

The City of Richmond Hill | Affordable Housing Strategy

Background Report



Richmond Hill



March 2021

Acknowledgement

This report is the result of a collaborative process and would not have been possible without the active involvement of City of Richmond Hill and York Region staff, as well as a number of key housing stakeholders. We would like to especially thank the Technical Advisory Committee for their continued support and feedback during the process of creating this Background Report.

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Executive Summary

This is a background report developed to support the creation of an Affordable Housing Strategy and Developers' Handbook for the City of Richmond Hill. The need for developing such a Strategy was identified in 2019 by Richmond Hill City Council. This Strategy will outline how best to position the City and ensure that its affordable housing targets are being met or exceeded. The strategy will also help create support and partnerships from the development industry, as well as other levels of government and the not-for-profit sector to achieve the City's housing goals.

This background report consists of four sub-reports that outline the work conducted to date in preparation of the development of the Strategy. These are:

- **Sub-report 1:** A housing needs assessment.
- **Sub-report 2:** Description of the housing policy context in Richmond Hill.
- **Sub-report 3:** Description of the available tools, incentives and best practices.
- **Sub-report 4:** An analysis of the impact of inclusionary zoning on land values in Richmond Hill.

- **Sub-report 5:** A summary of the engagement events.

While the Region of York, as the Service Manager for housing, is primarily responsible for addressing the housing needs of households with the lowest incomes (households in the bottom 30% of the income continuum). There are tools the City of Richmond Hill can implement to help the creation of affordable housing for those in the highest needs. However, in general, the tools at the City's disposal will not be able to achieve housing that is affordable to these households. Accordingly, the focus of the forthcoming Richmond Hill Affordable Housing Strategy will be to identify how the City can take a more active role in supporting the development of market housing for moderate income households.

Sub-Report 1: Housing Needs Assessment

The housing needs assessment conducted an analysis of housing demand, housing supply and housing affordability in Richmond Hill to determine the key housing gaps along the Housing Continuum in the City.

To conduct this analysis, information was gathered from Statistics Canada, the Canada Mortgage and Housing Corporation (CMHC), the City of Richmond Hill and the Region of York. In addition, the key findings of the analysis were verified with key housing stakeholders in the City of Richmond Hill such as for-profit and not-for-profit housing developers and providers.

Definition of Affordability:

The Official Plan¹ for the City of Richmond Hill defines affordable housing for rental and ownership housing. These definitions are in line with the definitions used in the York Region Official Plan of 2010² and the Provincial Policy Statement.

In the case of **ownership housing**, the PPS defines affordability as the least expensive of:

- a) Housing for which the purchase price results in annual accommodation costs not exceeding 30%

of gross annual household income for low- and moderate-income households; or

- b) Housing for which the purchase price is at least 10% below the average purchase price for a resale unit in the regional market area;

In the case of **rental housing**, affordability is defined as the least expensive of:

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

In 2020, this means that based on York Region Household income deciles affordable ownership housing should be priced through the income-based approach at a maximum of **\$488,000** for the lowest 60% of the income distribution. When using Richmond Hill Household

¹ The City of Richmond Hill 2010 Official Plan, Chapter 7 – Definitions. Accessed from: <https://www.richmondhill.ca/en/shared-content/resources/documents/OMB-partially-approved-Official-Plan-Part-1.pdf>

² York Region 2010 Official Plan, Chapter 9, Definitions. Accessed from: <https://www.york.ca/wps/wcm/connect/yorkpublic/c42be282-db6e-46ca->

[b4e2-427d308156aa/yropConsolidation2019Definitions.pdf?MOD=AJPERES&CVI=D=mLW2eY6](https://www.york.ca/wps/wcm/connect/yorkpublic/b4e2-427d308156aa/yropConsolidation2019Definitions.pdf?MOD=AJPERES&CVI=D=mLW2eY6)

income deciles, affordable ownership should be priced at a maximum of **\$466,888**.

For rental housing, the market-based approach using 125% of average market rents is the most appropriate way to determine affordability. This means rents should not exceed **\$1,650**, which was 125% of the average market rent according to CMHC for Richmond Hill in 2019.

Key Housing Gaps

The analysis found a number of key housing gaps. These are:

There is a need to continue to diversify the housing stock, including smaller dwellings, as well as family sized dwellings, to attract younger households (aged 25 to 44 years) while allowing seniors (aged 65+ years) to age in place.

- Larger sized households (three members or more) remain the predominant household size (58.9%) but smaller households grew at a significantly faster pace (40.7%) compared to households as a whole (25.7%) from 2006 to 2016.
- From 2006 to 2016, households with primary maintainers aged 25 to 44 years in Richmond Hill decreased (-13.2%) at a significantly faster rate

compared to other municipalities in the Greater Toronto Area (GTA).

- Households led by seniors (aged 65+ years) or adults aged 45 to 64 years were the fastest growing age groups growing by 77.9% and 41.9% from 2006 to 2016.
- Younger households are likely having challenges to find affordable and suitable housing in Richmond Hill and are delaying household formation by remaining in their parental home or by moving to different municipalities in the GTA.
- The majority of dwellings in Richmond Hill were single- or semi-detached (69.9%), even though these dwellings are generally the most expensive and not always the most suitable dwelling type for seniors and older adults to age in place.
- When looking at building permits and completions, the data show the housing stock is changing and more diverse dwellings types are being built or proposed.
- However, only 13.0% of newly constructed dwellings in 2018 were affordable to households with low and moderate incomes, and these dwellings were exclusively ownership dwellings with one-bedroom or less.

- This could explain why, among moderate income households, households who are typically larger (immigrant households and couples with children), were more likely to face housing affordability challenges.

There is a need to increase the number of rental housing options that are in a good state of repair and affordable to households with moderate and low incomes in Richmond Hill.

- The number of renter households in Richmond Hill grew at a significantly faster rate compared to households as a whole (61.0% compared to 25.7% respectively).
- The average price of a home grew at almost six times the rate of inflation from 2006 to 2016 (148.5% compared to 28.6%), indicating homeownership has become rapidly unaffordable. In addition, the number of rental dwellings in need of major repairs was generally higher as opposed to ownership units (4.8% compared to 2.9%).
- Average household incomes in Richmond Hill were lower compared to York Region as a whole and among households with moderate and low incomes, average household incomes increased at

a significantly lower rate compared to inflation from 2006 to 2016.

- There were 12,547 households on the centralized wait list for subsidized housing who indicated they prefer to live in Richmond Hill. This leads to long wait times and suggests the existing stock of affordable and subsidized rental housing in Richmond Hill is not sufficient to meet the need in the community.
- Larger households with the lowest household incomes (lowest 20th and 30th percentile of all households) are most likely to experience core housing need, likely as they are de-prioritized for affordable and subsidized housing in favour of higher priority households (e.g. individuals experiencing homelessness), even though, according to their income, they might qualify for these options. This suggests there is a strong need to attract more affordable, purpose-built rental housing options to Richmond Hill including family-sized options.

There is a need to increase the supply of accessible and supportive housing options for households with a disability or mental health issue by collaborating with York Region and local stakeholders.

- There are 83 supportive housing units in Richmond Hill.
- There were 514 individuals in Richmond Hill on a waitlist for supportive housing in 2020. In addition, 2016 Census data showed the number of households with a member with a physical or cognitive disability, as well as households with a member with a mental health issue who might be able to benefit from supportive housing far exceeded the supply.
- Data from the York Region Homelessness Pit Count found that among homeless individuals in York Region, including Richmond Hill, many individuals had a mental health issue (48.0%), a medical condition (37.0%), a substance abuse issue (34.0%) or a physical disability (31.0%), and would need accessible or permanent supportive housing to remain independently housed in the community.

There is a need to increase the stock of purpose-built rental housing in the primary rental market in Richmond Hill.

- Rental housing provides more flexibility, requires less maintenance, and is generally more affordable for households with low and moderate incomes.

Rental housing may be the better option for young adults just starting their careers, people looking to move to or closer to Richmond Hill for work especially in lower paying occupations, people living alone or with roommates, and seniors who wish to downsize.

- There is a limited supply of purpose-built rental apartments in Richmond Hill (1,710 units) and the vacancy rate for these apartments was very low in 2019 (1.2%).
- The number of purpose-built rental apartments decreased by 0.8% since 2006 even though the number of renter households increased at a significantly faster pace compared to all households (61.0% versus 25.7%)
- Renter households were more likely to be in core housing need compared to owner households.
- Encouraging the development of primary rental units is important as these dwellings are more stable and generally more affordable compared to rental units in the secondary rental market.
- Adding supply in the purpose-built rental market may encourage some households to move to newer rental units which would then free up some of the more affordable units that currently exist.

There is a need to develop ownership options that are affordable to households with moderate incomes and that are appropriate for larger households.

- While some new affordable ownership apartments are added to the housing stock in Richmond Hill, almost all of these dwellings were condominium apartments with one-bedroom or less, which would only be appropriate to smaller households.
- Resale market condominiums would not be affordable to a moderate-income household earning up to \$118,317 per year.
- The majority of households in Richmond Hill have households with three or more persons and moderate-income households who comprise of these larger household sizes are also more likely to face affordability issues.

Sub-Report 2: Description of the Housing Policy Context in Richmond Hill

The housing sector in Richmond Hill operates within a larger National, Provincial and Regional framework of legislation, policies and programs. This sub-report

provides an overview of the planning and housing policies which influence the development of affordable and market-rate rental housing in Richmond Hill.

The sub-report also outlines the different actors in the housing system in Richmond Hill, including descriptions of their current role and capacity. Lastly, the report provides a brief overview of the key barriers that exist to the development of affordable housing in Richmond Hill.

Policy Framework Review

Policies and initiatives from the following levels of government were included in this review:

- Federal policies and initiatives
- Provincial policies and initiatives
- Regional policies and initiatives
- Municipal policies and initiatives

Federal Policies and Initiatives

As part of the Federal review, the following policies and initiatives were reviewed:

- The 2019 Federal Budget.
- The National Housing Strategy and its most prominent initiatives including:

- The National Housing Co-Investment Fund, which provides low-cost loans and/or financial contributions to support and develop new mixed-income, mixed-tenure, and mixed-use affordable housing.
 - The Rental Housing Construction Financing Program, which provides low cost loans to encourage the development of new purpose-built rental housing.
 - The Affordable Housing Innovation Fund, which provides funding for unique and innovative building techniques that revolutionize the affordable housing sector.
 - The Federal Lands Initiative, which provides surplus federal lands and buildings for the creation of affordable housing.
 - The New Rapid Housing Initiative, which provides funding for modular housing, convert non-residential buildings into affordable multi-residential homes, and rehabilitate buildings that are abandoned or in disrepair.
- The revised Provincial Policy Statement released in 2020.
 - The revised 2020 Growth Plan for the Greater Golden Horseshoe: A Place to Grow.
 - Recently released regulations pertaining to Inclusionary Zoning (O.Reg 232/18).
 - The Housing Supply Action Plan and the More Homes More Choice Act (formerly known as Bill 108). Specifically, its proposed changes to:
 - The Planning Act
 - The Development Charges Act
 - The Local Planning Appeal Tribunal Act
 - The Community Housing Renewal Strategy and its most prominent initiatives:
 - The Canada Ontario Community Housing Initiative (COCHI)
 - The Ontario Priorities Housing Initiative (OPHI)
 - The Non-Residential Speculation Tax
 - Bill 184: Protecting Tenants and Strengthening Community Housing Act

Provincial Policies and Initiatives

As part of the Provincial review, the following policies and initiatives were reviewed:

Regional Policies and Initiatives

As part of the Regional review, the following policies and initiatives were reviewed:

- The Regional Municipality of York Official Plan (2010).
- The Housing Solutions: A Place for Everyone (10 year Housing and Homelessness Plan).
- The Make Rental Happen Collaborative Advocacy Plan.
- The Support for Rental Housing Plan - Development Charge Deferrals for Purpose-Built Rental Housing.
- Regional Supports for Affordable Rental Housing (Municipal Housing Facilities By-Law).

Municipal Policies and Initiatives

As part of the Municipal review, the following policies and initiatives were reviewed:

- The Richmond Hill Municipal Official Plan (2010).
- Zoning By-Laws.

Review of the Housing System

All housing systems in Canada are characterized by a number of actors, stakeholders and system players. All these parties combined work together to ensure residents of Richmond Hill have access to housing.

The task of providing safe, adequate, and appropriate housing is an inter-disciplinary and cross-sectoral one, requiring a deep understanding of the current system, its components, its outputs, and its functions.

As part of the analysis, the following actors were identified:

- Residents of Richmond Hill
- The City of Richmond Hill
 - City of Richmond Hill Council
 - City of Richmond Hill staff
- York Region
- Non-Profit and Co-operative Housing Providers

- Private Sector Developers
- Landowners
- Government of Ontario
- Government of Canada
- Financial Institutions

The following roles were considered in the analysis:

- Research and policymaking
- Funding
- Financing
- Provision of land
- Housing development
- System access point³
- System navigation⁴
- Landlord, property manager, and tenancy services
- Support and outreach services
- Education and information
- Backbone organization⁵

The table below provides an overview of the analysis:

³ System access point is defined as an agency/organization that helps actors access the housing system (e.g. residents can access affordably housing by applying for an affordable unit with the Region of York as the Service Manager)

⁴ System navigation is defined as helping actors navigate the housing system (e.g. the City of Richmond Hill helping a developer get access to Regional Funding etc.)

⁵ A backbone organization is a central organization with the power to convene multiple parties throughout the system to achieve desired priorities and outcomes.

Table 1: Overview of the Housing System in Richmond Hill

	Policy Making	Research	Funding	Financing	Provision of Land	Housing Development	System Access Point	System Navigation	Landlord, property Manager, and Tenancy Services	Support and Outreach Services	Education and Information	Backbone Organization
Residents of Richmond Hill												
The City of Richmond Hill												
City Council												
City Staff												
York Region												
Non-Profit Housing Providers												
Private Sector Developers												
Landowners												
Provincial and Federal Governments												
Financial Institutions												

Barriers to Change

The housing needs assessment found a strong and growing need for a more diverse housing stock, affordable rental and ownership units, supportive housing as well as purpose-built market rental housing in Richmond Hill.

This suggests that the housing system as it functions today is not meeting the needs of residents in Richmond Hill and might require change to deliver better outcomes. As part of this report some of the barriers were explored that prevent the housing system from providing these units. These barriers were assessed by evaluating the findings from the pro-forma analysis conducted as part of sub-report 4 on the viability of an Inclusionary Zoning policy, as well as an engagement session with key stakeholders where these barriers were explored.

A number of key barriers were found. These were:

Increased construction costs

- An analysis of construction costs in the Greater Toronto Area over time based on the Altus Cost Guide found that the cost of construction increased by 44% over a five-year period, which was significantly higher than the rate of inflation (7.4%). Increasing construction costs put pressure

on house prices, making it difficult to develop new housing that is affordable.

The cost of land

- The average cost per buildable square foot for land in Richmond Hill between 2017 and 2019 was approximately \$60-\$65.
- In 2019, the cost of land in Richmond Hill was lower compared to other areas in the GTA, but when compared to other urban areas outside of the GTA it was significantly higher.

Prohibitive Zoning

- Key stakeholders indicated that a significant barrier in Richmond Hill to provide affordable housing are current zoning and official plan policies.
- It was mentioned that the zoning in many areas of the City is out of date and is generally favourable to low-rise single-family development.
- It was also mentioned the City needs to modernize that enable gentle density in established neighbourhoods as well as policies that support second units like basement apartments and coach houses.

Bureaucracy

- Key stakeholders indicated during engagement sessions that different layers of government involved in housing and general bureaucracy, such as lengthy approval processes make it difficult to build housing.
- Key stakeholders felt municipal fees such as development charges and parkland dedication fees make it hard to build housing affordable.
- It was mentioned that the City could do a better job at playing a co-ordinating role by helping developers navigate the housing system through raising awareness of funding sources from higher levels of government and facilitating partnerships between private developers and affordable housing providers.

Sub-Report 3: Tools and Incentives

This sub-report presents an overview of the research conducted on the various tools and incentives which a municipality can use to encourage or require the development of affordable rental and ownership housing as well as purpose-built market rental housing. These options were explored during the consultation phase to

help develop a list of actions, tools and interventions that will be included in the final strategy. These tools will also be used as the foundation for the developer's handbook to be developed as part of the Strategy

All tools were evaluated by using an evaluation framework to ensure only tools that are relevant to the City of Richmond Hill were considered.

The framework includes the following components:

- Description of the tool/incentive.
- Overview of the advantages and disadvantages.
- The legislative requirements necessary to implement the tool.
- The potential impact of the tool.

The available tools to municipalities have been grouped into six categories:

- Municipal regulatory and process tools.
- Enabling legislation tools
- Land based tools.
- Financial incentives
- System navigation
- Wealth creation

The following is an overview of the tools and incentives reviewed as part of this review:

Municipal Regulatory and Process Tools

Municipal regulatory and process tools refer to measures a municipality can take with regards to planning, zoning and approval policies that would support or require the development of affordable housing in a community. As part of the research, the following broad range of tools were found:

- Tools that reduce the length of approvals.
- Tools that create new opportunities.
- Tools that protect the existing affordable and rental housing stock.

Reducing Length of Approvals

The following tools were reviewed:

- Fast tracking development approval processes for affordable developments.
- Implementing a Community Planning Permit System.
- Implementing alternative development standards such as reduced parking.

Creating new opportunities

The following tools and incentives were reviewed:

- Encouraging shared housing.

- Designate Protected Major Transit Station Areas.
- Implementing an Inclusionary Zoning by-law.
- Implementing second unit policies to support basement suites, coach houses, and laneway housing.
- Introducing multi-tach zoning to allow, as of right, in low density zones, multi-unit buildings that fit within the existing envelope.
- Prohibiting downzoning.

Retaining the Existing Rental Stock

The following tools were reviewed:

- Introduce demolition and conversion control policies and by-laws for rental housing.

Enabling Legislation

Enabling legislation refers to by-laws or Official Plan Policies through which a municipality can structure financial and non-financial incentives to stimulate the development of affordable housing in a community. The following legislative options were reviewed and included in the report:

- Implementing a Community Improvement Plan to facilitate the delivery of financial or non-financial incentives.

- Introduce a levy on property taxes for affordable housing.
- Implement an empty homes tax.
- Allow for land value capture after regional or municipal improvements to an area have been made.

System Navigation

The following incentives and tools were reviewed:

- Developer’s Handbook
- Additional Residential Units Guidance

Wealth Creation

The following initiatives and tools were reviewed:

- Encourage more mixed-use development that is transit oriented
- Direct economic development initiatives to attract businesses that align with the skillset of the residents of Richmond Hill
- Work with developers and property managers to incent residents to use public transit
- Attract new manufacturing businesses associated with housing construction

- Align housing incentives with other incentives (i.e. sustainable development) to ensure long-term affordability of housing

Best and Promising Practices

This sub report also includes a description of several best and promising practices in addressing the need for a more diverse housing supply in a community, including affordable housing and market-rate housing.

Sub-Report 4: Inclusionary Zoning Impact Assessment

As part of the development of this background report the impact of Inclusionary Zoning (IZ) was assessed. A residual land value analysis was conducted through a pro-forma model that tested the market impact of a potential Inclusionary Zoning By-Law on land values of Major Transit Station Areas (MTSA’s) in the City of Richmond Hill.

(11.1% increase). This increase was higher than inflation and annual rent/condominium price increases. If construction costs continue to increase at the current rate, it might be hard to sustain the viable rates of inclusion of affordable units found in this analysis.

- The study found that the zoning in most MTSA's were out of date and that land purchasers are speculating on future increases in density and inflation when acquiring land. It is important that the City acknowledges this finding to ensure any IZ by-law it will implement will still allow for viable development to occur in the short-term.

Condominium Apartments with Affordable Ownership Units

- High-rise condominiums with affordable ownership units show potential for inclusion rates of up to 30% in MTSA's with higher and moderate density increases (Richmond Hill Centre, Major Mackenzie and Valley Mede). Density increases in high-rise buildings in Bernard, which represents a low-uplift scenario, were not sufficient to support affordable ownership units.

- Mid-rise buildings in all MTSA scenarios could support the inclusion of affordable ownership units of approximately 10%.
- The high rates of viable inclusion of affordable ownership units can primarily be explained by the high proportion of one-bedroom units in all buildings. The difference between the affordable ownership price and the market price for a one-bedroom unit in Richmond Hill is small. This suggests the City could consider requiring a higher proportion of two- and three-bedroom units to accommodate larger families in condominium developments with affordable ownership units.

Condominium Apartments with Affordable Rental Units

- High-rise condominiums with affordable rental units show the potential for inclusion rates of up to 10% in areas with high density increases (Richmond Hill Centre and Major Mackenzie) and between 5% and 10% in areas with moderate density increases (Valley Mede). Low density increases, as shown in the Bernard scenario, were not sufficient to support Inclusionary Zoning.
- Density increases in mid-rise buildings in all MTSA scenarios were also insufficient to support a

established a goal to offer “Better Choice in Richmond Hill.” One of the Strategic Plan’s desired outcomes of this goal is to plan for housing that provides quality options for people at all stages of life. The goal also aims to provide housing within a range of affordability and within a range of neighbourhoods throughout the City. To meet these goals, Council has taken a number of initiatives.

For example, the City’s Official Plan includes policies that facilitate the development of a range of housing forms and it also directs that there be housing that is attainable to a variety of household incomes. Following the direction of the Provincial Growth Plan and the Regional Official Plan, the City’s Official Plan policies include targets for the provision of affordable housing within the City overall and within specific areas of intensification. At a city-wide level, 25% of all new units are required to be “affordable”. Within the City’s Regional Centre and Corridors, and Key Development Areas, this target was set at 35%.

However, the Region of York has been tracking the achievement of these city-wide targets over the last few years and while it has determined that the City is achieving its target in ownership units, the majority of those units are studio and one-bedroom apartments. This means that for larger size households requiring more space, there is little-to-no opportunity to find a home that is affordable. To address this issue, Richmond Hill’s newly

adopted Secondary Plans for intensification areas include policies requiring buildings with 20 or more units to provide a minimum of 5% of units with 3-bedroom or more. Furthermore, these policies require new development to indicate how they will provide the mandated minimum proportion of affordable units.

