI) for homelessness programs and the Community Rental Housing Program (CRHP). To date the Province has done little, although the current government has made a commitment to an expanded role, including examining a strategic approach for the future.

Although the constitutional responsibility for affordable/social housing remains at the provincial level; in Ontario this responsibility has been devolved to Service Managers such as York Region.

York Region Council endorsed a Housing Supply Strategy in June 2002 in response to a growing recognition that meeting the housing needs of all of our residents is vital to ensuring economic success in York Region. In 2001, the responsibility for social housing and homelessness programs was transferred to municipalities making York Region directly responsible and accountable for the administration and delivery of affordable/social housing options for its residents.

3.2 Consultation Process

The Housing Supply Strategy was the result of a broad consultation process including: a major Housing Forum hosted by the Regional Chair; sector focus groups in the areas of rental housing, home ownership and non-profit housing; and consultation with area municipalities through staff working groups and Council presentations.

3.3 Housing Supply Strategy

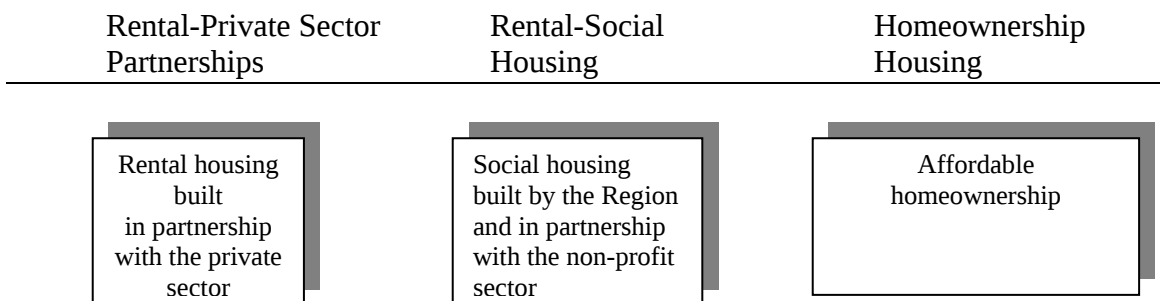
Regional Council directed that the strategy concentrate on:

- Innovative approaches to increasing the affordable housing supply.
- Addressing the housing needs of households on the Social Housing Waiting List.
- Developing options that could be implemented separately or as part of the Region's broader strategies such as Growth Management, Transit, Greening, etc.
- Recognizing the role of the private sector in the supply and delivery of affordable housing.

3.3.1 Focus Areas

The Housing Supply Strategy has three main focus areas for action.

*Figure 1
Focus Areas in Region's Housing Supply Strategy*



3.3.2 Areas for Action

There are eight Areas for Action set out in the Strategy:

- 1) Partnerships
- 2) Non-Profit Housing

- 3) Rental Housing
- 4) Affordable Ownership
- 5) Community Education and Awareness
- 6) Federal/Provincial Role
- 7) Growth Management
- 8) Monitoring Success

The full text of the Housing Supply Strategy is found in *Attachment 1* to this report.

3.4 Reporting Process

The Housing Supply Strategy was approved as a “living document” with an expectation that progress would be reported to Council, area municipalities, and the public. As well, it was anticipated that work plan updates would be provided to Council for approval at appropriate stages.

4. ANALYSIS AND OPTIONS

York Region’s Housing Supply Strategy supports the initiatives advocated by the Province of Ontario in “*Places to Grow - A Growth Plan for the Greater Golden Horseshoe*” and in the proposed changes to the Provincial Policy Statement under the Planning Reform initiative.

York Region has already made significant progress in terms of intensification and city building as mentioned in the discussion that follows. The Province has released a number of discussion papers on proposed legislative and policy changes that will make linkages around housing and intensification and will support the Region’s current and future directions.

4.1 Housing Supply Strategy Achievement Highlights

Progress under each action area is detailed in *Attachment 2* to this report. Key achievements include:

- Completed Armitage Gardens, a 58 unit senior project in the Town of Newmarket. The project is fully rented. An official opening will be held in the fall of 2004.
- Commenced development on a mixed-use senior’s residential complex in partnership with the City of Vaughan.
- Provided rent supplement funding to 329 households at the end of 2003, an increase of 47 units during the year.
- Significantly reduced the multi-residential property taxation rate to the same level as that paid by single family homeowners.
- Enacted a Municipal Facilities By-law that allows the Region to provide incentives to the private sector to build affordable rental housing.
- Approved a by-law allowing non-profit groups building affordable rental housing to receive a grant in the amount of Regional development charges they pay.