In addition to City Council initiatives, targets and priorities, a number of Provincial and Federal policies and tools have been released in recent years to help communities like Richmond Hill address the need for affordable housing. Some of these initiatives include the National Housing Strategy and its associated programs and funding, as well as Provincial initiatives and programs such as the ability to introduce an inclusionary zoning by-law, the Community Housing Renewal Strategy and the More Homes, More Choice: Ontario’s Housing Supply Action Plan. This Plan includes the More Homes, More Choice Act (2019), a piece of legislation that significantly changes the housing policy framework in Ontario. In addition to Federal and Provincial initiatives, the Region of York has introduced a Rental Housing Incentives Framework.

As a result, in 2019, City Council identified a need to develop an Affordable Housing Strategy that outlines how best to position the City and ensure that its affordable housing targets are being met or exceeded. This Strategy

will help create support and partnerships from the development industry, as well as other levels of government and the not for profit sector to achieve the City's housing goals.

1.2 Study Objectives

The City has identified five primary objectives of the project:

1. Provide analysis to determine the supply and need for affordable housing in Richmond Hill, and a clear understanding of the barriers to its provision (including the cost of development).
2. Provide an “assessment report” to support the development of inclusionary zoning policies and zoning by-law; the assessment report will include a statement of impacts on housing market and financial viability of development or redevelopment.
3. Provide a robust list of capital and operating programs and grants that support the development of affordable housing in Richmond Hill.
4. Provide recommendations regarding what more the City can do to ensure that affordable housing is

available within Richmond Hill. These recommendations can include policy, regulation, incentives (monetary or otherwise), and other measures.

5. Provide a guide that will assist developers in understanding how they can provide affordable housing in Richmond Hill.

1.3 Approach and Report Format

This study is being undertaken in three phases. The first phase of work includes the development of a Background Report. The second phase of the project includes a number of stakeholder consultations to validate the findings in the Background Report. The third phase of work involves developing an Affordable Housing Strategy to address the identified housing needs and gaps.

This Background Report consists of five sub-reports. The first sub-report includes an assessment of the housing needs and gaps along the housing continuum in

Richmond Hill as well as the development of a definition for affordable housing.

The second sub-report provides an overview of the city's existing housing system and its ability to address these needs, including a map/table outlining each actor and their current role within the system. It also includes an analysis of the barriers to developing affordable housing in Richmond Hill.

The third sub-report includes an overview of existing tools at the City's disposal that could address the identified need for housing in Richmond Hill. It also includes an overview of some best and promising practices to providing affordable housing from case studies.

The fourth sub-report assesses the impact of implementing an inclusionary zoning by-law in Richmond Hill through a Residual Land Value Analysis.

The fifth sub-report is a What We Heard Report which summarizes the findings from the engagement process conducted throughout this work.

Data Sources

This study uses data and information from a range of different sources, including Statistics Canada custom tabulation data obtained from York Region, as well as readily available census profiles. Other sources include the Canada Mortgage and Housing Corporation reports and readily available data from its Housing Information Portal. In addition, information was obtained from the Province of Ontario, the City of Richmond Hill, York Region and other non-profit housing and support service providers.

Study Area and Comparator Geographies

The study area for this background report is the City of Richmond Hill. The analysis has focused on the City level with comparisons to the Region of York as a whole, given the Region's role as Municipal Service Manager responsible for housing and homelessness. In addition, some sections of the report present data for the City of Vaughan and the City of Markham to provide additional context to the analysis.

Emergency Shelters

This is short-term accommodation (usually 30 days or less) for people experiencing homelessness or those in crisis.

Transitional Housing

Housing that is intended to offer a supportive living environment for its residents. It is considered an intermediate step between emergency shelter and supportive or permanent housing and has limits on how long an individual or family can stay. Stays are typically between three months and three years.

Supportive Living

This is housing that provides a physical environment that is specifically designed to be safe, secure, enabling and home-like, with support services such as social services, provision of meals, housekeeping and social and recreational activities, in order to maximize residents' independence, privacy and dignity.

Community Housing

This refers to either housing that is owned and operated by non-profit housing societies and housing co-operatives, or housing owned by provincial or municipal governments.

Affordable Rental and Ownership Housing

Affordable housing is housing that can be owned or rented by a household with shelter costs (rent or mortgage, utilities, etc.) that are less than 30% of its gross income. In the Region of York, which is the local Service Manager for housing, this refers to housing which is affordable to households with low and moderate incomes (i.e. the lowest 60% of the income distribution respectively).

Market Rental Housing

These are rental units in the private rental market and include purpose-built rental units as well as units in the secondary rental market, such as secondary suites, rented single detached dwellings, etc.

Market Ownership Housing

This refers to ownership units priced at market values and purchased with or without a mortgage but without any government assistance⁹.

⁹ This does not include any mortgage insurance a household might have purchased through CMHC to access lower down payment requirements.

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2.1 Housing Demand

The aim of this section is to identify the demographic and socio-economic characteristics of the people living in Richmond Hill. Population and household characteristics are determinants of the housing need in a community. These key determinants include age of the population, household size, household tenure, labour force activity, and household income.

Key Findings: Housing Demand

There is a Need to Create New Housing Opportunities

- **The population and number of households in Richmond Hill are projected to grow indicating there is a need to continue to create new housing opportunities in Richmond Hill.**

There is a Need for More Housing Options for Younger Households

- **Households led by an individual 25 to 44 years are leaving the city or are delaying household formation. These households most often have moderate incomes suggesting there is a need for more housing options affordable to these households in Richmond Hill. These options should include both rental and ownership options.**

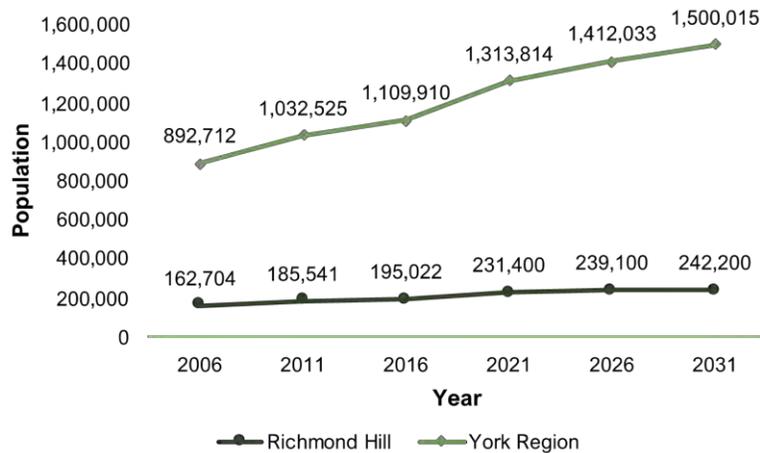
There is a Need for Options for Older Adults and Seniors to Age-in-Place

- **The proportion of households led by an individual aged 45 years or more is growing rapidly, indicating there is a need for additional dwellings that are appropriate for older adults and seniors who wish to age-in-place.**

There is a Growing Need for Options Suitable for Smaller Households

- **Larger households (3+ members) are the predominant household group in Richmond Hill, however, smaller households (2 members or less) are increasing at a significantly faster rate. This suggest the need for housing continues to be predominantly focused on larger units, however, there is also a growing need for smaller units in Richmond Hill.**

Figure 5: Population Forecast: The City of Richmond Hill, 2006-2031



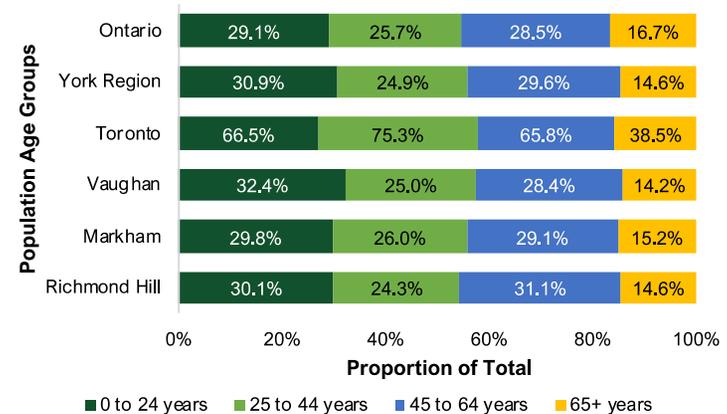
Note: Population statistics from 2021 to 2031 are projections.
 Source: Statistics Canada Community Profiles; 2016. York Regional Official Plan Forecasts, Council approved 2009. Richmond Hill Official Plan, 2011.

Population by Age

Individuals aged 45 to 64 years made up the largest share of people in Richmond Hill in 2016; comprising 31.3% of the entire population. In comparison, individuals aged 24 or younger made up 30.1%, followed by individuals aged 25 to 44 years who represented 24.3% of Richmond Hill’s population in 2016. Individuals over the age of 65 years accounted for the smallest share of the population (14.6%).

This distribution of Richmond Hill’s population differs slightly from that of York Region as a whole, where people aged 24 or younger made up the largest cohort (30.9%), followed by the group of people aged 45 to 64 years (29.6%), then those who were 25 to 44 years (24.9%), and finally the share of people 65 years and older (14.6%) in York Region in 2016.

Figure 6: Population by Age Groups: The City of Richmond Hill and Comparators, 2016



Source: Statistics Canada Census Profiles; 2016.

Although the total population in Richmond Hill increased by 19.9% from 2006 to 2016, these gains were not distributed equally among the different population age groups. From 2006 to 2016, the share as well as the overall number of people aged 25 to 44 years living in Richmond Hill decreased by 2.9% from 48,780 people to

47,365 people. Individuals in this period of their life can likely be expected to be completing their education, are in the process of building a career, or have likely reached an age where they have left their parental home and entered the rental or homeownership markets.

The decrease in the population aged 25 to 44 years in Richmond Hill indicates that people in this age group might be choosing to leave the city suggesting there are barriers for these individuals to establish themselves, potentially due to a lack of suitable and affordable housing options for this age cohort.

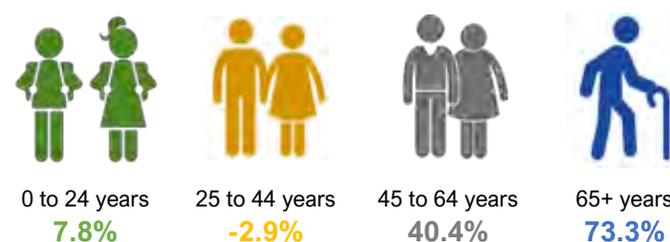
In comparison, surrounding communities in York Region experienced increases to their populations within this age group from 2006 to 2016. In Markham, the population aged 25 to 44 years increased by 15.8%, Vaughan had a 5.3% increase, and the increase in York Region overall was 7.0%. Furthermore, Toronto’s population aged 25 to 44 years increased by 4.3% from 2006 to 2016. This further supports the argument that individuals in this age group could be migrating to other communities in the Greater Toronto Area or beyond due to a variety of reasons such as a lack of housing options, to seek employment, or to attain a different lifestyle.

In contrast, the population aged 65 years and older in Richmond Hill increased by 73.3% from 16,425 in 2006 to 28,460 in 2016. This was the highest rate of growth within

any age group in the population of Richmond Hill and this indicates that the city is aging. Individuals 65 years or more in Markham, Vaughan, York Region, and Ontario also saw the highest rate of increase within this age group as a share of the total population (79.1%, 86.8%, 76.2%, and 36.5%, respectively.)

The group with the second largest increase in its population was among people aged 45 to 64 years which increased by 40.4% from 43,145 to 60,585. Considering the combined highest rate of increase from 2006 to 2016 was in the population aged 45 years and older. This further suggests that Richmond Hill is aging and will continue to age over the next ten years.

Figure 7: Rate of Change: Population by Age: The City of Richmond Hill; 2006 - 2016



Source: Statistics Canada Community Profiles; 2006 – 2016.

York Region’s forecasts of population growth show the share of the population aged 65 years or older in York Region will increase by 92.2% by 2031 – the largest increase of any age group.

Impact on Housing Demand: Immigration

Housing Options for Immigrant Households

An important characteristic of Richmond Hill's population is that over half of the population is an immigrant. The housing needs of immigrants are sometimes different compared to households born in Canada.

Immigrant families are frequently larger in size, for example 13.1% of immigrants were 45 years or older when they came to Canada, indicating they were in age groups where they were more likely to have children or to be accompanied by a parent. Furthermore, immigrant families are more likely to live in intergenerational households.

This suggests immigrants would often benefit from larger, family sized dwellings. However, immigrant households were also likely to have lower incomes compared to non-immigrant households, indicating that there is a need for additional affordable family sized dwellings suitable for immigrant households.

Household Trends and Projections

While population trends and characteristics are important indicators of housing need, household characteristics are more directly related to housing need as each household

requires a housing unit. As such, it is important to understand the trends in the number, size, type, and tenure of households in a community.

There were 64,120 households in Richmond Hill in 2016; up by 25.7% from 51,000 in 2006. In comparison, the number of households in Ontario increased by 13.5% during the same time period. Markham saw an increase of 33.0% in its number of households, while the number of Vaughan households increased by 35.5%. In York Region as a whole, the number of households increased by 29.5% from 2006 to 2016. In comparison with the other southern municipalities in York Region, household trends from 2006 to 2016 in Richmond Hill did not increase to the same extent as those in Markham, Vaughan or York Region, but did increase at a significantly faster rate than in Ontario.

Options for Smaller Households Including Seniors who want to Downsize

Although larger households make up a greater share of the overall households, there is a trend towards an increased share of smaller households in Richmond Hill.

Seniors typically live in households which are small, so this trend is consistent with the aging of the population. These data suggest there will be a greater need for housing which is appropriate for smaller households in Richmond Hill in the future.

Households by Type of Primary Maintainer

Couples with children made up 42.0% of all households in Richmond Hill in 2016 - the largest share among different household types. Similarly, in York Region 41.5% of households were couples with children. This indicates that Richmond Hill is a desirable place for families with children to reside. It could also provide support of the finding that older aged children (aged 25 to 44 years) were continuing to live in their parental homes for longer periods of time in Richmond Hill.

Although this household type represented the largest share of households in Richmond Hill in 2016, it had the

lowest rate of increase from 2006 to 2016; increasing by 13.2%. In Ontario, couples with children also represented the greatest share of the population (28.7%) but from 2006 to 2016, this household type only increased by 0.5%.

The share of couples without children in households in Richmond Hill increased by 36.6% from 2006 to 2016 (from 8,715 to 11,905 households), and the share of persons living alone increased by 43.3% (from 7,070 to 10,130 households).

The share of lone parent households increased by 37.4%, from 4,210 households in 2006 to 5,785 households in 2016.

Finally, non-family households with two or more persons saw the highest rate of increase; increasing by 50.0% from 2006 to 2016, although this household type made up only 1.9% (1,200 households) of all households in Richmond Hill in 2016, the smallest proportion of all household types.

Options for Recent Immigrant Households

Recent immigrants may be delaying household formation in Richmond Hill until they have reached the financial stability which would allow them to enter the housing market, especially since housing costs have increased significantly since 2011. However, it is not only in Richmond Hill where housing costs have increased significantly, this trend can be observed throughout the Greater Toronto Area and is likely also contributing to the observed decrease in the share of recent immigrant households in York Region.

More housing which is affordable to recent immigrants and which meets the needs of these households may be necessary to attract recent immigrants to Richmond Hill.

Household Mobility

Close to two-thirds (63.7%) of Richmond Hill households have lived at their current address for the past five years (2011 to 2016). Of the approximately one-third (36.3%) of households that have moved from 2011 to 2016, 46.7% were households who moved within Richmond Hill to a new dwelling, 29.8% moved from elsewhere in Ontario, 2.2% moved from another province or territory in Canada, and 21.4% moved from outside of Canada.

There were proportionately less migrants moving to Richmond Hill from other provinces than households moving from other countries in 2016, but the greatest amount of household mobility was concentrated within Richmond Hill where households moved within the city limits. These data suggest that the majority of households in Richmond Hill chose to continue living in the city for the past five years - whether in their current dwelling or in a different dwelling.

In York Region, a similar pattern emerged. In 2016, 65.8% of households had lived at their current address for the past five years. Of the households who did move, 47.7% remained within York Region, 35.4% moved from elsewhere within Ontario, 2.1% moved to York Region from another province or territory outside of Ontario, and 14.8% of households moved from another country.

Impact on Housing Demand: Household Mobility

Options for New Residents in Richmond Hill

The large share of Richmond Hill households who have chosen to stay in their home or who have moved within Richmond Hill from 2011 to 2016 demonstrate that there are desirable housing options in the city. However, it also suggests there might be limited options for new households to settle in Richmond Hill.

Options to Encourage Residents to Stay in Richmond Hill

Households who moved within Richmond Hill could have done so for a number of reasons including, the need to upsize their home to accommodate children, downsizing to a more suitable home once adult children have formed their own household, or younger adults moving out to form their own households. This highlights the need for a diverse housing supply that can accommodate all households in Richmond Hill.

Economic Context

Changing economic conditions impact the demand for housing in a community in ways which include how many housing units are required, the type and tenure of housing units, as well as the ability of households to afford housing.

Labour Force: Participation and Unemployment

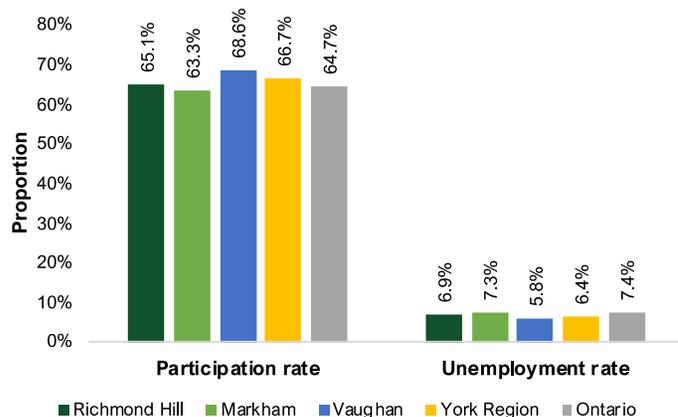
In 2015, 65.1% of the population 15 years and older in Richmond Hill were in the labour market, either as employees or as people looking for jobs. This proportion decreased from 69.4% in 2005 (a reduction of 6.2%). Comparatively, the participation rate in York Region

decreased from 70.5% in 2005 to 66.7% in 2015 which is congruent with the decrease in the labour force participation statistics observed in Richmond Hill.

This contraction may be partly due to the aging of the population and the fact that older people who are more likely to be retired make up a larger portion of the population in Richmond Hill in recent years. This may also be due to limited work opportunities, particularly as the unemployment rate in Richmond Hill increased from 5.4% in 2005 to 6.9% in 2015. The unemployment rate in York Region was slightly lower in 2015 compared with that of Richmond Hill (6.4% versus 6.9%, respectively). Among comparator municipalities, the unemployment rate was lowest in Vaughan (5.8%) and highest in Markham (7.3%) in 2015. Employment has a significant impact on a household's ability to earn income and afford housing.

Of those who lived in Richmond Hill and who were working in 2015, 51.5% worked full-time while 48.5% worked part-time. This is a significant shift compared with 2005 where 77.8% worked full-time and 22.2% were part-time employed. These proportions are comparable to those seen in York Region (53.1% and 46.9%, respectively) and in Ontario (52.3% and 47.7%, respectively) in 2015.

Figure 20: Labour Participation Rate and Unemployment Rate: The City of Richmond Hill and Comparators; 2015



Source: Statistics Canada Community Profiles; 2016

Labour Force: Commuting

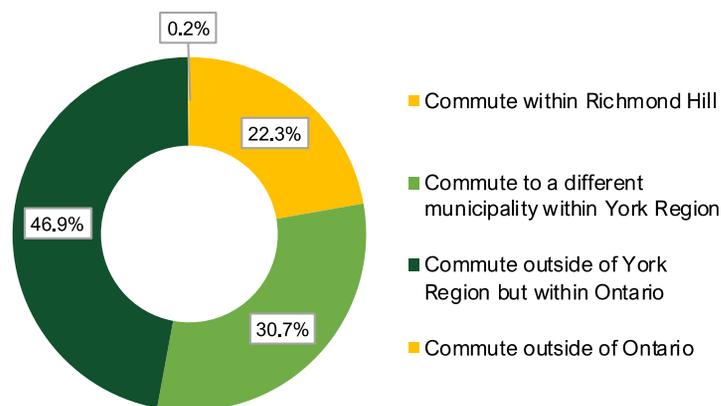
In 2015, the largest share (46.9%) of the employed labour force aged 15 years and over commuted outside of Richmond Hill and York Region to another municipality within Ontario to work. The second largest share (30.7%) commuted outside of Richmond Hill to work in another municipality within York Region. Finally, 22.3% of the working population had employment within Richmond Hill in 2015.

This demonstrates that while there are many jobs within Richmond Hill, there was a larger portion of the population who chose not to or who was unable to find

work within Richmond Hill. Attractive employment opportunities outside of Richmond Hill could be contributing to why households with a maintainer aged 25 to 44 years have been migrating out of the city since 2006. The population in this age group is in their prime working years and possibly could be encouraged to live in Richmond Hill if there were more suitable employment opportunities in the city.

Similar to in Richmond Hill, the greatest share of Markham and Vaughan’s employed labour forces commuted to a different municipality within Ontario (but outside of York Region) to work in 2015 (54.1% and 53.0%, respectively). In comparison with Richmond Hill, the other southern municipalities in York Region experienced higher portions of their employed labour forces working within their city limits. In Markham, 31.5% worked within Markham and in Vaughan, 36.7% work within Vaughan (compared with 22.3% in Richmond Hill). Of the employed labour force, 14.2% in Markham and 10.3% in Vaughan were able to find employment within York Region. Finally, in Markham, 0.2% of the employed labour force commuted outside of the province to work and 0.1% of Vaughan’s employed labour force did the same.