- Received nearly \$4.0 million in funding from senior levels of government to develop Armitage Gardens and a further commitment of up to \$1.62 million to develop the Vaughan Partnership project.
- Received a commitment of up to \$640,000 from the province for a rent bank program.
- Established a successful Homelessness Prevention Program in partnership with the Salvation Army.
- Established an Inter-Municipal Working Group on Affordable Housing which has staff membership from the Region and each area municipality to discuss developments in the sector as well as best practices.
- Advocated with senior levels of government through many avenues and forums to provide stable, long term funding for the production of affordable housing.
- Distributed \$1.6 million in federal funding through the Supporting Communities Partnership Initiative to various community organizations serving the homeless and at risk population.
- Provided start-up funding and administrative support to the Region's first Habitat for Humanity affiliate.
- Developed a Centres and Corridor Strategy for York Region.
- Conducted extensive consultation regarding Regional Official Plan Amendment (ROPA) 43 for Centres and Corridors and intensification for York Region.
- Assisted the Town of Newmarket in enacting a second suites policy for the Town.
- Amended the Regional Official Plan to reflect the Region's Housing Supply Strategy.

4.2 Current Environment

4.2.1 The Need for Affordable Housing is More Pressing Than Ever

The need for affordable housing is growing in York Region. The Social Housing Waiting list contained over 5,900 applicant households in July 2004, an increase of nearly 16% from January 2003.

Additionally, about 72,000 people in York Region were reported in the 2001 census to be living under the Low-Income Level Cut-off (LICO). An individual or family is deemed to be below the income cut-off limit if they are spending more than 55% of their income on food, shelter, and clothing. LICO for a family of four in King would be about \$27,400; for Markham or Vaughan it would be about \$29,700. Over 40% of York Region's residents with income levels under LICO are families that have children to support. As well, over half of York Region's residents aged 15-64 under LICO are employed.

4.2.1.1 Home Ownership

In the last ten years, the supply of single detached homes has fallen from 80% of the total housing stock to 73%. As the percentage of single detached units has decreased, more housing choice is being made available to the residents of York Region. At the end of 2003, 5% of the housing stock in the Region was semi-detached, 10% was row housing, and 12% were apartment units.

Notwithstanding the greater availability of different housing forms, the cost of housing is greater than the ability of many residents to pay. In 2003, the average resale price of a

single family detached dwelling in the Region was over \$378,000, an increase of nearly 7.7% from 2002. The average price of semis was \$265,000, townhouses \$259,000, and condo/apartments \$227,000. The average house price of all dwelling types combined was 15% higher than the GTA average.

Entry level house prices in York Region are higher than in many surrounding municipalities. The price of a standard townhouse in York Region is higher than in Simcoe County, Halton Region, most areas in Peel Region, and some areas in the City of Toronto.

4.2.1.2 Rental Housing

Average rental rates published by Canadian Mortgage and Housing Corporation (CMHC) in 2003 range from a low of \$665 for bachelor units in Markham to a high of \$1,129 for a three bedroom apartment in the same municipality. These rates are beyond the ability of many households to pay. 2001 census data indicated over 41% of tenant households pay more than 30% of their income for shelter costs.

Not only are many rental units out of reach for tenants to afford, there are few of them available in the marketplace. Vacancy rates for rental apartments of 3 or more privately initiated units in York Region were reported by CMHC in October, 2003 to be 1.4%. This compares to a rates of 3.9% and 3.8% for the City of Toronto and the Toronto Census Market area respectively.

During the period 1991-2001 the number of rental units in the Region increased from about 26,400 to 30,600. However, as shown in Table 1, this represented a significant drop in the proportion of rental units when compared to the overall housing stock.

Table 1
Comparison of % of Rental Units to all Dwellings
Between 1991 and 2001

Housing Tenure	1991		2001	
	# of dwellings	% of dwellings	# of dwellings	% of dwellings
Owned	124,070	82.45	192,600	86.30
Rental	26,405	17.54	30,570	13.70
Total	150,485	100.00	233,170	100.00

York Region has the highest percentage of homeownership in the Greater Toronto Area and the lowest percentage of rental units as a proportion of its overall housing stock.

4.2.2 The Continued Economic Vitality of the Region Depends on a Supply of Affordable Housing

Although the live-work ratio is improving in York Region it continues to be the lowest rate in the GTA. While many residents in the management, finance, and professional occupations are employed outside the Region, many people employed in lower paid construction and manufacturing occupations commute to work in the Region.

Those who commute into the Region for employment are tenants three times as often as York Region's resident employed labour force. It could be surmised that the lack of rental housing in general and affordable rental housing specifically is causing many people employed in York Region to live elsewhere.

Employers have emphasized that the Region will need to have a wide range of housing choice in order to attract and retain a skilled labour force and diverse employment.