Figure 21: Commuting Destination for the Employed Labour Force: The City of Richmond Hill; 2016



Source: Statistics Canada Community Profiles; 2016

Jobs: Employment Opportunities in Richmond Hill

There is a diverse range of employment opportunities offered within Richmond Hill in a wide variety of industries. The breadth of the employment opportunities results in many people who live in Richmond Hill being able to find employment within the city, while a group of people also commute to Richmond Hill from other municipalities for work every day. Of the employed population working in Richmond Hill in 2015, 31.1% were people who also lived in Richmond Hill and 68.9% were people who commuted to Richmond Hill from another municipality where they lived.

In 2015, the industries which provided the greatest share of employment opportunities in Richmond Hill were retail trade (14.5%), health care and social assistance (14.3%), professional, scientific and technical services (10.3%), manufacturing (9.1%), and educational services (9.0%).

Many of these industries require significant land area to accommodate their buildings, such as for retail trade centres like malls and for manufacturing facilities. This could contribute to why these industries choose to settle in Richmond Hill, as the city is an attractive location due to its lower density and land availability when compared to the close urban centre in the city of Toronto. Additionally, industries such as retail trade, health care and social assistance, and educational services are often located wherever people live as these occupations serve people face to face.

There is a slight misalignment between the industries which employ the largest shares of the working population in Richmond Hill and the employment opportunities within Richmond Hill. A large portion of the employed labour force works in the finance and insurance industry (9.3%), while this is not one of the top employment industries in Richmond Hill. This could be because there are higher earning opportunities for people working in this industry in other nearby locations

which encourages them to seek employment outside of Richmond Hill.

As of 2017, the top employers in Richmond Hill were Mackenzie Health Hospital (Hospital), Town of Richmond Hill – Municipal Offices & Facilities (Municipal Government), Apotex (Pharmaceutical Manufacturing), Right At Home Realty Inc. (Residential and Commercial Real Estate Brokerage), and Amico Corporation (Health Care Product Development and Manufacturing). These employers each offer over 250 people employment at either full-time, part-time or on a seasonal basis¹⁸.

Businesses which have recently opened locations in Richmond Hill include: Liteline Corporation, one of Canada's leading lighting manufacturers who opened its head office, manufacturing and distribution facility in the Beaver Creek business park in 2016; Johnson Controls Inc., a global diversified technology and multi industrial leader that delivers products, services and solutions that increase energy efficiency and lower operating costs in buildings who opened its GTA office in the Beaver Creek business park in 2016; Newegg, a leading tech-focused e-retailer opened an office in Beaver Creek business park in 2015. In addition, Urbacon Data Centre Solutions Inc.

opened a high connectivity, high efficiency, high security data storage facility in Barker Business Park in 2015 – this is the first of four data centres to be built in this business park. These businesses all offer new and diverse employment opportunities to households living in Richmond Hill.

Jobs: Employment Income by Industry

As noted in the previous section, there is a wide scope of employment opportunities in Richmond Hill across a variety of industries. The industry which provided the greatest average employment income to people working in Richmond Hill in 2015 was the professional, scientific and technical services industry (\$101,480 in 2019 dollars). The second highest average employment incomes were earned by the population working as management of companies and enterprises (\$94,229 in 2019 dollars) in Richmond Hill. Furthermore, the share of the labour force working in public administration in Richmond Hill earned the third highest average employment income (\$85,548 in 2019 dollars). Other industries in Richmond Hill which had relatively high employment incomes were wholesale trade (\$79,841 in

¹⁸ [Richmond Hill 2019 Socio-Economic Study](#)

2019 dollars), finance and insurance (\$74,179 in 2019 dollars), and manufacturing (\$73,330 in 2019 dollars).

More moderate average employment incomes were provided to the labour force working in construction (\$71,524 in 2019 dollars), information and cultural industries (\$69,211 in 2019 dollars), educational services (\$63,970 in 2019 dollars), real estate and rental and leasing (\$61,075 in 2019 dollars), and health care and social assistance (\$60,386 in 2019 dollars) industries in Richmond Hill in 2015.

Finally, across the industries offering employment in Richmond Hill, relatively lower average employment incomes were earned by employees working in retail trade (\$52,557 in 2019 dollars), transportation and warehousing (\$50,628 in 2019 dollars), administrative and support, waste management and remediation services (\$40,477 in 2019 dollars), other services (except public administration) (\$33,194 in 2019 dollars), arts, entertainment and recreation (\$28,591 in 2019 dollars), and accommodation and food services (\$28,381 in 2019 dollars) industries in 2015¹⁹.

When looking at the table below, the data show that not even the top earners would be able to purchase a home in Richmond Hill if their household were to rely on this income alone. In addition, only scientific professionals and managers of companies would be able to afford an average rental unit in the secondary market as a sole income earner. Average rents in the primary rental market are significantly lower and most jobs pay sufficiently to afford these rents. However, employees in a number of job categories would still struggle to afford rents even in the primary market.

¹⁹ Average employment income was suppressed for the following industries: agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction; utilities.

Figure 22: Affordable Housing Costs by Employment Industry Income; Richmond Hill; 2019

	Proportion of Working Residents of Richmond Hill by Industry (2016)	Proportion of Jobs Located in Richmond Hill by Industry (2016)	Average employment income (2019)	Maximum Affordable Monthly Rent (2019)	Maximum Affordable House Price (2019)	Primary Rental Market	Secondary Rental Market	Ownership Market
						Average Market Rent (2019)	Average Market Rent (2019)	Average House Price (2019)
						\$1,320	\$2,239	\$1,038,608
Total - Industry - North American Industry Classification System (NAICS) 2012			\$68,802	\$1,720	\$271,639	Yes	No	No
23 Construction	5.8%	3.3%	\$71,524	\$1,788	\$282,385	Yes	No	No
31-33 Manufacturing	7.7%	9.4%	\$73,330	\$1,833	\$289,519	Yes	No	No
41 Wholesale trade	5.0%	6.8%	\$79,841	\$1,996	\$315,222	Yes	No	No
44-45 Retail trade	11.3%	11.7%	\$52,557	\$1,314	\$207,500	No	No	No
48-49 Transportation and warehousing	3.2%	1.8%	\$50,628	\$1,266	\$199,886	No	No	No
51 Information and cultural industries	3.0%	2.3%	\$69,211	\$1,730	\$274,974	Yes	No	No
52 Finance and insurance	0.2%	5.8%	\$74,179	\$1,854	\$297,181	Yes	No	No
53 Real estate and rental and leasing	3.7%	4.0%	\$61,075	\$1,527	\$246,685	Yes	No	No
54 Professional, scientific and technical services	13.2%	11.1%	\$101,480	\$2,537	\$400,658	Yes	Yes	No
55 Management of companies and enterprises	0.2%	2.2%	\$94,229	\$2,356	\$372,027	Yes	Yes	No
56 Administrative and support, waste management and remediation services	3.4%	2.1%	\$40,477	\$1,012	\$159,810	No	No	No
61 Educational services	7.7%	8.2%	\$63,970	\$1,599	\$252,562	Yes	No	No
62 Health care and social assistance	9.0%	13.1%	\$60,386	\$1,510	\$238,411	Yes	No	No
71 Arts, entertainment and recreation	1.8%	3.3%	\$28,591	\$715	\$112,882	No	No	No
72 Accommodation and food services	5.0%	8.1%	\$28,381	\$710	\$112,756	No	No	No

81 Other services (except public administration)	4.1%	3.5%	\$33,194	\$830	\$132,985	No	No	No
91 Public administration	3.5%	2.9%	\$85,548	\$2,139	\$345,531	Yes	No	No

Source: Statistics Canada Custom Tabulations 2016, CMHC Housing Information Portal; Condos.ca: Market Statistics, 2019; SHS Calculations based on spending 30% or more of household income on housing costs; and TREB Market Watch Data and Regional calculations based on spending 30% of income on housing costs, 5% down payment, 25-year mortgage, and 5.19% interest rate

Impact on Housing Demand: Economic Context

Increased Unemployment

The increase in the unemployment rate in Richmond Hill from 2006 to 2016 indicates opportunities for employment have become scarcer in recent years. Households experiencing insufficient employment are likely also facing challenges in affording housing costs as a result.

High Income Earners Prefer to Live Outside of Richmond Hill

Industries with the highest average employment incomes in Richmond Hill provide the most choice to their employees in terms of housing options which are affordable to them due to their higher earnings. Collectively, the populations employed in these high earning industries in Richmond Hill predominantly live outside of the city (78.0% versus 22.0% who live in Richmond Hill). This is due to the fact that these people generally have more choices available to them when selecting their dwelling location, such as the more expensive housing found in downtown Toronto. Living in downtown Toronto is also an attractive location as it offers more flexibility to its residents through diverse modes of transportation. This could suggest the City does

not have the right amenities and neighbourhoods to attract and accommodate certain lifestyles.

Moderate Income Earners Might Not be Able to Find Suitable and Affordable Housing in Richmond Hill

The average incomes earned by people working in crucial social service industries such as educational services, and health care and social assistance are in the moderate range in Richmond Hill. These individuals could be facing some housing affordability issues if their incomes are not sufficient to cover the costs of housing.

In 2015, 69.4% of the population employed in industries in Richmond Hill with moderate employment incomes were those who commuted from outside of Richmond Hill while 30.6% lived in Richmond Hill. Some of the demand for housing which is affordable to this group of the population could possibly be unmet within Richmond Hill which spurs people to seek housing in communities aside from Richmond Hill.

Low Income Earners are More Likely to Live in Close Proximity to their Work

Individuals who were employed in industries where employment incomes on average are relatively low generally face the most affordability challenges in a community.

In 2015, 58.9% of people employed in low earning industries in Richmond Hill were those who commuted from outside of Richmond Hill and 41.1% lived in Richmond Hill. Individuals earning lower incomes often rely more heavily on public transportation and therefore benefit from living in closer proximity to their place of employment. This could explain why a greater share are also residents of Richmond Hill compared to the overall employed population working in Richmond Hill (41.1% versus 31.1%, respectively). These individuals require housing which is affordable to them while also being relatively close to their places of employment in Richmond Hill.

Household Income

The financial capacity of a household is an important element in determining housing need. As such, this section looks at the income of households in Richmond Hill. Household income has been calculated for 2019 using the growth rate in the consumer price index for Ontario for 2015 to 2019 of 7.9%.

Average and Median Household Income

The estimated average household income in Richmond Hill in 2019 was \$124,685 while the median household

income was \$95,357. In comparison, the estimated average household income in York Region in 2019 was \$132,153, while the estimated median household income was \$103,369. The Toronto Census Metropolitan Area (CMA) had an average income of \$118,159 and median income equal to \$84,586 in 2019. In Ontario the average household income was \$105,614 in 2019 and the estimated median household income was \$80,176. This demonstrates that while the average household income in Richmond Hill is lower than in York Region, it is higher than in the Toronto CMA and Ontario.

The average household income in Richmond Hill increased by 27.8% from \$97,577 in 2005 to \$124,685 in 2019 compared to an increase of 35.5% in Ontario overall. Additionally, average income growth in Richmond Hill was lower than the rate of inflation from 2005 to 2019 (28.6%). This indicates that the current dollar value for today's household is lower than the dollar value for a household in 2005, which limits the current households' ability to buy or rent housing.

Compared with other similar municipalities, average incomes in 2019 were lower in Markham (\$122,052) but higher in Vaughan (\$143,646). From 2005 to 2019, average household income in Markham grew by a more moderate 20.5%. In Vaughan, average household income grew more rapidly compared to Richmond Hill (by 31.9% versus 27.8%, respectively) over that same time period.

Similar to the previous section, household incomes for 2019 were estimated based on the growth rate of Ontario’s CPI from 2015 to 2019. Please note that where dollar amounts are presented, these represent the upper range of each income decile, except for in the case of the tenth household income decile as the upper range has been suppressed based on Statistics Canada’s confidentiality rules. The tenth income decile represents all household incomes which are one dollar or more than the upper range of the ninth income decile. The top range of each of the household income deciles in Richmond Hill as well as the household income deciles in York Region can be found below. As noted previously, household incomes in York Region as a whole are slightly higher than those in Richmond Hill.

For the purposes of this study, **households with low incomes** refers to households with incomes in the **first to the third income deciles** earning \$65,017 or less in 2019; **households with moderate incomes** refers to households with incomes in the **fourth to sixth income deciles** (from \$65,017 to \$125,224 in 2019); and **households with high incomes** refers to households with incomes in the **seventh to tenth income deciles** in 2019 (\$125,225 and above).

Figure 24: Average Income by Household Income Deciles: The City of Richmond Hill and York Region; 2019

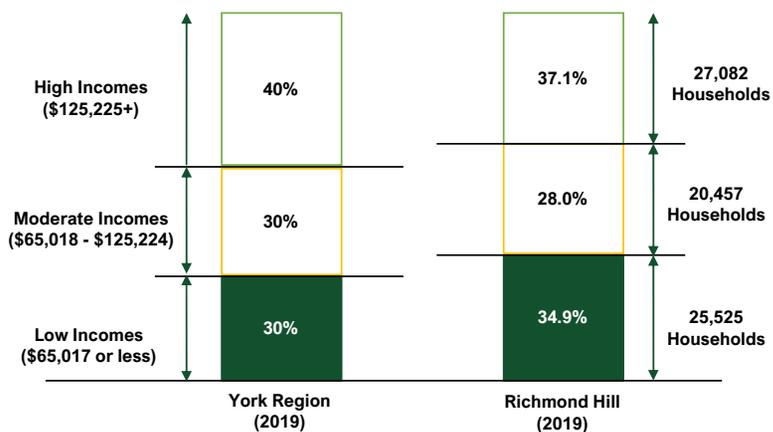
		Richmond Hill	York Region
Low Income	1st Decile	\$23,870	\$29,798
	2nd Decile	\$39,584	\$47,090
	3rd Decile	\$56,244	\$65,017
Moderate Income	4th Decile	\$74,825	\$83,762
	5th Decile	\$95,738	\$103,574
	6th Decile	\$118,317	\$125,224
High Income	7th Decile	\$145,470	\$150,819
	8th Decile	\$181,074	\$184,406
	9th Decile	\$239,171	\$240,347
	10th Decile	\$239,172	\$240,348

Source: Statistics Canada Custom Tabulation Data, 2016 and SHS Consulting estimates based on the growth rate of the CPI for Ontario for 2015-2019

Note: The amounts presented are the upper limits of the income ranges for each household income decile.

Below, the proportion of Richmond Hill households based on York Region income decile thresholds are presented. While 10% of York Region households are in each decile, the data show that there is a slightly greater share of Richmond Hill households in the first three income deciles and fewer in the other deciles. This means that the distribution of household incomes in Richmond Hill is skewed towards lower income households than that of York Region as a whole.

Figure 25: Proportion of Households by York Region Income Deciles: The City of Richmond Hill; 2019



Source: Statistics Canada Custom Tabulation Data, 2016 and SHS Consulting estimates based on the growth rate of the CPI for Ontario for 2015-2019

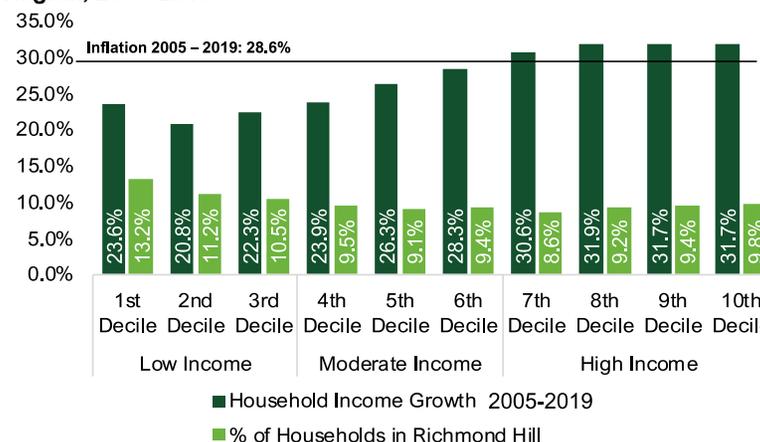
From 2005 to 2019, the average household income of households with low incomes and those with moderate incomes in York Region did not increase to the same extent as the average income of households with high incomes. Average income of households with low incomes increased by 22.2% from 2005 to 2019, and the average income of households with moderate incomes increased by 26.1%. The average income of households with high incomes increased by 31.5% over that time period.

From 2005 to 2019, the rate of inflation was 28.6%. The rate of inflation was therefore greater than the increase in

the average income of households with low incomes (22.2%) and the average income of households with moderate incomes (26.1%), but it was lower than the increase in the average income of households with high incomes (31.5%).

This indicates that the gains in household incomes disproportionately benefited households with high incomes in York Region from 2005 to 2019 rather than households with low or moderate incomes. This has a significant impact on housing affordability for households with low and moderate incomes, as they fall further behind in their ability to keep up with increasing prices both in the housing market and the cost of living overall.

Figure 26: Average Income Growth by Household Income Deciles: York Region; 2006-2019



Source: Statistics Canada Custom Tabulation Data, 2006 & 2016 and estimates based on the growth rate of the CPI for Ontario for 2005-2019

Household Income Deciles by Household Tenure

The majority (66.0%) of renter households in Richmond Hill had low incomes in 2015 compared to 28.3% of owner households. In contrast, 42.9% of owner households in Richmond Hill had high incomes compared with only 9.4% of renters.

Low Incomes

The proportion of renter households who had low incomes stayed stable at 66.0% from 2005 to 2015, while the proportion of owners with low incomes increased slightly (3.6% from 2005 to 2015). This suggests that there is a need for rental housing options which are affordable to households with low incomes.

There is also demand for ownership housing for households with low incomes, as seen by the increase in the share of ownership dwellings occupied by households with low incomes from 2005 to 2015. These households could be occupied by older adults and seniors who are retired and therefore have low incomes while also owning their homes.

Moderate Incomes

Households with moderate incomes were housed in almost equal shares of the owned dwellings and rental dwellings in Richmond Hill in 2015. Of the owned dwellings in Richmond Hill, 28.7% were occupied by households with moderate incomes. In comparison, of all the rented dwellings in Richmond Hill, households with moderate incomes occupied 24.5% of them in 2015.

In 2015, households with moderate incomes occupied 15.2% more rental dwellings than in 2005. The number of dwellings in Richmond Hill which were owned by households with moderate incomes only increased by 0.7% from 2005 to 2015.

High Incomes

The majority (42.9%) of owners in Richmond Hill had high incomes in 2015. Since 2005, the share of the owner households with high incomes decreased slightly (-2.2%). This decrease may be correlated with the increase in the share of owners with low incomes which could be caused by older households who are retiring and experiencing a decrease in their annual household income as a result of their retirement.

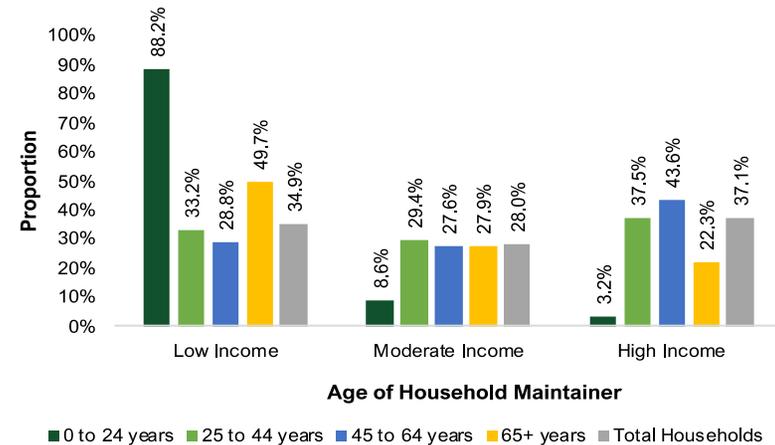
Households with high incomes accounted for 9.4% of renters. The proportion of renters with high incomes

High Income

Households with a maintainer aged 45 to 64 years are most likely (43.6%) to have high incomes in comparison with the other age cohorts in Richmond Hill. These households are still of working age but have participated in the labour force for some time and have been able to develop their careers and increase their earnings through work promotions.

Households with a maintainer aged 25 to 44 years were the second greatest age cohort to have high incomes (37.5%), followed by households with a maintainer aged 65 years or more (22.3%), and finally, households led by an individual younger than 25 years of age (3.2%). These data support the finding that the incomes of households in Richmond Hill align with the professional careers of households.

Figure 28: Proportion of Households by Household Income Deciles and Age of Household Maintainer: Richmond Hill; 2016



Source: Statistics Canada Community Profiles; 2016

Impact on Housing Demand: Household Income Deciles by Age of Primary Maintainer

Housing Options for Youth and Seniors with Low Incomes

The greatest need for housing which is affordable to households with low incomes is among households led by an individual younger than 25 years who are still beginning their professional careers. Additionally, demand for housing affordable to households with low incomes comes from households with a maintainer over the age of 64 who are renters or who have a mortgage.

Housing Options for Younger Households with Moderate Incomes

Alternatively, households led by an individual aged 25 to 44 years in Richmond Hill are more likely than other age groups to have moderate incomes. The decrease observed in the number of households within this age group from 2006 to 2016 could therefore suggest that there are barriers for households with moderate incomes to enter the housing market in Richmond Hill. A lack of housing affordable to these households in Richmond Hill could be encouraging them to migrate to live in other municipalities or to continue living in their parents' homes for greater durations of time before having the capability to form their own household. These data highlight the need for more housing options which are affordable to households with moderate incomes in Richmond Hill.

Housing Options for Older Adult Households with High Incomes

Households with high incomes, are most often households led by an individual aged 45 to 64 years. As mentioned previously, individuals aged 45 to 64 years are

continuing to participate in the labour market for longer periods of time than throughout history.

There are various reasons for why these households may be working for longer including improved health, increased levels of education, a shift away from labour-intensive jobs, as well as to repay increased debt burdens related to high housing costs. For example, according to Statistics Canada in Richmond Hill in 2016, 35.1% of seniors (aged 65 to 74 years) had a mortgage. In recent years, household debt has risen in Canada due to increased demand for loans to cover housing costs and a prolonged environment of low interest rates which have made borrowing more attractive²⁰. Households in this age group may be working for longer to repay these high debt burdens.

Household Income Deciles by Household Type

Low Income

In 2015, 34.9% of all households in Richmond Hill had low incomes, earning \$65,017 or less. However, certain

²⁰ Statistics Canada, National Balance Sheet Accounts. Accessed from: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3810023801>

Figure 29: Proportion of Households by Household Income Deciles and Household Type: Richmond Hill; 2016

	Low Income	Moderate Income	High Income
Couples without children	38.8%	31.1%	30.2%
Couples with children	22.2%	27.0%	50.8%
Lone parents	54.9%	30.8%	14.1%
Multiple and other family households	13.7%	28.5%	57.7%
One-person households	69.1%	24.0%	6.9%
Two-or-more person households	42.7%	37.1%	21.6%
Total	34.9%	28.0%	37.1%

Source: Statistics Canada Custom Tabulations 2016

Figure 30: Proportion of Households by Household Income Deciles and Unique Household Types: Richmond Hill; 2016

	Low Income	Moderate Income	High Income
Indigenous Households	37.5%	18.8%	31.3%
Primary maintainer speaks French most often at home	22.6%	22.6%	51.6%
Immigrant Households	37.6%	28.1%	34.3%
Recent Immigrant Household (Arrived in the last 5 years)	67.7%	21.7%	10.7%
Household Member(s) with a Physical Disability	43.2%	27.3%	29.5%
Household Member(s) with Cognitive Disability	38.6%	26.4%	34.9%
Household Member(s) with Psychological/Mental Health Issues	40.2%	26.6%	33.3%
Small Households	62.2%	41.8%	20.5%
Large Households	37.7%	58.2%	79.5%
Total	34.9%	28.0%	37.1%

Source: Statistics Canada Custom Tabulations 2016

Impact on Housing Demand: Household Income Deciles by Household Type

Accessible Housing Options with Supports for Households with Low Incomes

In Richmond Hill, housing affordability challenges faced by some of the household types with low incomes are intertwined with a need for support services such as dwellings with accessibility features suitable to households with a member with a physical disability; culturally appropriate services available to recent immigrants; and services to support households with a member with an emotional, psychological or mental health issue or with a cognitive disability.

The small share of households with a member with a disability living in Richmond Hill mentioned previously in the demand section of this report could highlight a lack of appropriate support services available to these households. This may be leading households to live in a municipality where services are more readily available. More support services affordable to households with low incomes should be offered to individuals' in their homes or within the community in Richmond Hill.

types, there is a need to ensure the existing stock is in good repair.

There is a Need for New Purpose-Built Rental Dwellings to Accommodate the Growing Number of Renters

- **All dwelling starts and completions were in the ownership and condominium market, even though the number of renter households increased at a significantly faster rate compared to the number of owner households. To provide adequate supply to the growing number of renters there is a need to increase the rental housing supply in Richmond Hill.**
- **The supply of rental housing in Richmond Hill is disproportionately provided through the secondary rental market where rents are higher and tenures less secure. This can create barriers to households with moderate and low incomes who are not able to afford ownership to access suitable and affordable housing, further confirming the need for additional purpose-built rental housing units.**
- **From 2006 to 2019, the number of purpose-built rental units declined in Richmond Hill, even though the number of renters increased, causing vacancy rates to remain low and rents to increase at a higher rate than inflation. This**

further confirms the need for additional purpose-built rental housing in Richmond Hill.

There is a need for Affordable Ownership Options

- **House prices in Richmond Hill increased at a significantly faster rate compared to inflation in recent years, indicating home ownership is becoming less unaffordable, in particular to households with moderate incomes. High home ownership costs might be causing aspiring homeowners to start renting as they cannot yet afford to purchase a home in Richmond Hill. This could explain why households aged 25 to 44 years may be moving to other municipalities or are delaying household formation in Richmond Hill and suggests there is a strong need for more affordable ownership options to households with moderate incomes.**

There is a need to Ensure There are Sufficient Accessible and Supportive Options in Richmond Hill

- **There are some emergency, transitional and supportive housing providers in Richmond Hill, but the number of individuals and families experiencing homelessness in York Region, in combination with the number of households with a member with a disability or a psychological or mental health issue, as well as**

Dwellings by Structural Type

In 2016, there were a total of 64,120 occupied private dwellings in Richmond Hill²¹. Of these dwellings, the greatest proportion consisted of single-detached dwellings, which accounted for over half of the housing supply (58.7%). In comparison, 63.8% of dwellings in York Region were single-detached.

Richmond Hill had a larger share of apartments with more than five storeys than York Region (16.5% versus 10.3%) and row or townhouses (15.1% versus 12.3%). However, the share of semi-detached dwellings was lower in Richmond Hill than in York Region (4.0% versus 6.1%), the share of duplexes in Richmond Hill was also less prominent compared to York Region (3.0% versus 4.2%), and the proportion of dwellings in apartments with fewer than five storeys was slightly lower in Richmond Hill than in York Region (2.6% versus 3.1%).

In contrast, with the exception of duplex apartments which grew by only 15.8% from 2006 to 2016, all other dwelling types saw higher rates of increase compared to the number of single-detached homes in Richmond Hill.

Apartments with more than five storeys increased by 62.5% from 2006 to 2016, apartments with fewer than five storeys increased by 42.0%, row and townhouses increased by 37.6%, and semi-detached dwellings increased by 22.8%. In comparison, single-detached dwellings increased by only 16.0%.

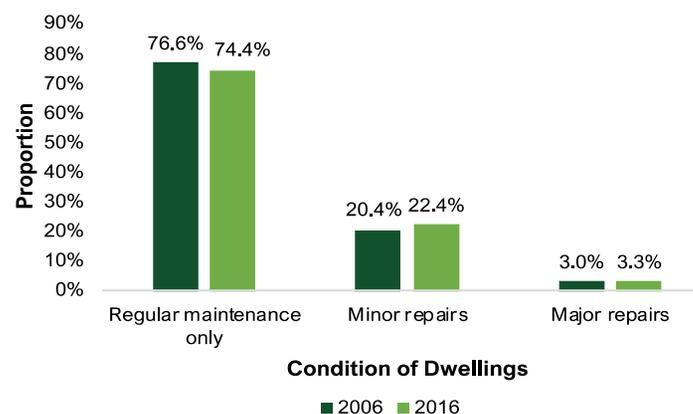
While there is generally a need for more diversity among the dwelling structures in Richmond Hill, the data show that since 2006 the housing stock in Richmond Hill has become more diverse.

²¹ Please note: the analysis conducted in this section is based on occupied private dwellings. The total number of dwellings in the City of Richmond Hill in 2016 was slightly higher (66,465 dwellings.)

repairs, and only 3.3% of dwellings required major repairs. In York Region as a whole, the condition of dwellings was very similar to Richmond Hill. Dwellings requiring regular maintenance accounted for 75.1% of dwellings, 21.7% needed minor repairs, and 3.1% needed major repairs. The majority of dwellings in Ontario also required regular maintenance only (68.9%) in 2016. There is a slightly higher share of dwellings which required minor repairs in Ontario compared with Richmond Hill (25.0% versus 22.4%, respectively) and of those which needed major repairs (6.1% versus 3.3%, respectively) in 2016.

The number of dwellings requiring minor repairs increased by 37.8%, those requiring major repairs increased by 34.8%, while total dwellings increased by 25.7% from 2006 to 2016 in Richmond Hill. In comparison, in York Region there was an increase of 31.4% of dwellings which needed minor repairs from 2006 to 2016. In 2016, only 14.2% more dwellings in York Region required major repairs than in 2006. These data suggest that the need for repairs (both minor and major) among dwellings in Richmond Hill are more severe than throughout York Region generally.

Figure 34: Proportion of Dwellings by Dwelling Condition: Richmond Hill; 2016



Source: Statistics Canada Community Profiles; 2016.

Condition of Dwellings by Tenure and by Structural Type

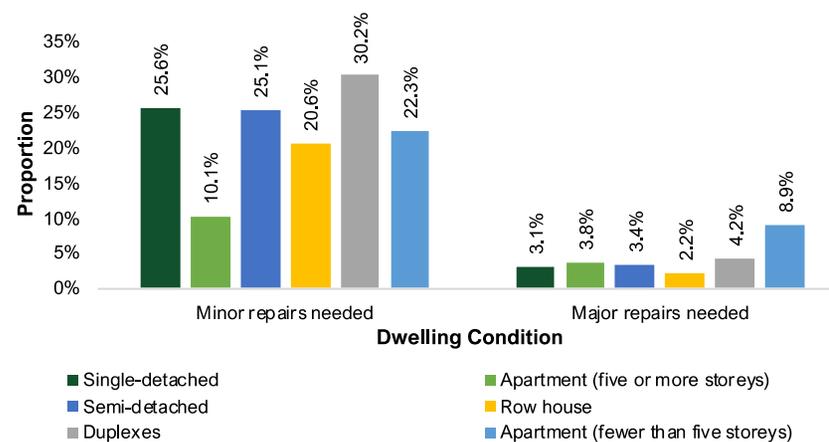
Among owned dwellings in Richmond Hill, 2.9% required major repairs and 23.4% required minor repairs in 2016. In comparison, 4.8% of all rented dwellings required major repairs and 17.4% required minor repairs. In general, dwellings in Richmond Hill are in good condition and the majority only require regular maintenance. However, there was a greater need for minor and major repairs among rental dwellings in comparison with owned dwellings in Richmond Hill in 2016. The condition of the rental housing supply is an increasingly important

consideration due to the higher demand for rental housing observed in recent years in Richmond Hill.

In 2016, 22.4% of dwellings in Richmond Hill were in need of minor repairs as stated previously. Some dwelling types were proportionately more likely to require minor repairs than the overall housing supply however. These included: duplexes (30.2%), single-detached dwellings (25.6%), and semi-detached dwellings (25.1%).

Additionally, 3.3% of all dwellings in Richmond Hill required major repairs in 2016. Apartments in buildings with fewer than five storeys were more than twice as likely to need major repairs (8.9%) in Richmond Hill compared with all dwellings. Dwellings which were in duplex structures or in apartments in buildings with five or more storeys were also noteworthy as they exceeded the average proportion of dwellings requiring major repairs. In 2016, 4.2% of duplexes and 3.8% of apartments in buildings with five or more storeys required major repairs.

Figure 35: Proportion of Dwellings by Condition and Structural Type: Richmond Hill; 2016



Source: Statistics Canada Community Profiles; 2016.

Impact on Supply: Age and Condition of Dwellings

Decrease in Quality of the Building Stock as a Whole

The number of dwellings requiring minor repairs or major repairs increased more rapidly than dwellings as a whole from 2006 to 2016 in Richmond Hill. This suggests these repairs might be unaffordable to households, or residents are no longer physically able to perform them.

Rental Housing More Likely to Need Repairs

The greater need for minor repairs and major repairs among rental dwellings in comparison with owned

dwelling in Richmond Hill in 2016 is an increasingly important consideration due to the higher demand for rental housing observed in recent years. The state of repair of the rental housing supply in Richmond Hill should therefore be a priority. Improving the state of repair of a rental units will not only improve housing situations for renters, it could also reduce operating and maintenance costs for owners. In addition, retrofitting buildings to the current Building Code would make units more energy efficient, and help mitigate the impact of climate change.

Higher Density Dwellings More Likely to Need Repairs

Apartments in buildings with fewer than five storeys, duplexes, and apartments in buildings with five or more storeys were more likely to need major repairs in Richmond Hill.

The greatest share of households in Richmond Hill live in single-detached dwellings (58.7%). Some of these households may be electing to live in single-detached dwellings due to the higher state of disrepair in units within apartment buildings and duplexes in Richmond Hill which makes these units less preferred. To encourage more diversity in the housing supply inhabited by Richmond Hill residents, it is important to continue to focus on improving the state of repair of those dwelling types for which there is the highest need.

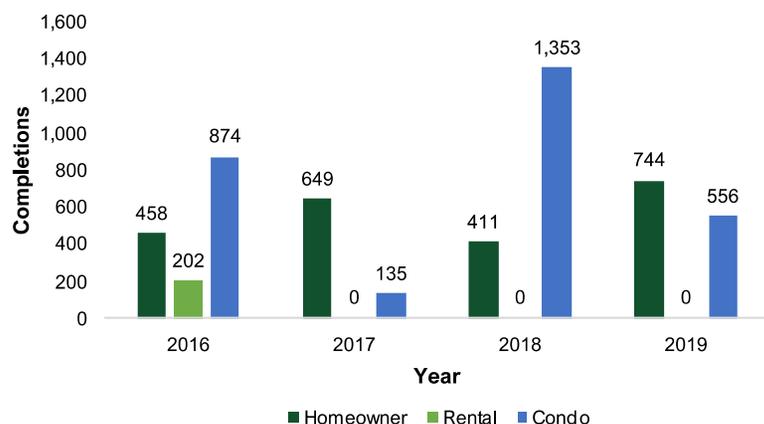
New Dwellings

Housing Completions

In terms of the number of housing completions, apartment completions made up the largest share in Richmond Hill in 2019 at 39.0%. Completions of row or townhouses made up 32.2%. Single-detached dwelling completions represented 22.2% of all completions in 2019. This demonstrates there is an interest among developers in Richmond Hill to develop higher density dwelling types such as apartments.

While the housing supply in Richmond Hill is becoming more diverse and shifting away from single-detached dwellings, the focus of dwelling completions remains in the ownership and condominium market resulting in a lack of purpose-built rental housing options for households. Although there were 202 rental dwelling completions in 2016, from 2017 to 2019, no purpose-built rental units were completed, while 1,804 homeownership and 2,044 condominium units were completed. Regardless of the absence of completions of new purpose-built rental dwellings in Richmond Hill, the number of households who were renters increased since 2006. These additional renter households are presumably being served through the secondary rental market.

Figure 36: Proportion of Housing Completions by Tenure: Richmond Hill; 2016 - 2019



Source: CMHC Information Portal; 2016 - 2019.

Similar to Richmond Hill, no purpose-built rental units were completed in Markham from 2017 to 2019, but 2,052 ownership and 2,546 condominium units were completed. In Vaughan, 58 rental units were completed from 2017 to 2019, whilst 3,595 homeownership and 1,718 condominium units were completed. The low proportion of purpose-built rental dwelling completions is therefore a commonality among the southern municipalities in York Region.

Housing Starts

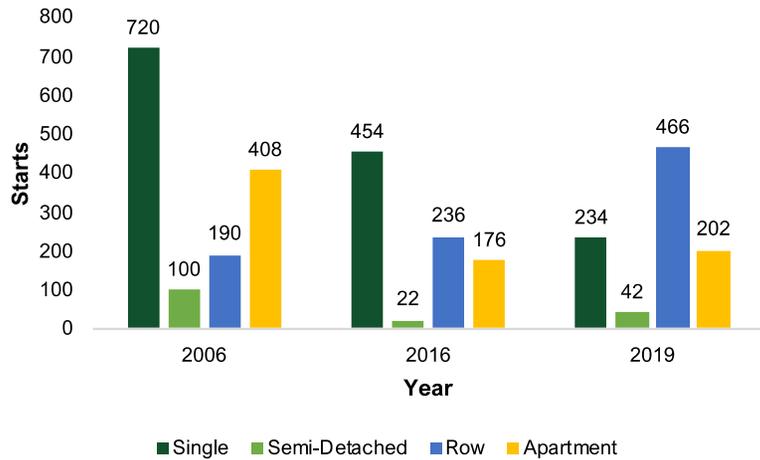
CMHC also provides information on housing starts. While not all starts make it to completion, this information does

help to understand what the future housing stock in Richmond Hill might look like. The data show that row or townhouse starts made up 49.4% of all housing starts in Richmond Hill in 2019, compared to 24.8% for single-detached dwellings, 21.4% for apartment dwellings, and 4.4% for semi-detached dwellings.

In comparison with the number of housing starts in 2016, there was 97.5% more row or townhouse starts in 2019. Additionally, there was an increase of 90.9% in the number of semi-detached dwelling starts in 2019 compared with the number in 2016. Apartment starts also increased by 14.8% in 2019 from the number of apartment starts in 2016.

In contrast, the number of single-detached dwelling starts decreased by 48.5% in 2019 versus the amount of starts from 2016. These data suggest that developments in Richmond Hill, which started construction in 2019, were more diverse and denser than the housing supply in 2016.

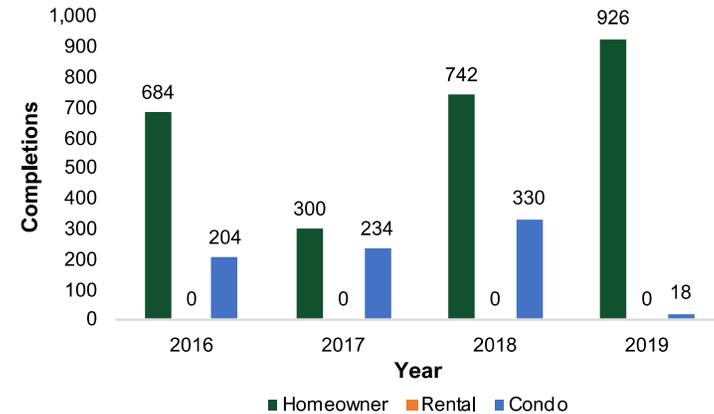
Figure 37: Proportion of Housing Starts by Structural Type: Richmond Hill; 2006, 2016 & 2019



Source: CMHC Information Portal; 2006, 2016 & 2019.

Of the new housing starts in 2019, all were ownership or condominium tenure units and none were for purpose-built rental units. These data demonstrate that although rental housing is becoming more prominent in Richmond Hill, the demand for this tenure type is not being met by adding new purpose-built rental supply.

Figure 38: Proportion of Housing Starts by Tenure: Richmond Hill; 2016 – 2019



Source: CMHC Information Portal; 2016 - 2019.

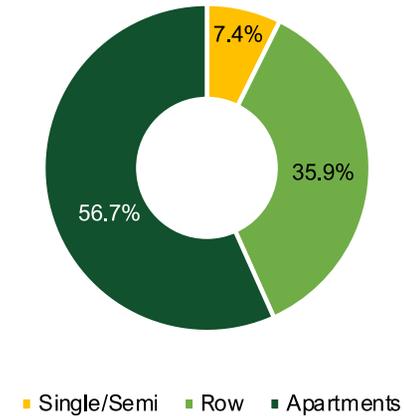
Building Permit Applications

Development application data was provided by the City of Richmond Hill for 2016 to 2019. Of the building permit applications submitted from 2016 to 2019, 56.7% were for apartment dwellings, 35.9% were for row or townhouses, and 7.4% were for single- or semi-detached dwellings. There were also development applications for five live-work units from 2016 to 2019. These data provide further proof that the housing stock is becoming more diverse and denser as the majority of new developments will be new apartment dwellings.

The building permit applications from 2016 to 2019 suggest that 59.6% of the apartment dwellings will be one-bedroom units, 35.1% will be two-bedroom units, 3.6% will be three-bedroom units, and 1.7% will be bachelor units. Households in Richmond Hill are becoming smaller, therefore the large number of one- and two-bedroom units proposed in the development applications should align with the housing demand in the future. However, the small number of units with three- or more bedrooms could result in larger households, such as couples with children, lone parents and/or inter-generational households having difficulties finding suitable units in Richmond Hill.

Furthermore, 4.8% of the units proposed in development applications from 2016 to 2019 were rental units. These data demonstrate that although rental housing is becoming more prominent in Richmond Hill, the demand for this tenure type may continue to exceed the new purpose-built rental supply being built in the future.

Figure 39: Proportion of Development Application Dwellings by Structural Type: Richmond Hill; 2016 - 2019



Source: The City of Richmond Hill; 2016 - 2019.

Impact on Supply: New Dwellings

No Diversity in Tenure Type among Starts, Completions and Building Permits

The housing supply in Richmond Hill is becoming more diverse and denser, according to recent data on housing starts and completions in Richmond Hill. However, the focus of dwelling starts and completions remains in the ownership and condominium market, resulting in a lack of purpose-built rental housing. More purpose-built rental housing is needed to meet the increased demand for rental housing in Richmond Hill.

Furthermore, the majority of recent development applications were for apartment dwellings, which supports the finding that the housing stock is becoming more diverse and denser. Development application data also highlights the need for more rental housing supply, as only 4.8% of dwellings proposed in development applications from 2016 to 2019 were for rental units. The demand for rental housing may go unmet in the future due to the lack of rental housing development in Richmond Hill.

Non-Market Housing

Non-market housing is made up of emergency accommodation and permanent housing where monthly rent rates are geared-to-income or set at below-market rates. The Regional Municipality of York, as the Service Manager, is responsible for administering and funding subsidized housing throughout the Region.

Emergency Shelters

Throughout York Region, there are six emergency shelters, two seasonal shelters, one program providing crisis beds, and two violence against women shelters. These shelters offer 236 permanent beds and 66 seasonal shelter beds collectively. Of the emergency

shelter beds available in York Region, 100 beds are mandated specifically for women (including women fleeing violence), 60 beds are designated for families, 30 shelter beds are mandated for men, and 46 shelter beds are for youth aged 16 to 26. As mentioned previously, there are also 66 additional shelter beds available during the winter months. Of the emergency shelter beds in York Region, approximately 86 are located in Richmond Hill.

Figure 40: Emergency Shelter: York Region; 2018

Type	Facility Name	Geography	Mandate	Beds
Emergency Shelter	Belinda's Place	Newmarket	Women	28 beds
	Leeder Place Family Shelter	East Gwillimbury	Families	15 units/60 beds
	Porter Place Men's Shelter	Newmarket	Men	30 beds
	The Youth Hub	Richmond Hill	Youth (16-26 years)	14 beds
	Sutton Youth Services	Georgina	Youth (16-26 years)	16 beds
	Kevin's Place	Newmarket	Youth (16-26 years)	12 beds
Seasonal Shelter	Inn From the Cold	Newmarket	N/A	36 beds
	Out of the Cold	Richmond Hill	N/A	30 beds
Crisis Beds	Short-Term Crisis Bed Program	Newmarket	N/A	4 beds
Violence Against Women Shelters	Sandgate Women's Shelter of York Region	N/A	Women	30 beds
	Yellow Brick House Women's Shelter	N/A	Women	42 beds
Total				302 units/beds

Source: The Region of York; 2018.