The Region's Centres and Corridors Strategy defines the need for more compact development in defined communities and along Yonge Street and Highway 7. This development strategy addresses a balanced approach to live-work proximity within communities supported by rapid transit and human resource services. The Region's approach to affordable housing development within these more compact communities is a key ingredient for the continued economic development of the Region.

4.2.3 Senior Levels of Government Have Approached the Need for Affordable Housing in an Un-Coordinated and Under-Funded Manner

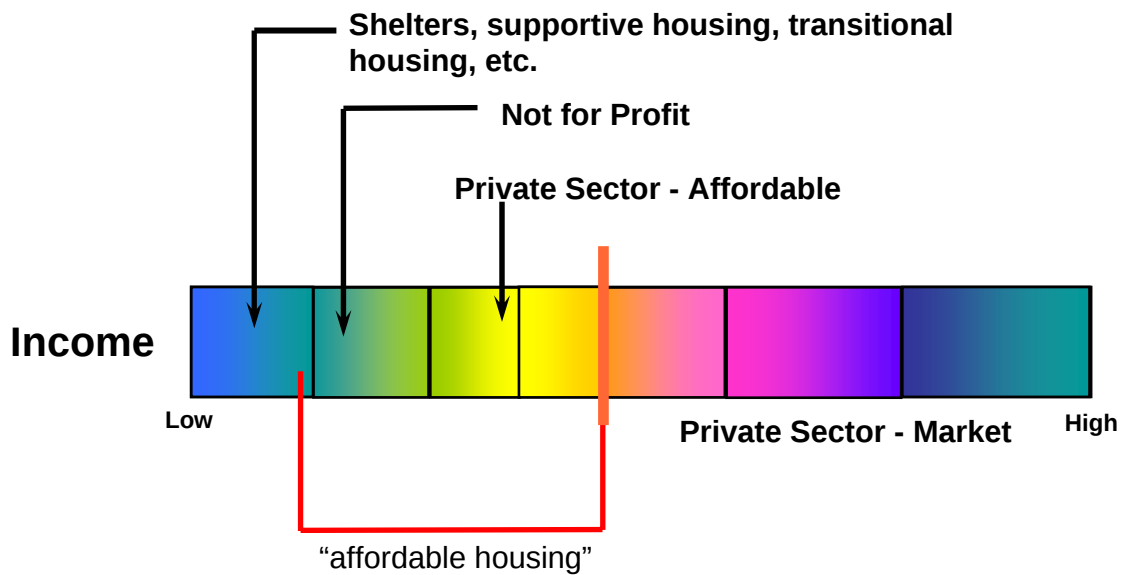
A Federal Housing Program was announced in early 2001. An agreement between the provinces and the federal government resulted in the Province of Ontario announcing the framework for an affordable rental program, the Community Rental Housing Program (CRHP).

Although the program was intended to be a matching grants program with the provinces and territories, in Ontario the program was seriously under funded by the Province. While the federal government committed to fund up to \$25,000 a unit, the Province only committed \$2,000 per unit. The remainder had to be contributed in cash or equity from municipalities and community groups. In addition, the Ontario program design put the downstream financial risk for project defaults on municipalities, and was generally overly proscriptive.

Once built, a second stream of funding (rent supplement funding) is required on an on-going basis to be applied to rental costs so that rents can then be "affordable".

However, another major shortfall of the CRHP was the absence of new rent supplement funding attached to the units developed under the program. As shown in *Figure 2* the subsidies available under the CRHP enable rents to be affordable, but still within the range of rents being charged in the market. Rent supplement must be made available to serve households on the Social Housing Waiting List.

Figure 2
Continuum of Housing Affordability



The Province has announced it will conduct a full review of the program, with the aim of re-launching it later this year. Municipalities have been asked to provide input into the new program design. Staff will continue to dialogue with their provincial counterparts on this matter.

The current provincial government has recently announced that it will be determining a long term strategic approach for affordable housing in the province. The uneven stop and go approach of other levels of government in the last several years strongly points to a need for this long term and stable approach to the affordable housing sector.

On a positive note, the provincial government has recently announced a Provincial Rent Bank Program. The Region has received a \$640,000 commitment. Staff will review the administrative agreement when received from the Province and will report back to Council. Rent Banks have shown themselves to be cost effective tools to prevent households from becoming homeless.

4.2.4 Community Groups are Eager to Construct Affordable Housing

The Region is aware that more and more community groups are eager to construct affordable housing. Staff has met with several of these groups in the last year. The uneven approach taken to date by the province has raised expectations on the part of these groups. These groups are waiting for an announcement to be made by the province on a new program framework and a Request for Proposal (RFP) issued by the Region before being able to proceed.