Transitional Housing

Transitional housing provides medium-term accommodation for those who have experienced homelessness or who are coming from emergency shelters. It is meant to bridge the gap between emergency shelters and permanent housing. Transitional housing usually includes support services provided on site to help with residents' housing stability and self-sufficiency to assist them in moving to permanent housing.

There were a total of 42 transitional housing beds or apartments in York Region provided by five organizations in 2018. These five organizations were, Belinda's Place which provided nine transitional housing beds to women, Reta's Place provided eight transitional apartments for women and dependents fleeing violence, The Youth Hub provided 11 transitional housing beds to youth aged 16 to 26 years, Sandgate Women's Shelter of York Region offered four transitional apartments to women and their dependents who were fleeing violence, and Sutton Youth Shelter which offered 10 beds to youth aged 16 to 26 years. In 2018, 19 of the 42 transitional housing beds or apartments were located in Richmond Hill specifically.

Figure 41: Transitional Housing: York Region; 2018

Facility Name	Geography	Mandate	Beds
Belinda's Place	Newmarket	Women	9 beds
Reta's Place	Richmond Hill	Women and dependents fleeing violence	8 transitional apartments
The Youth Hub	Richmond Hill	Youth (16-26 years)	11 beds
Sandgate Women's Shelter of York Region	Georgina	Women and dependents fleeing violence	4 transitional apartments
Sutton Youth Shelter	Georgina	Youth (16-26 years)	10 beds
Total			42 beds / apartments

Source: The Region of York; 2018.

Demand for Emergency Shelters and Transitional Housing

Homelessness²² can take many forms. While people living on the street or in their cars are the most obvious forms of homelessness, people who have no permanent homes,

²² The Canadian Observatory of Homelessness defines homelessness as; "The situation of an individual or family without stable, permanent, appropriate housing, or the immediate prospect, means or ability of acquiring it." Gaetz, Donadson, Richter, & Gulliver (2013), The State of Homelessness in Canada 2013. Accessed from: <http://homelesshub.ca/sites/default/files/SOHC2103.pdf>

such as those who are couch surfing or living in motels, are also considered part of the homeless population. In general, homelessness is divided in two categories. These are episodic and chronic homelessness. Chronic homelessness is defined as having experienced six months of homelessness or more over the past year or having experienced recurrent experiences of homelessness over the past three years of at least 18 months. Episodic homelessness is defined as all other forms of homelessness²³.

Statistics Canada does not collect data on the current homeless population, however, York Region does conduct Homeless Pit-Counts. York Region's 2018 Count occurred on April 17th to 20th in 2018²⁴. Over the four-day period, 389 individuals were identified to be experiencing homelessness in York Region; an increase of 47.9% or 126 people since the first homeless count in 2016.

Of the individuals surveyed in 2018, 69% were aged 25 to 64 years, 26% were aged 16 to 24 years, and 4% were 65

²³ The Government of Canada: Reaching Home: Canada's Homelessness Strategy Directives. Accessed from: <https://www.canada.ca/en/employment-social-development/programs/homelessness/directives.html>

²⁴ [I Count - I'm Not Just A Number; 2018 Count Findings, York Region.](#)

years or age or more. Additionally, the majority (56%) of individuals surveyed identified as males, 42% identified as females, and 2% identified as gender queer/gender non-conforming/don't know or declined to answer.

In 2018, 17% of the individuals surveyed identified as Indigenous or having Indigenous ancestry. There is an overrepresentation of Indigenous peoples among the homeless in York Region given that in 2016, Indigenous peoples made up less than 1% (0.54%) of York Region's population. This demonstrates that there is a need for housing and support services which are culturally appropriate to Indigenous peoples in Richmond Hill.

The need for emergency shelters and transitional housing is driven by a number of factors, such as family break-up, loss of employment, illness, domestic violence, substance abuse issues or recent release from the hospital or the correctional system. While these factors contribute to the need for emergency shelters and transitional housing, in general, the main factor which influences the need for these housing types is the limited supply of permanent affordable housing as well as appropriate supports to help people maintain their housing.

Community Housing

Community housing (also referred to as “subsidized housing”) is housing which has received some form of subsidy from the Region or other levels of government. In Richmond Hill, these units are provided by community non-profit organizations, cooperative housing providers, as well as the Regional Municipality of York through Housing York Inc.

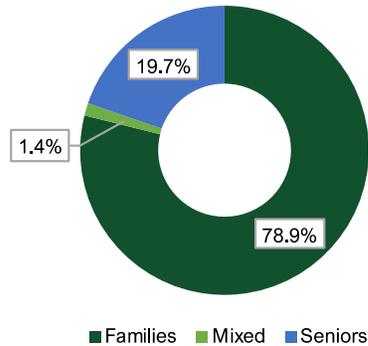
In 2018, York Region funded and administered 6,778 community and affordable housing units throughout the region which were owned by 45 non-profit and community housing providers. Approximately 70% of these units were subsidized and accessed through the Region's subsidized housing wait list.

In Richmond Hill specifically, there were approximately 2,432 community and affordable housing units in 2018. Of these, 56% (1,363 units) were subsidized and accessed through the Region's subsidized housing wait list and 44% (1,069) were market units.

Approximately 80% of subsidized and affordable housing units in Richmond Hill were mandated for families, 19.7% of units for seniors, and 1.4% of units could accommodate both families and seniors in 2018. The majority of community housing in Richmond Hill is in the form of two-bedroom units (33.8%), followed by one-

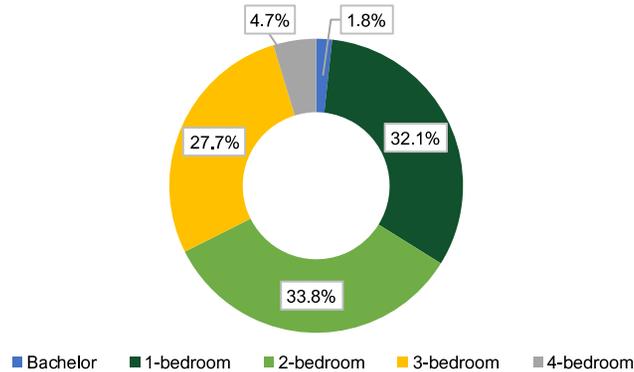
bedroom units (32.1%), and three-bedroom units (27.7%). In 2018, only 4.7% of the subsidized housing supply had four-bedrooms which would be suitable for larger households and families.

Figure 42: Subsidized Housing Units by Mandate: Richmond Hill; 2018



Source: The Region of York; 2018

Figure 43: Subsidized Housing Units by Unit Size: Richmond Hill; 2018



Source: The Region of York; 2018

Additionally, there were 56 rent supplement units provided to households in Richmond Hill in 2018. Rent supplement tenants pay a rent which is based on approximately 30% of their income. The Region pays the landlord the difference between the tenant’s subsidized rent and the market rental cost of the unit.

Figure 44: Rent Supplement Units: Richmond Hill & York Region; 2018

Rent Supplements Units	
Richmond Hill	56
York Region	310

Source: The Region of York; 2018

Furthermore, there were approximately 1,065 units²⁵ throughout York Region which were built under the AHP/IAH Program in 2018. Of these, about 719 units were subsidized²⁶. In Richmond Hill, there were approximately 395 AHP/IAH units and 63.3% (250 units) were subsidized. Of all AHP/IAH units in Richmond Hill, there were predominantly more one-bedroom units (68.1%) than other unit sizes in 2018. Two-bedroom AHP/IAH units accounted for 19.5% of the supply, three-bedroom units represented 11.4%, and the final 1.0% of units had four or more bedrooms.

Demand for Subsidized Housing

York Region Housing Services manages the Region's centralized wait list for the subsidized rental housing units across York Region. As of December 31, 2018, there were 16,237 households on this wait list. Of all these households on the wait list, 12,547 (77.2%) noted a preference to live in Richmond Hill in the application. Of the households who expressed interest in living in

Richmond Hill, 6,286 (50.0%) were seniors and 6,261 (49.9%) were non-seniors.

The number of applicants on the wait list for subsidized housing in York Region has increased by 15.9% from 14,011 in 2016 to 16,237 in 2018. In comparison, the number of households in York Region is estimated to have increased by only 3.7% from 2016 to 2018²⁷. This suggests that the need for options which are affordable to households with low incomes is increasing at a much faster rate than the increase in the overall number of households.

Of all the households on the wait list in 2018, 50.1% identified as non-senior and 49.9% were senior households. The subsidized housing stock predominantly offers housing mandated for families or non-senior households (80%), while 19.7% of the subsidized housing stock is designated for seniors, and the remaining 1.4% can accommodate either non-seniors or seniors.

The share of households on the wait list for subsidized housing is almost equal between households who identify as non-senior and those who identify as senior; and

²⁵ This total number includes new completed affordable housing funded/partially funded through the AHP/IAH program, including buildings under the Housing York Regional Program and Community Non-Profits.

²⁶ The number of subsidized units is approximate based on housing provider subsidy targets for 2018 for Regional Rent Assistance program units.

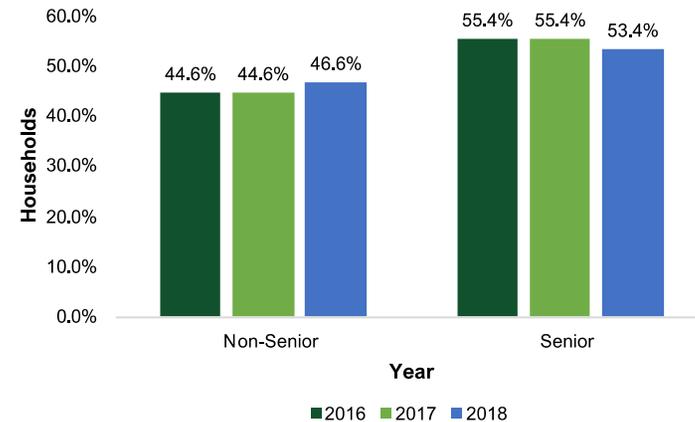
²⁷ The Region of York; Long-Range Planning,

therefore does not directly align with the available supply. This may be contributing to the long wait times for subsidized units. Non-senior applicants waited an average of 9.3 years to be provided with a subsidized housing unit, while senior applicants waited 7.5 years on average in 2018. Special priority applicants waited an average of 1.7 years.

In 2018, a total of 301 households were housed in a subsidized unit in York Region; and of these, over a quarter (77 households) were housed in units in Richmond Hill.

The large wait list for subsidized housing in York Region indicates there is a strong and growing need for housing units that are affordable to households with low incomes.

Figure 45: Community Housing Wait List by Household Type: York Region; 2016 – 2018



Source: The Region of York; 2018

Supportive Housing

Supportive housing is permanent housing which includes appropriate accessibility design features and support services to allow people with unique needs to live independently. York Region provides permanent housing with supports (formerly called “domiciliary hostels”) that offer housing and daily meals to people who need supervision of their daily living activities. To make these housing units more affordable, the Region offers financial assistance to people who cannot afford the full cost to live in these homes. Across York Region, there are 22 of

these homes with supports, however none of these were located within Richmond Hill.

Beyond the permanent housing units with supports provided by the Region, there are a number of organizations which supply additional housing units with supports to individuals in need. These individuals may have frail health, physical disabilities, mental health issues and/or developmental disabilities which require them to receive appropriate support to live as independently as possible. Within Richmond Hill, six organizations have been identified as providing permanent housing with supports²⁸. In total there were 83 supportive living units in Richmond Hill.

Figure 46: Supportive Housing: The City of Richmond Hill; 2018

Agency Name	Type	Target Population	Units
March of Dimes	Independent Living Apartments	Designated Supportive Living	15
Cedar Heights – Palmer Home	Group Home	Adults with developmental disabilities	8
L’arche Daybreak – Richmond Hill	Supported Independent Living Services	Youth with developmental disabilities	37
Reena - David and Luba Smuschkowitz ElderHome	Independent Living Apartments	Seniors with developmental disabilities	13
Reena – Other	Independent Living Apartments	Young Adults with Autism and Challenging Behaviour	6
Home on the Hill	TBD	Designated Supported Living	4
Total			83

Source: Central LHIN 2020

Demand for Supportive Housing

The Region of York maintains detailed information on community housing. In contrast, organizations that manage supportive housing do not have the same rigor.

²⁸ The number of organizations and units might change as we identify more groups providing supportive housing during the course of this study.

For instance, individual supportive housing providers manage their own waitlists and data on housing. Therefore, it is hard to identify the exact need for supportive housing in Richmond Hill. However, an inquiry with the Developmental Services of Ontario showed there were 514 individuals waiting for some form of supportive housing in Richmond Hill in 2020.

In addition, previous sections on housing demand showed, 18.0% of households in Richmond Hill had a member with a physical disability (11,505 households), while 4.8% (3,055 households) had a cognitive disability. Lastly, 3,505 households (5.2%) had a member with a psychological or mental health problem. While a number of these households will be seniors who have access to options such as retirement homes and long-term care (see below), a significant proportion of these households are likely non-senior who might benefit from some form of supportive housing. The number of supportive units identified in Richmond Hill are likely insufficient to meet this need.

This could explain why the York Region Homelessness Pit-Count in 2018 found that the majority of respondents who were homeless had one or a combination of health issues and/or disabilities. Almost half of respondents (48%) reported having a mental health issue, while 37% had a medical condition, 34% an addiction, and 31% a

physical disability. An additional 9% of respondents identified with all of the listed health conditions. In comparison, 24% did not identify with any of the listed health conditions. These individuals would likely benefit from permanent supportive housing, which further confirms the need for additional units in York Region, as well as in Richmond Hill.

Seniors Retirement Homes

Retirement homes or assisted living residences refer to residential facilities built by private or non-profit organizations. They provide rental accommodation combined with a variety of supports such as meals, medication assistance and/or personal supports such as hygiene. The range of supports and hours of care are well below those provided in licensed long-term care homes.

Six of the 3,660 retirement homes in York Region are located in Richmond Hill²⁹. The retirement homes located in Richmond Hill contain 532 suites. In 2019, there were 847 residents living in the retirement homes in Richmond Hill.

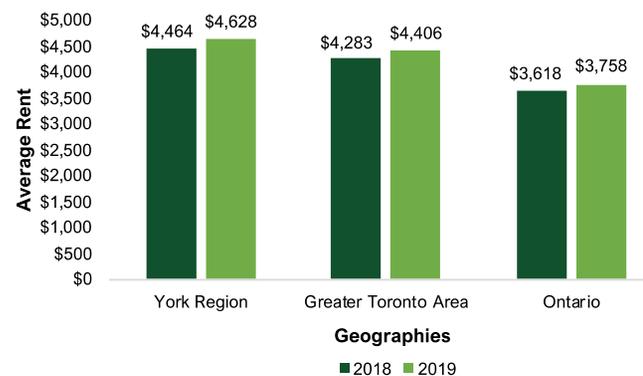
Figure 47: Seniors’ Housing: The City of Richmond Hill and Comparators; 2019

	Total Number of Spaces	Number of Residences	Number of Residents
Richmond Hill	532 suites	6	847
York Region	3,660 spaces	33	3,751
Greater Toronto Area	18,726 spaces	172	18,798
Ontario	62,633 spaces	731	60,830

Source: CMHC Seniors Housing Report, Ontario; 2019. Retirement Homes Regulatory Authority; 2020.

The average rent for all units in York Region in 2019 was \$4,628; up by 3.7% from \$4,464 in 2018. The average rent for units in York Region is higher than in the Greater Toronto Area (\$4,406) and in Ontario (\$3,758) in 2019.

Figure 48: Seniors’ Housing Average Rents: York Region and Comparators; 2019



Source: CMHC Seniors Housing Report, Ontario; 2019.

Demand for Seniors’ Retirement Housing

The overall vacancy rate for retirement home spaces in York Region was 7.0% in 2019; up from 6.0% in 2018. Thus, in York Region more seniors housing spaces became vacant from 2018 to 2019. However, the vacancy rate for retirement homes in Richmond Hill remained significantly lower compared to Ontario as a whole (9.9% in 2019).

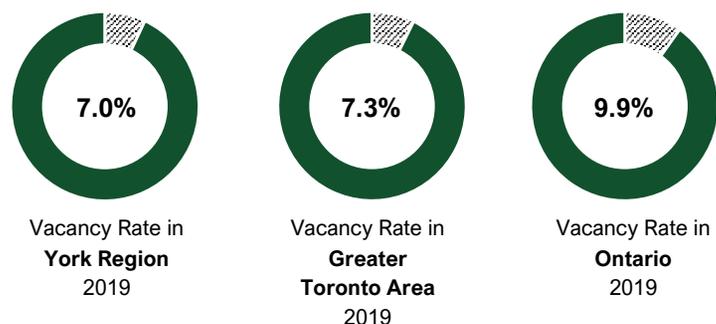
While the current supply appears to be able to meet the demand, population and household forecasts discussed

²⁹ Canada Mortgage and Housing Corporation 2019. Seniors Housing Report 2019. Retrieved from: <https://assets.cmhc-schl.gc.ca/sf/project/cmhc/pubsandreports/seniors-housing->

[report/2019/seniors-housing-report-ontario-65981-2019-a01-en.pdf?rev=ac2031f1-9839-4ad6-ac35-93159f1d2767](https://assets.cmhc-schl.gc.ca/sf/project/cmhc/pubsandreports/seniors-housing-report/2019/seniors-housing-report-ontario-65981-2019-a01-en.pdf?rev=ac2031f1-9839-4ad6-ac35-93159f1d2767)

in earlier sections of this report indicate the population in Richmond Hill is expected to continue to age. This will increase the need for senior specific housing options with supports in the near future, and could require an increase in the number of retirement home units in Richmond Hill.

Figure 49: Seniors' Housing Vacancy Rate: York Region and Comparators; 2019



Source: CMHC Seniors Housing Report, Ontario; 2019.

Long Term Care Homes

A long-term care home is a permanent accommodation for people who need 24-hour nursing and personal care with on-site supervision or monitoring to ensure their safety, and who have care needs that cannot be safely

met in the community through community-based services and/or in-home supports³⁰. People who need long-term care are currently placed through the LHINs Home and Community Care (formerly the Community Care Access Centres (CCAC)). Data obtained from the Central LHIN and York Region indicate there were a total of 3,403 long-term care beds in 28 long-term care homes in York Region. The majority of the long-term care providers in York Region were for-profits (57.1%, or 16 homes). A total of 10 homes (35.7%) were operated by non-profits, and two homes (7.1%) were operated by the Region of York. Of the 28 long-term care homes in York Region, five were located in Richmond Hill. These five long-term care homes provided 708 long-term care beds to residents.

Figure 50: Long-Term Care Housing: York Region; 2020

Facility Name	Long-Term Care Beds
Cedarvale Lodge Retirement and Care Community	60
Chartwell Aurora Long Term Care Res	235
Eagle Terrace	70
Mackenzie Place	93
Newmarket health centre	132
River Glen Haven Nursing Home	119

³⁰ Queen's Printer for Ontario (2018). Long-Term Care Overview. Accessed from: <https://www.ontario.ca/page/find-long-term-care-home#section-3>.

Facility Name	Long-Term Care Beds
Southlake Res Care Village	224
The Willows Estate Nursing Home	84
Bethany Lodge	128
Bloomington Cove Care Community	112
Chartwell Woodhaven Long Term Care Res	192
Markhaven Inc	96
The Mennonite Home Association of York County - Parkview Home	128
Union Villa	160
Yee Hong Centre for Geriatric Care - Markham	200
Elginwood Long Term Care Centre	124
King City Lodge Nursing Home	36
Kristus Darzs Latvian Home	100
Langstaff Square Care Community	160
Mackenzie health long term care	168
Maple Health Centre	100
Mariann Nursing Home and Res	64
Mon Sheong Richmond Hill Long Term	192
Sherwood Court	96
Villa Colombo Senior Centre	160
Total	5,410

Source: LHIN; 2020.

Figure 51: Long-Term Care Housing: Richmond Hill; 2020

	Long-Term Care Beds
Elginwood Long Term Care Centre	124
Langstaff Square Care Community	160
Mackenzie health long term care	168
Mariann Nursing Home and Res	64
Mon Sheong Richmond Hill Long Term	192
Total	708

Source: LHIN; 2020.

Accommodation rates for long term care range from \$1,848.73 per month for basic accommodation to about \$2,640.78 for private accommodation. The Province provides a subsidy if a person does not have enough income to pay for the basic rate³¹.

Demand for Long Term Care Homes

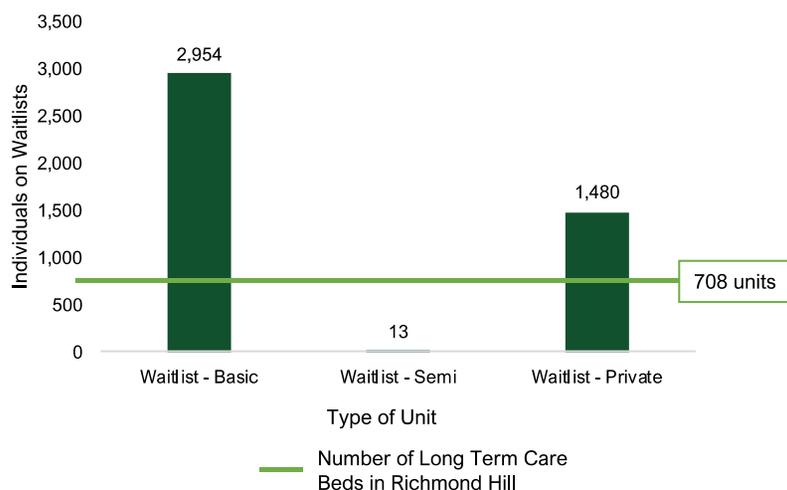
Within Richmond Hill, there were a total of 4,447 individuals waiting for a long-term care bed in one of the five long-term care homes. As there are 708 long term care beds in Richmond Hill, these data demonstrate that the demand for long-term care beds is more than six

³¹ Queen's Printer for Ontario (2018). Long-Term Care Rates. Accessed from: <https://www.ontario.ca/page/get-help-paying-long-term-care> (please update to 2020 link)

times greater than the supply, suggesting there is a high demand for long-term care beds in Richmond Hill.