Municipalities in Ontario that have had to absorb most of the costs associated with recent affordable housing development are waiting for the provincial government to announce a

re-vamped and better funded rental housing program and a long term well funded approach in general.

4.3 2004 / 2005 Work Plan

The Region will continue to build upon the initiatives already achieved in support of the Housing Supply Strategy. The following work plan is proposed to continue and enhance those successes already achieved in the following areas.

4.3.1 Direct Delivery

- Continue to develop the Blue Willow Terrace project in the City of Vaughan – expect to start construction in early 2005 with completion in early 2006.
- Continue to increase the number of households in the Region in receipt of rent supplement funding.
- Investigate and bring forward proposals to increase the supply of rental housing through the Region's municipal non-profit housing corporation.

4.3.2 Partnerships

- Continue to work with our local municipalities to identify and co-ordinate actions required for the production of affordable housing.
- Develop a multi-purpose centre for youth with emergency shelter and transitional housing in partnership with the Town of Georgina to be ready for use by the end of 2005.
- Review the new program framework for the CRHP when re-launched by the Province. If approved by Council, proceed to an RFP process in early 2005, and select and monitor the successful projects.

4.3.3 Affordable Home Ownership

- Review models used for successful homeownership programs in other jurisdictions and develop program options.
- Hold educational seminars for low and moderate income households who could benefit from homeownership.
- Continue to encourage a broad mix of housing types in new development.

4.3.4 Community Awareness

- Update a Housing Fact Sheet to provide basic information about housing in York Region.
- Conduct an education/awareness workshop on affordable housing for Regional staff in 2004.

4.3.5 Federal / Provincial Role

- Continue to advocate to the provincial and federal governments through all available vehicles to provide long-term stable funding for the production of affordable housing.

4.3.6 Growth Management

- Complete an updated survey of York Regional employers concerning their employees' needs for adequate housing and transit and report back to Council.

- Complete a detailed examination of the latest Census information to provide a live/work analysis and affordable housing analysis for the Region's labour force.
- Continue to work with stakeholders to adopt ROPA 43 to promote compact development in selected areas and along the Highway 7 and Yonge Street corridors.
- Continue to influence housing approvals, production and mix when reviewing secondary plans to ensure consistency with Regional Official Plan objectives.
- Complete a study to examine the actual cost of capital and operating service needs in corridors and studies compared to greenfield development.

4.3.7 Homelessness

- Develop and implement a work plan for the second phase of the Supporting Communities in Partnership Initiative (SCPI) to award project funding and to monitor results of the funding selection.
- Roll out the Provincial Rent Bank Program.
- Deliver a range of funding to support community programs through various Regional/Provincial cost shared programs to prevent homelessness.

4.3.8 Monitoring Progress

- In 2005, report to Council on further progress made toward obtaining the objectives of the Housing Supply Strategy.
- Annual monitoring of the mix of housing approvals, production and mix reported in the Economic and Development Review.

4.4 Relationship to Vision 2026

In 2026, York Region's residents will have access to a variety of housing options that are safe, affordable and responsive to their diverse and changing needs. Residents will live closer to their places of employment and have access to shelter they can afford.

In 2026, York Region's human services will support a safe, caring, and healthy community and maintain and promote a high quality of life. A broad range of organizations will work and plan together, including police forces, schools, businesses, housing providers, hospitals, social service providers, public health agencies, recreation facilities and non-profit, voluntary, and business groups.

5. FINANCIAL IMPLICATIONS

The costs of individual programs and projects are accounted for in the 2004 Operating and Capital Budgets. As individual projects move through the development process these costs will be refined and reported upon to Council for approval and direction.

6. LOCAL MUNICIPAL IMPACT

The further implementation of the Housing Supply Strategy will encourage the creation of much needed affordable housing in our communities which will benefit households in

need, and the Region's ability to enjoy economic growth. Regional staff will continue to work with our area municipal partners through the Inter-Municipal Working Group on Affordable Housing.

7. CONCLUSION

Many of the steps outlined in the Regional Housing Supply Strategy have been implemented. This groundwork, combined with steps that will be taken in 2004/ 2005 and future years, will encourage and support the supply of affordable housing and provide more housing choices for the residents of York Region. The Region's broad approach to affordable housing development is a key ingredient for the development of compact centres and corridors, the implementation of its transit planning, and for the attraction and retention of a skilled workforce.

The Senior Management Group has reviewed this report.

(A copy of the attachments referred to in the foregoing was forwarded to each Member of Council with the September 15, 2004, Community Services and Housing Committee agenda and a copy is on file in the Regional Clerk's office.)