The majority (66.4%) of these individuals were waiting for a basic unit, while a smaller portion (33.6%) were waiting for a semi-private or private unit.

Figure 52: Waitlist for Long-Term Care Housing: Richmond Hill; 2020



Source: LHIN; 2020.

Support Services

In addition to the housing with supports which are available to residents of Richmond Hill, there are also a number of community agencies in York Region and Richmond Hill that provide support services to individuals and families who need assistance. Support services

offered by these agencies may include assistance with searching for housing, eviction prevention, legal assistance, referrals to housing and other support services, food banks, clothing and furniture banks, life skills training, employment supports, and counselling.

Impact on Housing Supply: Non-Market Housing

Homelessness is Increasing in York Region

The number of individuals experiencing homelessness in 2018 in York Region, including in Richmond Hill, increased by 47.9% since 2016. Of these individuals experiencing homelessness, the majority were aged 25 to 64 years and identified as males. In addition, there was an over-representation of Indigenous individuals in the homeless population in 2018. This demonstrates that there is a need for housing and support services that meet the needs of these individuals, and that the shelter supply could be adjusted to better meet the needs of the individuals experiencing homelessness in York Region, including in Richmond Hill.

The Subsidized Housing Stock Supply Does Not Align with the Need

The subsidized housing stock predominantly offers housing mandated for families or non-senior households. However, when looking at the share of households on the

wait list for subsidized housing by age, almost half of the individuals and families waiting comprised of at least one senior. This suggests the supply does not directly align with the need and indicates it is important for the City to attract more subsidized housing for seniors to Richmond Hill.

There Are Insufficient Supportive Housing Units to Meet the Need

Lastly, when looking at the significant share of households with a member with a physical/cognitive disability or mental health issue, compared the limited supply of supportive housing suggest there could be a need for more permanent supportive housing units in Richmond Hill. This was further confirmed when looking at the individuals experiencing homelessness who also had a mental health issue, medical condition, addiction, and/or physical disability.

Market Housing

The majority of housing units in a community are private market housing units and include both rental and ownership units.

Private Rental Market

Rental housing fulfills a number of important roles in the housing market in a community. It offers a flexible form of accommodation, provides relief from day-to-day maintenance, and often provides more modest-sized units. In addition, rental housing is generally more affordable compared to ownership housing. In most cases, rented dwellings tend to have lower monthly costs and only require the first and last months' rent as deposit. The flexibility and affordability of rental housing is ideal for some households, such as seniors wishing to downsize or who are on a fixed income, young adults starting their careers, or people living alone.

Until the mid-1970's, rental housing as a tenure was more prevalent than it is today, particularly in urban areas. It was common to rent even among high-income earners³². However, a reform of the Canadian tax code in 1972

³² Suttor G. 2015. Rental Paths from Post-war to Present: Canada Compared. Retrieved from: <http://www.urbancentre.utoronto.ca/redirects/rp218.html>

shifted the balance in the housing market to an ownership-based model which provided tax incentives for homeowners while removing tax incentives for the construction of purpose-built rental apartments. Implications of this policy decision can be observed in Richmond Hill where today, ownership is the predominant housing tenure. The introduction of the National Housing Strategy in 2018, which includes some programs intended to encourage the development of purpose-built rental housing, suggests the federal government is starting to put some measures in place to re-balance the housing market to some extent.

The private rental market in a community is generally made up of the primary or purpose-built rental market and the secondary rental market. The primary rental market includes all self-contained rental units where the primary purpose of the structure is to house tenants. The primary rental market includes purpose-built rental apartments and rowhouses. The secondary rental market represents self-contained units which were not built specifically as rental housing but are currently being rented out. These units include rented single-detached, semi-detached, row/townhouses, duplex apartments (i.e. separate dwelling units located within the structure of another dwelling), rented condominium units, and one or two apartments which are part of a commercial or other type of structure.

There was a total of 11,265 rented dwellings in Richmond Hill in 2016, making up 17.6% of all dwellings. The number of rented dwellings increased by 60.1% since 2006 compared to an increase in all dwellings of 25.7% from 2006 to 2016.

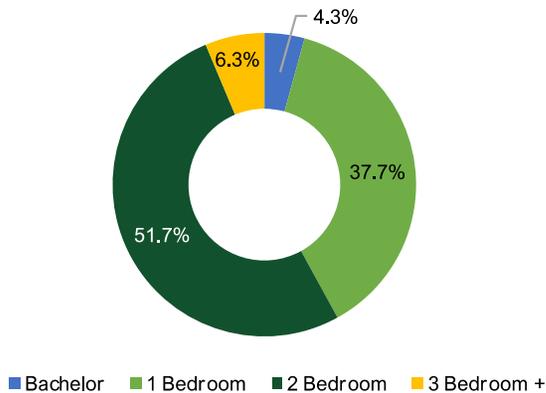
Primary Rental Market

According to CMHC, there were 1,710 purpose-built rental units in Richmond Hill in 2019. More than half of these units (51.7%) had two-bedrooms and 37.7% were one-bedroom units. Units with three or more-bedrooms accounted for 6.3% of all units, and the share that were bachelor units made up 4.3%.

In comparison with the data on household size by tenure type in Richmond Hill, 30.7% of renter households had only one person and 29.6% of renter households were two-person households. Households with three or more persons made up 39.7% of all renter households (17.5% 3 person households, and 22.2% 4+ person households) in 2016 while larger purpose-built rental units with three or more bedrooms only made up 6.3% of all units in the primary rental market. This indicates that the current composition of the purpose-built rental market does not match well with the current household sizes in Richmond Hill and there could be a lack of supply of larger rental dwellings.

While these data suggest there could be a need for additional larger family units, household income data show larger families are most likely to have high incomes and be able to afford homeownership. In contrast, low income households are more likely to depend on rental housing and these households are more frequently found among smaller household compositions. Therefore, the rental stock may need to include more smaller units to align with the household types with lower incomes and who are more likely to be renters such as seniors, people living alone, and lone parent households.

Figure 53: Primary Rental Market Units by Unit Size: The City of Richmond Hill; 2019



Source: CMHC Information Portal; 2019.

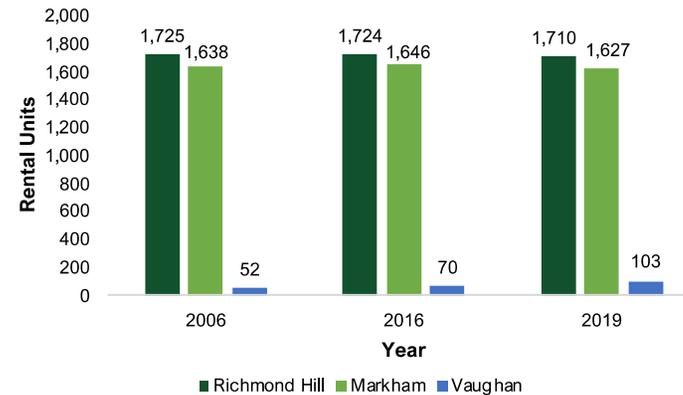
In comparison with other similar communities, Richmond Hill had more purpose-built rental housing. In 2019,

Markham had 1,627 units, while only 103 units were reported in Vaughan.

Since 2006, there has been a decline in the number of purpose-built rental units from 1,725 units to 1,710 units in 2019. This suggests that there may be barriers to the development of primary rental units in Richmond Hill and that some existing units are being taken off the market.

As previously mentioned, the number of households who are renters increased from 2006 to 2016. The decreased supply of housing in the primary rental market suggests that these new renter households are most likely finding housing through the secondary rental market.

Figure 54: Primary Rental Market Units: The City of Richmond Hill & Comparators; 2006, 2016, 2019

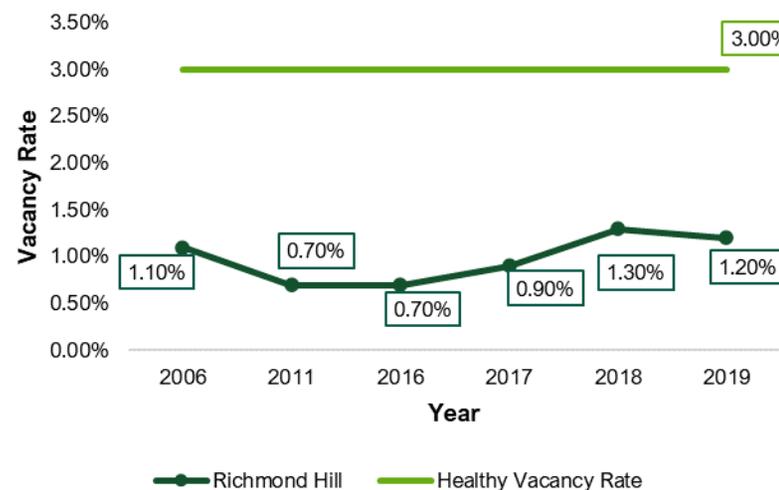


Source: CMHC Information Portal; 2006, 2016, 2019.

Primary Rental Market - Vacancy Rates

A vacancy rate of 3.0% is generally accepted as a 'healthy' vacancy rate, indicating a balance between the supply of rental housing and the need for rental housing. In 2019, the vacancy rate for units in the primary rental market in Richmond Hill was 1.2%; up slightly from 0.7% in 2016. In 2006, the vacancy rate had been 1.1% in Richmond Hill, which suggests that in 2016 the rental market was particularly tight. While the vacancy rate in 2019 is higher than it was in 2016, it is still much lower than what is generally considered to be a healthy rate (3%). This suggests there is a significant need for new purpose-built rental housing in Richmond Hill. In addition to the fact that there were very few purpose-built rental units in Richmond Hill, CMHC noted that the rising cost of homeownership in the Toronto CMA (which includes Richmond Hill) has resulted in a rising demand for rental units³³. In comparison, the vacancy rate in the whole Toronto CMA was 1.5% in 2019 – which is higher than the vacancy rate in Richmond Hill (1.2%).

Figure 55: Primary Rental Market Vacancy Rates: The City of Richmond Hill & Comparators; 2006, 2011, 2016 - 2019



Source: CMHC Information Portal; 2006, 2011, 2016 - 2019.

Primary Rental Market - Average Rent

The average market rent (AMR) of units in the primary rental market was \$1,320 in 2019; up by 28.2% since 2006. This increase is faster than the rate of inflation (26.4%) and of average household income growth (27.8%) during that same time period. The average market rent for one-bedroom apartments saw the highest rate of increase; increasing by 32.4% from \$1,030 in 2006 to \$1,213 in 2019. Units with two-bedrooms had an AMR

³³ CMHC (2018). Rental Market Report: Greater Toronto Area.

of \$1,394 (an increase of 26.2%), while the AMR for units with three or more bedrooms was \$1,617 in 2019; having increased by 21.8%.

Compared with rents in Richmond Hill, Markham had a higher average rent (\$1,483) for units in its primary rental market. The average rent in Richmond Hill also increased more slowly from 2006 to 2019 compared to Markham, which increased by 45.5% (the average rent in Richmond Hill increased by 28.2%). Information on the average rents in Vaughan’s primary rental market was suppressed due to the limited supply of data available which was not statistically reliable and/or did not meet confidentiality requirements.

Figure 56: Primary Rental Market Average Rents by Unit Size: The City of Richmond Hill; 2006, 2016, 2019

	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +	Total
2006	\$793	\$916	\$1,105	\$1,328	\$1,030
2016	\$909	\$1,136	\$1,327	\$1,488	\$1,246
2019	\$1,011	\$1,213	\$1,394	\$1,617	\$1,320
Δ 2016 - 2019	11.2%	6.8%	5.0%	8.7%	5.9%
Inflation (Δ 2016-2019)	6.0%				

Source: CMHC Information Portal; 2006, 2011, 2016 - 2019.

Impact on Supply: Primary Rental Market

The Supply of Primary Rental Market Dwellings Decreased

The decline in the number of purpose-built rental units from 2006 to 2019, in contrast with the increase in the number of households who are renters from 2006 to 2016, suggests there may be barriers to the development of primary rental units in Richmond Hill. In addition, the low vacancy rates for purpose-built rental housing suggest that the increase in renter households is most likely accommodated in the secondary rental market where rents are higher and tenures less secure.

Rents are Increasing at a Faster Pace than Inflation

In addition, the increased demand for rental housing is likely resulting in higher average market rents for primary units. From 2006 to 2019, the average rents in the primary rental market increased at a faster rate than inflation and average household income. These findings demonstrate there is a strong need for additional purpose-built rental housing in Richmond Hill.

The Composition of the Stock does not Meet the Need

Lastly, when looking at the composition of the purpose-built rental housing stock, the data show it does not align with household sizes in Richmond Hill. For example,

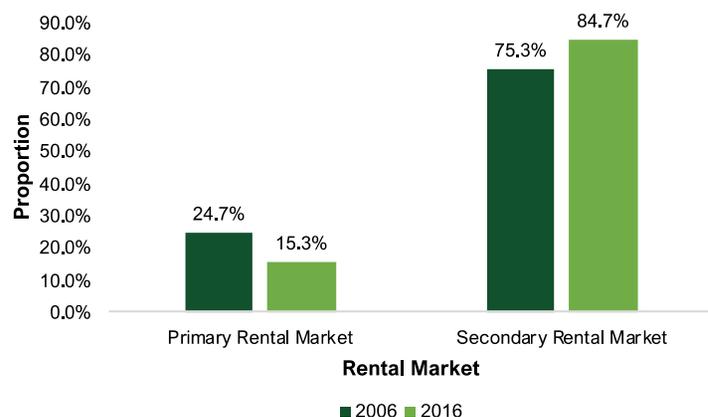
bachelors (4.3%) and one-bedroom apartments (37.7%) made up 42.0% of the stock while one-person households made up 30.7% of all renters. A total of 51.7% of the stock in the primary market had two bedrooms and 6.3% had three bedrooms. Households with two persons made up approximately 29.6% of all renters, while households with three persons or more made up 39.7% of all renters.

This suggests that the current composition of the purpose-built rental market does not match well with the current household sizes in Richmond Hill and could suggest there is a lack of supply larger units with three bedrooms or more.

Secondary Rental Market

While the number of households who were renters increased by 60.1% from 2006 to 2016, the previous section revealed that this growth did not occur in the primary rental market. Instead, the primary rental market declined by 15 units or 0.1% from 2006 to 2016. This indicates that all the growth in rental units from 2006 to 2016 occurred in the secondary rental market. From 2006 to 2016, the secondary market increased by 80.6% (4,246 units).

Figure 57: Rental Market Proportions: The City of Richmond Hill; 2016



Source: CMHC Information Portal; 2016, Statistics Canada Census Profiles; 2016.

The secondary rental market is a good source of rental units. It generally offers a more diverse supply as these units include single and semi-detached homes as well as secondary suites compared to predominantly apartment and townhouse units in the primary rental market. However, units in the secondary rental market are generally more expensive (with the exception of secondary suites) while offering a tenure that is not as stable as units in the primary rental market. For example,

landlords could sell or convert a unit back to ownership or move into the unit.

According to data collected from the Toronto Regional Real Estate Board (TRREB) which reports on condominium apartments³⁴ currently being rented out, there were a total of 617 condominium apartment units leased in Richmond Hill as of the fourth quarter of 2019. Of these units leased in 2019, 61.6% were one-bedroom units, 37.1% were two-bedroom units, 1.1% of units had three or more bedrooms, and only 0.2% were bachelor units.

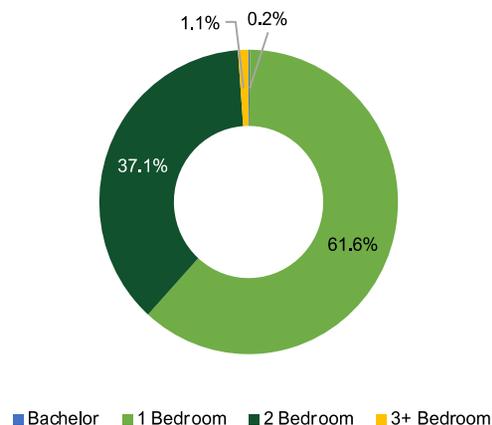
The distribution across the different unit sizes within the housing supply offered by the secondary rental market does not align with the demand for rental housing by household size in Richmond Hill. As mentioned previously, renter households in Richmond Hill in 2016 comprised mostly of households with three or more persons (39.7%), followed by one-person households (30.7%), and lastly, two-person households (29.6%). The secondary rental market is therefore providing more smaller sized units (units with two or less-bedrooms) and less units which can accommodate households with three

³⁴ Toronto Regional Real Estate Board (2019). Rental Market Report.

or more persons, than what is demanded by renter households overall in Richmond Hill.

The larger concentration of smaller units in the secondary rental market however is consistent with the household types with low incomes in Richmond Hill who would be in the most need of rental housing.

Figure 58: Secondary Rental Market by Unit Size: The City of Richmond Hill; 2019



Source: TRREB Rental Market Reports; Q1-Q4 2019.

Secondary Rental Market – Average Rent

The average market rent of rental condominium apartments in Richmond Hill in 2019 was \$2,239³⁵. This shows rents in the secondary rental market are

³⁵ Condos.ca (2019). Market Statistics.

significantly higher than those in the primary rental market (\$1,320) in Richmond Hill. The average rent for a one-bedroom units in the secondary market was \$1,820, two-bedroom units had average rents of \$2,386, while units with three bedrooms or more had average rents of \$2,500 in 2019. Data collected through TRREB reported that the average market rent for all units in Richmond Hill was approximately \$2,137 in 2019. This is in line with the average rent reported by condos.ca noted below.

From 2016 to 2019, the average rent of one-bedroom and two-bedroom units increased significantly (by 29.4% and 29.9%, respectively). Units with three or more bedrooms had an AMR that was 23.8% greater in 2019 compared with 2016. The average rate of inflation between 2016 and 2019 was only 6.0%, therefore increases to average rents in the secondary market are growing at a much faster rate compared to the primary market.

Figure 59: Secondary Rental Market Average Rents by Unit Size: The City of Richmond Hill; 2016 - 2019

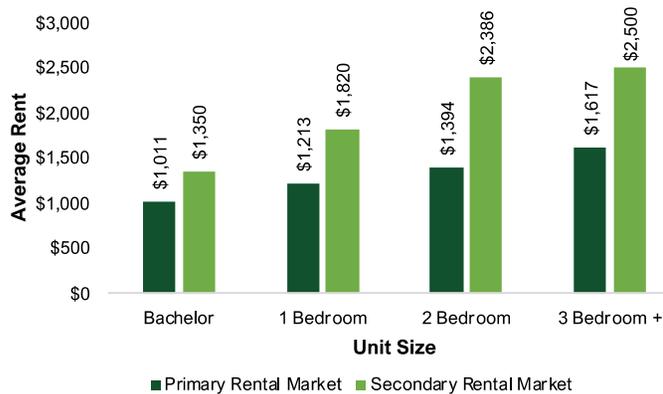
	2016	2019	△ 2016-2019
Bachelor		\$1,350	N/A
1-Bedroom	\$1,406	\$1,820	29.4%
2-Bedroom	\$1,837	\$2,386	29.9%

	2016	2019	△ 2016-2019
3+ Bedrooms	\$2,019	\$2,500	23.8%
All Bedroom Types	\$1,737	\$2,239	28.9%

Source: Condos.ca: Market Statistics; 2016, 2019.

The difference between the data reported for the average market rents in the primary and secondary rental markets are below. These data support the analysis that units rented in the secondary rental market are more costly than those in the primary market in Richmond Hill.

Figure 60: Average Rents by Unit Size by Rental Market: The City of Richmond Hill; 2019



Source: CMHC Information Portal; 2019. Condos.ca: Market Statistics; 2019.

Secondary Rental Market – Short-Term Rentals

In recent years, online platforms have opened up a market for short-term rental housing where property owners rent all, or parts of their home to people for a short period of time. This could range from a day to a couple of months. AirDNA.co, a website tracking the short-term rental market, estimates there were approximately 750³⁶ short-term rental listings in Richmond Hill in the first quarter of 2020. This number dropped to 582 listings in the second quarter, likely due to the Covid-19 pandemic which has caused a decrease in the demand for short-term rentals and hotel room bookings in general. It is estimated that around 50% of short-term rentals in Richmond Hill offer a room in a currently occupied home while the remaining 50% offer an entire home. There is a risk that allowing short-term rentals can usurp the supply of secondary rental units. However, this does not seem to be the case in Richmond Hill. It is estimated that there were 8,500 units in the secondary rental market in Richmond Hill. This would put the market share of secondary rentals at about 3.5% as of the second quarter 2020. This is significantly less when compared to Toronto, where it is estimated that there are around 20,000 short-term rentals.

³⁶ It is important to note that the 750 short-term rental listings may be an over-estimate as it includes any listing that once was “live”, but which may no longer be active.

Impact on Supply: Secondary Rental Market

Rental Supply is Concentrated in the Secondary Market

The supply of rental housing in Richmond Hill is disproportionately provided through the secondary rental market. In 2016, 84.7% of all rental housing was found in the secondary rental market and only 15.3% was provided through the primary rental market.

Units in the Secondary Market are Generally Smaller

In the secondary rental market, there is a larger concentration of smaller units than larger units, which does not reflect the distribution among household sizes in Richmond Hill overall. Although the rental supply provided by the secondary rental market is not directly in-line with the overall demand for rental housing, it is suitable for households who are typically smaller in size. These households frequently have lower incomes, suggesting many of these households might not be able to afford the supply of rental housing in the secondary rental market.

Average Rents in the Secondary Market Are High and Increasing Faster than Inflation

While the secondary rental market provides necessary housing supply which is more flexible, diverse, and

generally more affordable than homeownership, average market rents in this sector are more expensive than those found in the primary market. This can create barriers to households with lower incomes who have no other choice but to rent in the secondary market.

Average rents in the secondary market increased more rapidly than the rate of inflation from 2016 to 2019 (28.9% compared with 6.0%, respectively). These high rents could contribute to households with low and moderate incomes seeking housing in other more affordable municipalities. Alternatively, affordability challenges could also be delaying individuals aged 25 to 44 years from leaving their parents' homes as the cost to enter the rental housing market is too high.

This suggest there is a strong need for rental housing options in Richmond Hill that are affordable to households with moderate and low incomes.

Ownership Housing

Homeownership is a valuable form of personal investment and is often viewed as the most important way to build personal assets. For many households, homeownership is the ideal form of housing and can offer a form of investment, security of tenure, and quality in accommodation.

In 2016, there were a total of 52,855 owned dwellings in Richmond Hill. Owned dwellings accounted for 82.4% of all dwellings in Richmond Hill in 2016. This is consistent with York Region as a whole, where 85.8% of all dwellings were owner occupied, but this is divergent from the trend observed across Ontario where only 69.7% of dwellings were owned. In 2016, 66.9% of owned dwellings were single-detached homes (35,365 homes). Similarly, in York Region, 70.5% of owned dwellings were single-detached homes in 2016.

The ratio of home sales-to-listings measures the balance of the homeownership market. During a balanced market, the sales-to-listings ratio is approximately 50%. A higher ratio implies a seller’s market, while a lower ratio implies a buyer’s market. The introduction of the Fair Housing Plan by the Provincial Government in 2017 and new mortgage rules which were implemented by the Federal Government in 2018 impacted the home sales market in Richmond Hill for that year where the ratio between sales and listings reached a low of 31.9%. In 2019, the existing home sales began to rebound with this ratio climbing up to 43.5% by December of 2019. This trend was seen across York Region as well. In York Region, the ratio of sales-to-listings dropped to 35.4% in 2018 but has since begun to increase; in 2019 the sales-to-listings ratio was 47.0%. These trends of increased demand and competition observed in the housing market conditions in

Richmond Hill are also reflected in the changes to the average house prices over recent years.

Figure 61: Sales-to-Listings Ratio: The City of Richmond Hill & York Region; 2016 – 2019



Source: TRREB Market Watch; 2016 - 2019.

Average House Prices

The average house price in Richmond Hill in 2019 was \$1,038,608. Of the different types of dwellings in Richmond Hill, detached houses were sold for the highest price on average in 2019 at \$1,367,975, followed by row and townhouses (\$1,059,000), and then semi-detached houses (\$906,772). These high prices support the argument that demand is highly concentrated in ground-related housing in Richmond Hill as prices are highest for these types of homes. Condominium apartments had the least expensive prices on average (\$513,442) of all

dwelling types in Richmond Hill in 2019. Since 2016, the average house price of all homes in Richmond Hill decreased by 4.6%. The price for detached homes also experienced a decrease over that time period of 11.7%. The average price for condominium apartments increased most significantly over that time period; increasing by 30.3%.

Figure 62: Average House Prices by Dwelling Type: The City of Richmond Hill; 2016 - 2019

	2016	2019	Δ 2016-2019
Single-Detached Homes	\$1,548,876	\$1,367,975	-11.7%
Semi-Detached Homes	\$898,500	\$906,772	0.9%
Condominium Townhouses	\$651,000	\$662,725	1.8%
Condominium Apartments	\$393,958	\$513,442	30.3%
Row Houses	\$858,375	\$1,059,000	23.4%
All Home Types	\$1,088,493	\$1,038,608	-4.6%

Source: TRREB Market Watch; 2016 - 2019.

Although the average house price of all homes in Richmond Hill decreased from 2016 to 2019, since 2006, the average house price increased by 148.5% (from \$417,944 in 2006 to \$1,038,608 in 2019). From 2006 to 2019, the rate of inflation was 26.1% in contrast. This

illustrates how significantly house prices in Richmond Hill have been increasing over recent decades.

Figure 63: Rate of Change of Average House Prices & Rate of Inflation: The City of Richmond Hill; 2006 - 2019

Average House Price	
2006	\$417,944
2016	\$1,088,493
2019	\$1,038,608
Δ 2006-2019	148.5%
Rate of Inflation (Δ 2006-2019)	26.10%

Source: TRREB Market Watch; 2006 - 2019. Statistics Canada CPI for Ontario for 2005-2019.

In comparison with other southern municipalities in York Region, dwellings in Richmond Hill were sold for prices that were higher than in Markham (\$949,217) and Vaughan (\$992,650) in 2019.

When comparing the prices for sales of new houses with all sale prices in Richmond Hill, it can be observed that generally, new homes are sold for higher prices.

Figure 64: Average House Prices by Dwelling Type: The City of Richmond Hill; 2016 – 2019

	All House Sale Prices		New House Sale Prices	
	Average Asking Price	Median Asking Price	Average Asking Price	Median Asking Price
Single-Detached Home	\$1,367,975	\$1,248,000	\$2,185,492	\$2,224,490
Semi-Detached Home	\$906,772	\$840,000	\$1,340,871	\$1,454,990
Townhouse	\$863,996	\$870,000	\$1,166,672	\$1,114,650
Apartment	\$513,442	\$490,000	\$648,180	\$625,900

Source: TRREB; 2019. Altus; 2020.

Fluctuations to the year-over-year change in average house prices in Richmond Hill since 2016 were influenced by several policies introduced by government during that period of time. As mentioned previously, new mortgage regulations which came into effect in January 2018 impacted the housing market by introducing stricter qualifying criteria (also known as a “stress test”) that would determine whether a homebuyer could be able to afford their principal and interest payments should interest rates increase. In Richmond Hill, there was a significant decrease (14.3%) to average house prices from 2017 to 2018 which was likely in consequence of these new regulations. Since then, average prices have

begun to increase in Richmond Hill. From 2018 to 2019, there was an overall increase of 3.9% to the average

house price in Richmond Hill. During that time, mortgage interest rates declined, including the Bank of Canada’s benchmark five-year rate used by Canada’s largest banks to qualify applicants under the mortgage stress test. Though the decline in the benchmark rate was modest (down from 5.34% to 5.19%), it helped to improve homebuyer access to home purchase financing.

Additionally, in October 2019, the Federal Government introduced the First-Time Home Buyer Incentive. The First-Time Home Buyer Incentive program is a shared equity mortgage which allows households to borrow 5% or 10% of the purchase price of a home to put towards a down payment which will later be paid back at the time when the home is sold or within 25 years. This program creates an incentive for households who have never purchased a home before to enter the market.

These policies introduced in 2018 caused the housing market in Richmond Hill to tighten once again. This has resulted in increased competition among buyers and has provided the environment for prices to increase in 2019.

New Units Built

The Region of York collects annual data on the number of ownership and rental units built in all of its local municipalities which are affordable to households with moderate incomes. The data collected show that of the 1,067 residential units built in Richmond Hill in 2018, 13% (143 units) were within the affordable housing threshold, that is, they were affordable to households with moderate incomes. This is well below the City's targets stated in the Official Plan sections 3.1.5.2 and 3.1.5.3. These sections indicate a minimum of 35% of new housing units must be affordable for low- and moderate-income households in designated Centres and Corridors, and 25% of new housing units within the settlement area must be affordable and should be coordinated across the city, including secondary and tertiary plan areas.

All of new affordable units were ownership units. In 2018, approximately 97% of new affordable housing units were high density units and 3% were ground-oriented units. In comparison, 11% of all units built in York Region in 2018 were affordable to households with moderate incomes and 98% of these units were high density units.

Of the high-density affordable units built in Richmond Hill, 100% of the units were one-bedroom units. While some housing units which are affordable to households with moderate incomes are being built in Richmond Hill, the units being built recently are only appropriate for smaller households with one or two people and most of these are in high density buildings. While the trends in household composition show a shift towards more smaller households in the future in Richmond Hill, the majority of households in Richmond Hill are still households with three or more persons (59.0% in 2016)³⁷. The affordable units being built are therefore not adequately meeting the need for housing by household with three or more persons and more larger units suitable to these households should be built in the future.

Impact on Supply: Ownership Housing

The Housing Stock is Diversifying but Remains Predominantly Owner Occupied and Single- or- Semi-Detached

Owned dwellings accounted for over 80% of all dwellings in Richmond Hill in 2016. This share is much higher than across Ontario where approximately 70% of households

³⁷ The Regional Municipality of York (2018). Housing Solutions – 2018 Progress Report.

owned their home. Furthermore, over 65% of the owned dwellings in Richmond Hill were single-detached homes. While previous findings in the supply section indicated the housing stock is diversifying, when combined with the trends described in the housing demand section these data suggest there is insufficient diversity in the housing stock when looking at tenure and structure type.

While single-detached dwellings may be the ideal for larger families with children, they may not be the most appropriate dwelling for other household types, such as young adults purchasing their first home, singles, seniors looking to downsize, or people with accessibility challenges such as persons with disabilities. Single-detached dwellings are generally less accessible due to the presence of stairs and it may be harder to adapt them for accessibility compared to an apartment. In addition, they require more maintenance.

Single-detached dwellings in general are also less affordable compared to other dwelling types, such as condominium apartments or row houses. As such, having a housing supply which is predominantly single-detached homes limits the options for certain households.

House Prices Have Increased Faster Than Inflation

Increased demand and competition for ownership housing have impacted average house prices. Since

2006, the average house price increased by 148.5%, compared to an inflation rate of 26.1%. This illustrates how significantly house prices in Richmond Hill have been increasing in recent years, and that homeownership is becoming less affordable to all households in Richmond Hill.

High House Prices Might be Increasing the Demand for Rental Housing

In addition, the increase in price in the housing market might have caused aspiring homeowners to start renting as they cannot yet afford to purchase a home in Richmond Hill. Furthermore, households with a maintainer aged 25 to 44 years may be deterred from settling in Richmond Hill due to the high costs. More homeownership options which are affordable to households, primarily with moderate incomes are needed in Richmond Hill.

2.3 Housing Affordability

The cost of housing is one of the largest monthly expenditures for many households in Canada. According to Statistics Canada's Survey of Household Spending, a household's spending on shelter, which includes rent or mortgage payments, repairs and maintenance, property taxes, insurance, and utilities, made up, on average, 21.2% of all expenditures in 2015³⁸.

The availability of affordable, adequate and suitable housing is a pressing concern for many individuals and families. While households with low incomes are the most likely to experience housing affordability challenges, increasing house prices and rents throughout York Region have also made the cost of shelter an issue for many households with moderate incomes.

This section looks at the proportion of income households in Richmond Hill are spending on shelter as well as what households can afford and how this compares to trends in house prices and rents. Please note that the following sections analyze the proportion of households in Richmond Hill based on York Region income decile thresholds.

³⁸ Statistics Canada (2017). Table 203-0021: Survey of household spending (SHS), household spending, Canada, regions and provinces, annual (dollars), CANSIM.

Defining Affordable Housing

The Official Plan³⁹ for the City of Richmond Hill defines affordable housing for rental and ownership housing. These definitions are in line with the definitions used in the York Region Official Plan of 2010⁴⁰ and the Provincial Policy Statement.

These definitions are based on household income deciles as well as corresponding affordable prices and rents for ownership and renter households. The ownership and renter income deciles for Richmond Hill and York Region are presented below:

Figure 65: Household and Renter Income Deciles: Richmond Hill and York Region; 2019

		Richmond Hill (2019)	Richmond Hill (2019)	York Region (2019)	York Region (2019)
		All Households	Renter Households	All Households	Renter Households
Low	Decile 1	\$23,870	\$11,778	\$29,798	\$14,788
	Decile 2	\$39,584	\$19,213	\$47,090	\$22,713
	Decile 3	\$56,244	\$27,897	\$65,017	\$31,243
Moderate	Decile 4	\$74,825	\$35,705	\$83,762	\$40,399
	Decile 5	\$95,738	\$45,942	\$103,574	\$50,902
	Decile 6	\$118,317	\$56,045	\$125,224	\$62,682
High	Decile 7	\$145,470	\$71,632	\$150,819	\$77,478
	Decile 8	\$181,074	\$89,098	\$184,406	\$98,120
	Decile 9	\$239,171	\$122,603	\$240,347	\$133,444

Source: Statistics Canada Custom Tabulations and SHS Estimations of household incomes

In the case of **ownership housing**, the PPS defines affordability as the least expensive of:

- a) Housing for which the purchase price results in annual accommodation costs not exceeding

³⁹ The City of Richmond Hill 2010 Official Plan, Chapter 7 – Definitions. Accessed from: <https://www.richmondhill.ca/en/shared-content/resources/documents/OMB-partially-approved-Official-Plan-Part-1.pdf>

⁴⁰ York Region 2010 Official Plan, Chapter 9, Definitions. Accessed from: <https://www.york.ca/wps/wcm/connect/yorkpublic/c42be282-db6e-46ca->

[b4e2-427d308156aa/ypopConsolidation2019Definitions.pdf?MOD=AJPERES&CVI=D=mLW2eY6](https://www.york.ca/wps/wcm/connect/yorkpublic/c42be282-db6e-46ca-b4e2-427d308156aa/ypopConsolidation2019Definitions.pdf?MOD=AJPERES&CVI=D=mLW2eY6)

30% of gross annual household income for low- and moderate-income households; or

- b) Housing for which the purchase price is at least 10% below the average purchase price for a resale unit in the regional market area;

In the case of **rental housing**, affordability is defined as the least expensive of:

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

For the purposes of this definition, “low and moderate income households” means in the case of ownership housing, households with incomes in the lowest 60% of the income distribution or, in the case of rental housing, households with incomes in the lowest 60% of the income distribution for renter households for the regional market area.

While the Provincial Policy Statement mentions affordability is based on the **regional market area** (i.e. York Region), research found that using York Region

information would lead to affordable house prices and rents being higher in 2019 than what would be considered affordable if Richmond Hill information were to be used. This is because incomes in 2019 in York Region, as a whole and on average, are higher than those in Richmond Hill. In the future, if the local income deciles produce affordability thresholds that are more expensive in rent/pricing, then York Region’s thresholds would be used.

In 2019, based on York Region Household income deciles affordable **ownership** housing should be priced through the income-based approach at a maximum of **\$488,000** for the lowest 60% of the income distribution. In comparison, when using Richmond Hill Household income deciles, affordable ownership should be priced somewhat lower at a maximum of **\$466,888**. In 2019, deeper ownership affordability is achieved through Richmond Hill Household income deciles compared with York Region Household income deciles. Richmond Hill Household income deciles should therefore be used to determine the ownership affordability threshold in 2019.

Figure 66: Affordable Ownership Thresholds by York Region and Richmond Hill Household Income Deciles; 2019

All Households			
Percentile	Income	Affordable Ownership	
100 th			
90 th			
80 th			
70 th	Richmond Hill	\$118,317	\$466,888
60 th	York Region	\$125,224	\$488,000
50 th			
40 th			
30 th			
20 th	Housing that costs less than 30% of household income for the lowest 60% of household income levels		
10 th			

Source: Statistics Canada Custom Tabulations; 2016, SHS Calculations for Ownership Affordability

For **rental** housing, using the market-based approach, rents should not exceed \$1,320 based on average market rents (100% of average market rent) in Richmond Hill in 2019, or \$1,368 based on average market rents (100% of average market rent) in York Region.

Although the PPS defines the market-based approach as using 100% of average market rents it has been deemed acceptable by CMHC and the Province to use 125% of

average market rent to determine the affordability threshold. Using a rental threshold of 125% of average market rent would also be consistent with York Region’s guideline for monitoring and measuring renter affordability. This approach would therefore result in alignment of government program requirements. Furthermore, the average market rent is based on CMCH’s annual surveys, which includes all purpose-built rental with three units or more. This purpose-built rental housing supply is predominantly comprised of older rental units that have been under rent control according to the Ontario Residential Rent Guideline. These older rental units have rents that are substantially lower than rents from new residential rental units with newer construction and better amenities. Hence, it is appropriate to raise the rental affordability threshold to 125% of the average market rent.

Based on the approach of using 125% of average market rent in Richmond Hill in 2019, rents should not exceed **\$1,650**, or **\$1,710** based on 125% of average market rent in York Region in 2019. In 2019, Richmond Hill’s rental rates provided deeper affordability thresholds than York Region’s. It is recommended that the affordability threshold for rental housing be based on Richmond Hill

rates in 2019, and in the future York Region’s rates may be utilized when these provide deeper affordability⁴¹.

Figure 67: Affordability Thresholds for Rental Housing by York Region and Richmond Hill Household Income Deciles; 2019

Renter Households

Percentile	Income	Affordable Rental
100 th		
90 th		
80 th		125% AMR
70 th	Richmond Hill \$56,045	\$1,650
60 th	York Region \$62,682	\$1,710
50 th		
40 th		
30 th		
20 th		
10 th	125% AMR - meet York Region and Richmond Hill OP definitions	

Source: Statistics Canada Custom Tabulations; 2016, SHS Calculations for Rental Affordability; CMHC Housing Information Portal 2020

⁴¹ It should be noted that throughout this Background Report, analysis is primarily conducted using 100% of average market rent to be consistent with the Provincial Policy Statement’s definition.

Key Findings: Housing Affordability

There is a Need to Increase the Number of Affordable Options in Richmond Hill

With approximately 40% of households spending 30% or more on housing in 2015, Richmond Hill had the highest proportion of households facing affordability issues in York Region and this number increased at a higher rate than households as a whole, indicating there is a significant and increasing need for affordable housing in Richmond Hill.

Low- and moderate-income households were more likely to face housing affordability issues compared to high income households, and an analysis by household type indicates the need is particularly high among larger household types suggesting there is a need for affordable units that are suitable for larger households in Richmond Hill.

There is a Need for Purpose-Built and Affordable Ownership Options for Households with Moderate Incomes

Among households in core housing need, owners were more likely to face affordability issues while renters were more likely to face suitability issues,

indicating a need for additional purpose-built rental and affordable ownership units, including family-sized units.

Average market rents in the primary rental market are only affordable to renter households in the fifth income decile and above while average market rents in the secondary market are only affordable to renter households in the ninth income decile and above, confirming the identified need for purpose-built rental housing units in Richmond Hill

Among households with moderate incomes, owners were more likely to face housing affordability issues and compared to renters, suggesting moderate income households enter the ownership market prematurely, indicating a strong need for purpose-built rental housing and affordable ownership options for these households.

The average house price in the retail market in Richmond Hill is only affordable to a proportion of households in the tenth income decile and households need to have high incomes (seventh income decile or above) to afford the average price for a condominium, indicating the strong need for

affordable ownership units, including ownership units suitable for larger household sizes.

There is a need to Attract Subsidized Housing to Richmond Hill

The high proportion of households in core housing need in the second and third household income deciles, suggests many households with low incomes are relying on housing provided by the market, indicating a need to work with the Service Manager and local non-profits to attract additional affordable and subsidized housing to Richmond Hill.

Household Income Spent on Shelter

In 2015, 37.7% of households (24,130 households) in Richmond Hill were facing housing affordability challenges as they spent 30% or more of their gross household income on shelter; up by 40.3% from 17,200 households in 2005. In comparison, in York Region the proportion of households facing affordability issues was 31.4% and in Ontario as a whole 27.7%.

When comparing Richmond Hill to other urban municipalities in York Region such as Markham and Vaughan, the data show these municipalities had slightly lower proportions of households who spent 30% or more of their household income on shelter with 29.3% and

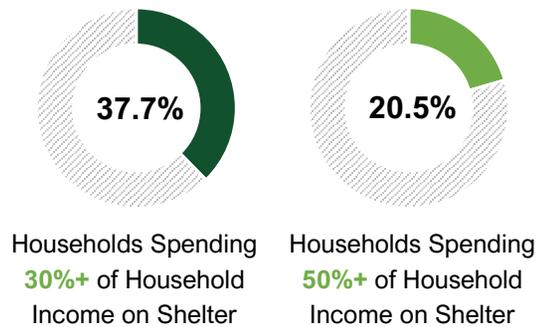
34.3% of households respectively in 2015. This could potentially be explained by the relatively lower incomes in Richmond Hill compared to the relatively higher cost of housing that characterizes the community.

In addition to the proportion of households facing affordability issues, some households in Richmond Hill were facing severe housing affordability issues, indicating they were spending 50% or more of their household income on shelter in 2015. In Richmond Hill this proportion was 20.5% (13,150 households); up by 59.0% from 8,270 households in 2005. This proportion was higher compared to the Region of York and Ontario as a whole where 15.2% and 11.7% of households respectively faced severe housing affordability issues in 2015. The proportion was also higher compared to other urban municipalities in York Region. In Markham 17.2% of households were facing severe housing affordability challenges, and in Vaughan this was 13.2% of all households.

Lastly, it is important to note that the increase in the number of households facing affordability issues (40.3% increase from 2005 to 2015) and severe affordability issues (59.0% increase from 2005 to 2015) was significantly higher compared to household growth as a whole in Richmond Hill over that time (25.7%). This

indicates there is a strong and rapidly increasing need for housing that is affordable to households in Richmond Hill.

Figure 68: Proportion of Households Facing Housing Affordability Issues: The City of Richmond Hill; 2015



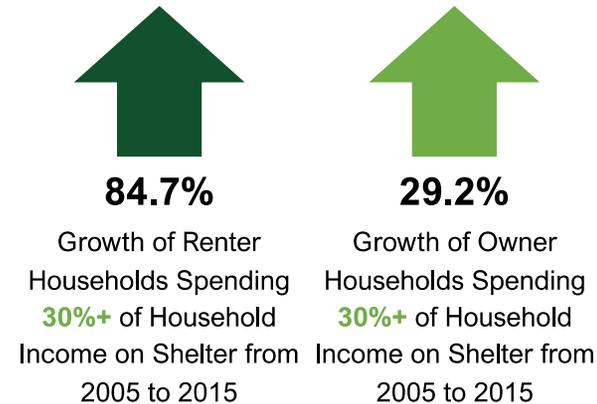
Source: Statistics Canada Custom Tabulations 2016

Household Income Spent on Shelter by Household Tenure

Renter households in Richmond Hill were significantly more likely to face housing affordability issues compared to owner households. In 2015, 55.8% of all renter households in Richmond Hill spent 30% or more of their household income on shelter. In comparison, among owners this was 33.8%. In addition, from 2005 to 2015 the number of renters facing housing affordability challenges increased at a much faster rate (84.7%) compared to owners (29.2%) and households in general

(25.7%). This indicates the need for affordable housing in Richmond Hill is stronger among renters. The strong increase in renter households facing affordability issues could partially be explained by the fact that the secondary market has almost entirely absorbed the increase in renter households in Richmond Hill. Rents in the secondary market are frequently much higher compared to the primary market, which suggests a need for more purpose-built rental housing units that are affordable to renter households in Richmond Hill.

Figure 69: Growth of Households Facing Housing Affordability Issues: The City of Richmond Hill; 2005 - 2015



Source: Statistics Canada Custom Tabulations 2016

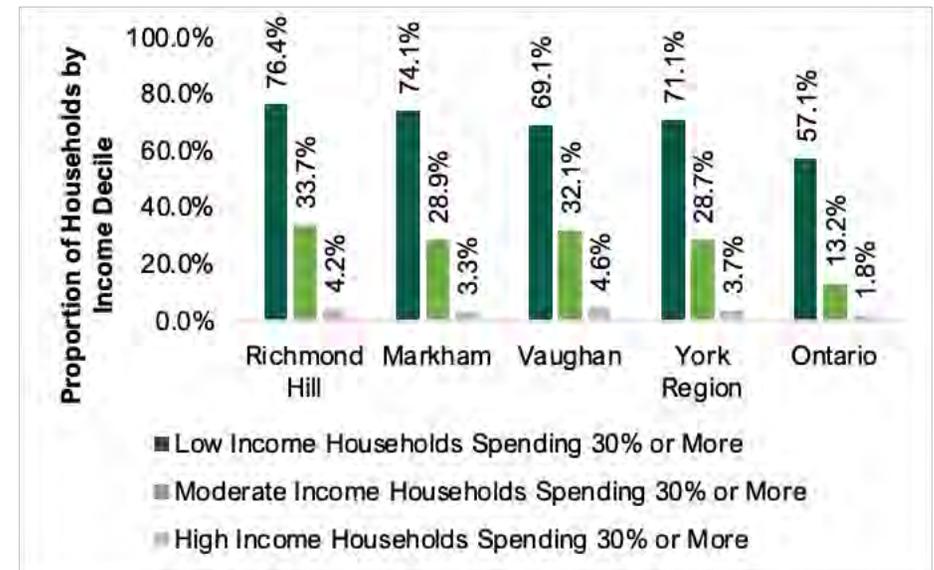
Income Spent on Shelter by Household Income Deciles

Looking at housing affordability by household income deciles, the data show, low- and moderate-income households were significantly more likely to face housing affordability issues. In 2015, 76.4% (17,095 households) of low-income households and 33.7% (6,045 households) of moderate-income households were facing housing affordability issues. In contrast, only 4.2% (1,005 households) of high-income households were facing housing affordability challenges in 2015. As a result, low- and moderate-income household made up almost all households facing housing affordability challenges in Richmond Hill (95.9%).

In addition, the figure below shows that the proportion of low- and moderate-income households facing affordability challenges in Richmond Hill was higher compared to the other southern municipalities in York Region (Vaughan and Markham) and the Region as a whole. This could partially be explained by the relatively higher cost of housing in Richmond Hill and the lower average household incomes (outlined in the two previous chapters above). Furthermore, previous sections also showed that the new units affordable to low- and moderate-income households that were added to the

housing stock in Richmond Hill in recent years were small units with one bedroom or less in apartment buildings. These units would not necessarily be suitable for larger households such as immigrant families, couples with younger children and lone parents. This suggests there is a need for affordable dwellings for these households, particularly for larger households with three members or more.

Figure 70: Proportion of Households Facing Affordability Issues by York Region Household Income Deciles: Richmond Hill and Comparators; 2015



Source: Statistics Canada Custom Tabulations 2016

Household Tenure

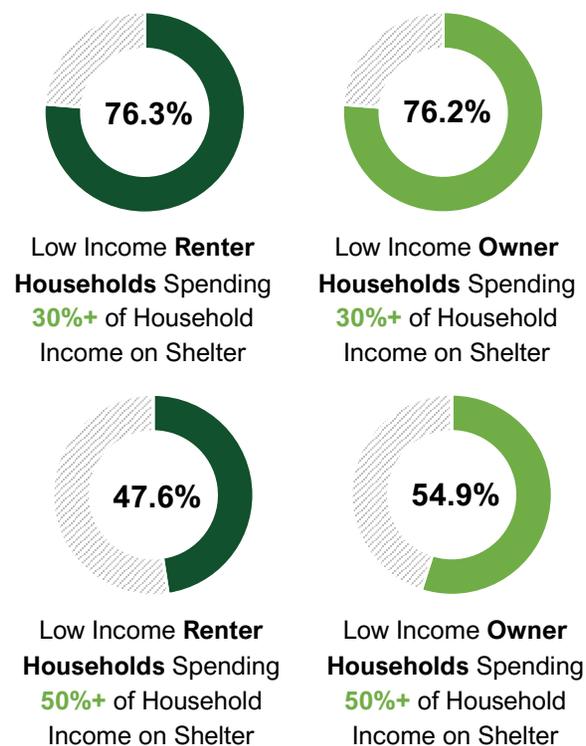
Low-income renters and low-income owners were significantly more likely to face housing affordability issues compared to households overall in 2015. Among low-income renters 76.3% spent 30% or more of their household income on shelter while among low income owners this was 76.2%. For households as a whole, 37.7% were facing housing affordability issues. In addition to facing housing affordability issues, a significant proportion of low-income households faced severe housing affordability issues (i.e spending 50% or more of household income on shelter). Among renters with low incomes this was 47.6%, while among owners with low incomes it was 54.9%.

When looking at moderate income households, the data show owner households in Richmond Hill with moderate incomes were more likely to face housing affordability issues in 2015 (36.1%; 5,470 households) compared to moderate income renter households (20.9%; 575 households). Very few households with moderate incomes in Richmond Hill faced severe housing affordability issues (1,310 households in 2015). Almost all of these households were owner households (1,225).

This could be partially explained by the relatively low proportion of rental housing units in Richmond Hill

compared to owner units (82.4% compared to 17.6%) as well as the limited supply of affordable ownership units suitable for larger households. An insufficient supply of these types of units can force some households to enter homeownership prematurely causing them to face housing affordability issues.

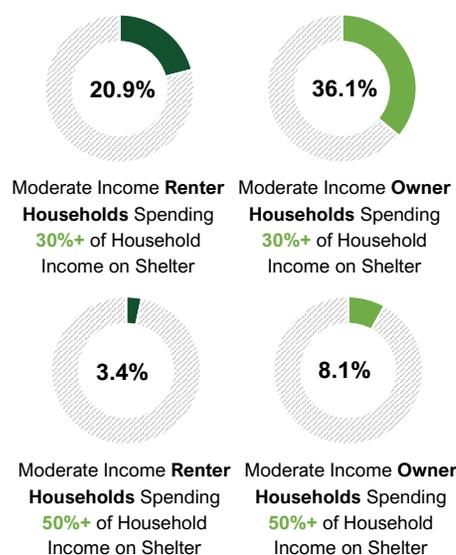
Figure 71: Housing Affordability by Household Income Deciles and Tenure: Richmond Hill; 2015



Source: Statistics Canada Custom Tabulations 2016

These findings show that the need for affordable housing is highest among low-income households in Richmond Hill. However, the data also show that a larger supply of purpose-built rental housing and affordable ownership units suitable for families is needed to help moderate income households find a unit that is suitable and affordable in Richmond Hill.

Figure 72: Moderate Income Households Facing Housing Affordability Issues: Richmond Hill; 2015



Source: Statistics Canada Custom Tabulations 2015

⁴² A recent immigrant is a household who immigrated to Canada within the last 5 years of the census (e.g. 2011 – 2016)

Household Type

Among the different household types, there were certain households who were more likely to face housing affordability issues in 2015 compared to all households. For example, while in general 37.7% face housing affordability issues, among youth households aged 24 or younger, this was 83.9%. Other household types who were more likely to face housing affordability issues were: recent immigrant households⁴², single person households, lone parents, immigrant households, two or more unrelated person households, and households with a member with a physical disability.

Table 2: Households Phasing Affordability Issues by Household Type: Richmond Hill; 2015

Household Type	% Facing Housing Affordability Issues
Households aged 24 years or younger	83.9%
Recent immigrant households	77.2%
Single person households	55.7%
Lone parent households	51.2%
Immigrant households	42.1%
Households with two or more unrelated persons	41.4%

Household Type	% Facing Housing Affordability Issues
Households with a member with a physical disability	39.8%
Total Households	37.7%

Source: Statistics Canada Custom Tabulations 2016

Among households with low incomes, certain household types were more likely to face housing affordability issues. For example, among low-income households, 76.4% faced housing affordability issues. However, among youth households aged 24 or younger 93.9% of faced housing affordability issues. Other household types with low incomes who were more likely to face housing affordability issues compared to households with low-incomes in general were: recent immigrant households, lone parent households, households with two or more unrelated persons, and immigrant households.

Table 3: Housing Affordability Issues by Household Type and York Region Household Income Deciles: Richmond Hill; 2015

Household Type	% of Low-Income Households Facing Affordability Issues
Households aged 24 or younger	93.9%
Recent immigrant households	91.6%

Household Type	% of Low-Income Households Facing Affordability Issues
Couples with Children	87.4%
Lone parent households	76.5%
Households with two or more unrelated persons	77.8%
Immigrant households	78.6%
Total Households with low incomes	76.4%

Source: Statistics Canada Custom Tabulations 2016

Similar to households with low incomes, a number of moderate-income households in Richmond Hill were facing housing affordability issues. In general, 33.7% of moderate income households were facing affordability issues in 2015, however, among recent immigrant households with moderate incomes this was 60.9%. Other moderate-income households who were more likely to face housing affordability issues were couples with children and immigrant households in general.

Table 4: Housing Affordability Issues by Household Type and York Region Household Income Deciles: Richmond Hill 2015

Household Type	% of Moderate-Income Households Facing Affordability Issues
Recent immigrant households	60.9%
Couples with children	43.5%
Immigrant households	38.6%
Total households with moderate incomes	33.7%

Source: Statistics Canada Custom Tabulations 2016

Impact on Housing Affordability: Income Spent on Shelter by Household Income Deciles

Among Moderate Incomes, Owners Were More Likely to Face Affordability Issues

While housing affordability issues are most prominent among households with low incomes, there is a proportion of households with moderate income facing housing affordability issues, and these households were more likely to own their home. This suggests moderate

income households might be forced to enter ownership prematurely.

Larger Households were More Likely to Face Affordability Issues

With the exception of households aged 24 or younger and single households, all household types who were more likely to face housing affordability issues in 2015 tended to be larger households. The lack of construction of larger dwellings that are affordable to these household types are likely a significant contributor to these trends and indicate that there is a strong need for larger rental and ownership dwellings that are affordable to low- and moderate-income households.

Core Housing Need

Another indicator of the need for affordable housing is CMHC’s core housing need statistic. A household is considered to be in core housing need if the dwelling they occupy falls below the adequacy, suitability, or affordability standard⁴³ and if the household would be required to spend more than 30% of its before-tax

⁴³ According to CMHC, **adequate housing** is housing that does not require any major repairs. **Suitable housing** is housing with enough bedrooms for

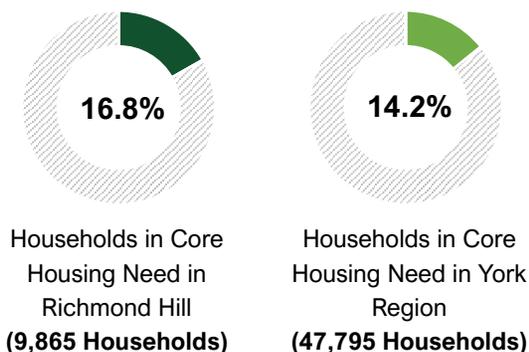
the size and make-up of the household. **Affordable housing** is housing which costs no more than 30% of a household’s income.

household income to pay the median rent for alternative housing which meets all three standards in the area.

Households in Core Housing Need

In 2015, 16.8% of households in Richmond Hill were in core housing need. This equalled to 9,865 households, an increase of 41.6% from 6,965 households in 2005. This increase was significantly faster compared to the increase of households in general (25.7% increase) and suggests, similar to other previous sections that housing that is suitable, affordable and in a good state of repair has become less attainable in Richmond Hill. In addition, compared to the other southern municipalities in York Region (Markham 16.4% and Vaughan 12.0%) as well as the Region as a whole (14.2%), Richmond Hill had the highest proportion of households in core housing need.

Figure 73: Households in Core Need: Richmond Hill and York Region; 2015



Source: Canada Mortgage and Housing Corporation 2019

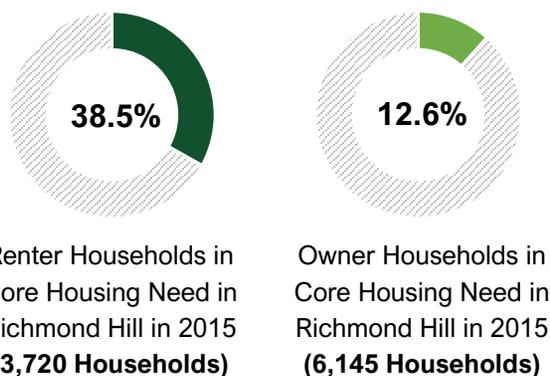
Households who experienced core housing need in Richmond Hill in 2015 were most likely to face housing affordability issues (96.9%). In contrast, 10.2% of households in core need had suitability issues, indicating their home was not large enough to accommodate their household size. A total of 5.0% of households in core need faced adequacy issues, suggesting their home was in need of major repairs⁴⁴. These proportions were similar to those in York Region as a whole where 96.6% fell below the affordability standard, 9.8% under the suitability standard, and 5.3% under the adequacy standard.

⁴⁴ Please note: these proportions do not add up to 100.0% as one household can fall below one or more of the core need standards.

Core Housing Need by Tenure

Renters were significantly more likely to experience core housing need in Richmond Hill compared to owners in 2015 (38.5% compared to 12.6%). In addition, according to custom data from Statistics Canada, the number of renters in core housing need increased by 70.6% from 2,180 renter households in 2005 to 3,720 households in 2015. In comparison, owner households in core need increased by 28.5% from 4,780 in 2005 to 6,145 in 2015. Households overall in Richmond Hill increased by 25.7% as a whole over this period.

Figure 74: Households in Core Housing Need by Tenure: Richmond Hill; 2015



Source: Statistics Canada Custom Tabulations 2016

When looking at core housing need by tenure broken down by the different standards, the data show owners in core housing need were more likely to fall under the affordability standard as opposed to renters (98.2% of owners compared to 94.8% of renters).

Table 5: Households in Core Housing Need by Standard and Tenure: Richmond Hill; 2015

Tenure	In Core Need	Standards		
		Affordability	Suitability	Adequacy
All Households	16.8%	96.9%	10.2%	5.0%
Renter households	38.5%	94.8%	17.1%	6.6%
Owner households	12.6%	98.2%	6.1%	4.1%

Source: Statistics Canada Custom Tabulations 2016

Impact on Housing Affordability: Core Housing Need by Household Tenure

Owners in Core Need were More Likely to Face Affordability Issues

The higher proportion of owner households in core housing need facing affordability issues suggest that some owners are entering homeownership prematurely and indicating a need for additional purpose-built rental, and affordable ownership dwellings.

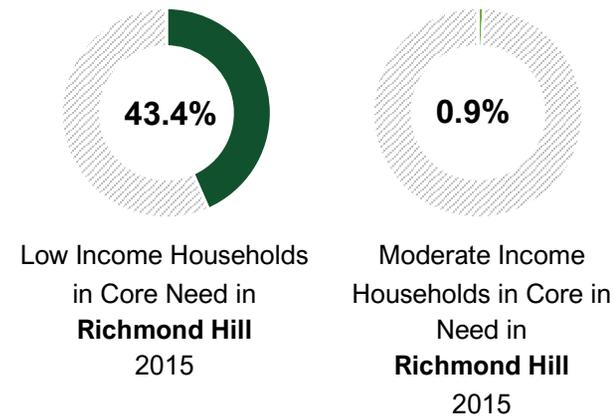
Renters in Core Need were More Likely to Face Suitability Issues

In contrast, the higher proportion of renter households in core housing need who faced suitability issues suggests renters are compromising on living space to achieve affordability indicating a strong need for affordable rental units, in particular units that are larger in size.

Core Housing Need by Household Income Deciles

Low income households in general are more likely to face core housing need as their lower incomes offer these households fewer housing options in the community. Richmond Hill is no exception. Among households with low incomes in 2015, 43.4% were in core housing need. In comparison, among moderate income households only 0.9% were in core housing need and there were no households with high incomes in Richmond Hill in 2015 who experienced core housing need.

Figure 75: Households in Core Need by York Region Household Income Deciles: Richmond Hill; 2015



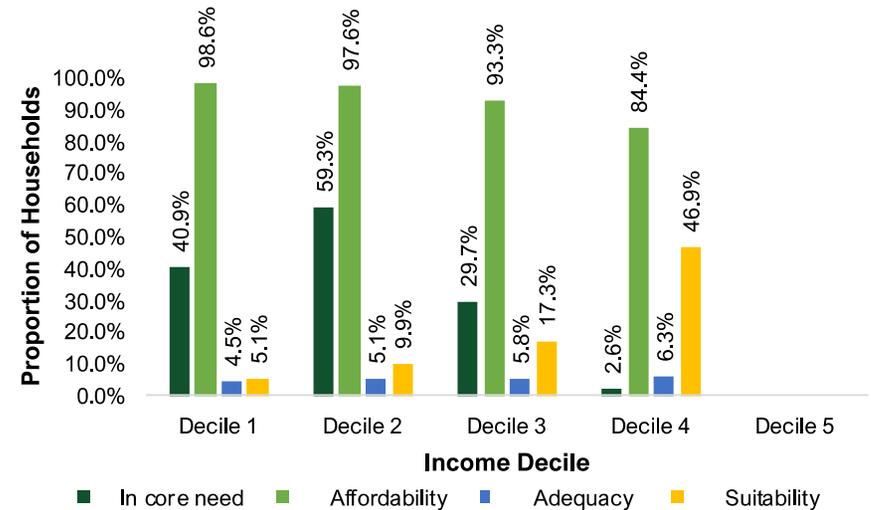
Source: Statistics Canada Custom Tabulations 2016

However, when breaking down core housing need in Richmond Hill by individual income deciles, the data show the lowest income deciles (Decile 1 and 2 earning \$47,090 per year in 2019) were most likely to experience core housing need (40.9% and 59.3% respectively). Almost all households in core housing need in these income groups fell under the affordability threshold (98.6% and 97.6% respectively). Contrary to what one would expect, households in the first income decile earning \$23,870 or less per year in 2019 were less likely to experience core housing need compared to households in the second income decile with incomes from \$23,871 to \$39,584 per year in 2019. This could

possibly be explained because larger proportions of households in the first income decile might have been able to access subsidized and affordable housing options.

The high proportion of households in core housing need in the second- and third-income decile (earning from \$23,871 to 56,244 in 2019) suggests that while these households technically qualify⁴⁵ for subsidized housing, they are most likely to fall between the cracks of the market and social safety nets. This could also explain why households in these income groups were more likely to fall below the suitability standard as they need to find a compromise in the market between the affordability and the size of their dwelling. Among moderate income households, only a small proportion in the fourth income decile (2.6%) were in core housing need in 2015. However, this group was most likely to face suitability issues (46.9%). No households in the 5th income decile or above were in core housing need in 2015.

Figure 76: Households in Core Need by York Region Household Income Deciles: Richmond Hill; 2015



Source: Statistics Canada Custom Tabulations 2016

Impact on Housing Affordability Core Housing Need by Household Income Deciles

Low Income Households Were More Likely to be in Core Housing Need

In general, households in core housing need were households with low incomes. The higher proportion of households in the second and third income decile in core

⁴⁵ Households in York Region must have an annual household income of \$80,000 or below and have assets that not exceed \$75,000 to apply for subsidized housing

housing need suggests these households are not able to benefit from the affordable and subsidized housing options in Richmond Hill and have to rely on the market for their housing needs instead. This suggests there is a strong need for the City of Richmond Hill to attract additional housing options to the City affordable to households with low incomes by working with York Region (the Service Manager) and non-profit housing providers in the community.

Households in Core Need with Higher Incomes Were More Likely to Face Suitability Issues

The relatively high proportion of households in core housing need facing suitability issues in the 3rd and 4th income deciles suggests there is a need for larger dwellings that are affordable to the upper end of low-income households and lower end of moderate-income households in Richmond Hill. This need is unlikely to be met by either the market or the Service Manager and suggests there is an opportunity for the City of Richmond Hill to promote an increase in the number of affordable housing options for households in these income groups.

Rental Housing Affordability

The tables on the following page show the maximum monthly rent that is affordable for each renter income decile. The affordable rents are then compared to

average market rents as reported by CMHC and for condominium apartments in Richmond Hill.

Note that the provincial definition of affordable rental housing is based on renter household incomes for the regional municipality (York Region), as opposed to all household incomes.

As the following graph shows, the total average market rent is not affordable to renter households with incomes from the 1st to the 5th renter income deciles. Only renters with incomes falling within the 6th household income decile or higher can afford the average market rent without spending 30% or more of their income on housing costs.

While renter households with incomes in the 5th income decile can afford the average rent for a one-bedroom unit, renter households would have to have high incomes to afford a three-bedroom unit. This demonstrates that all renter households with low incomes and some renters with moderate incomes would require assistance to avoid spending too much of their income on housing, especially if they needed a unit with more than one bedroom.

When conducting the analysis based on Richmond Hill⁴⁶ renter income deciles, the data show similar results. Renter households would need household incomes in the 6th decile or above to afford the average market rent or the rent for a two-bedroom unit. Renters would need to have incomes in the 7th income decile or above to afford a unit with three or more bedrooms.

⁴⁶ Richmond Hill renter income deciles are based on incomes of households in Richmond Hill while York Region renter income deciles are based on the household incomes of all renter households in York Region.

Table 6: Average Market Rents in the Primary Rental Market Compared to Affordable Rents based on York Region and Richmond Hill Renter Household Income Deciles: Richmond Hill; 2019

Primary Rental Market												
Renter Income Deciles	Richmond Hill Average Market Rents & Richmond Hill Renter Income Deciles 2019						Richmond Hill Average Market Rents & York Region Renter Income Deciles 2019					
	Max Affordable Rent	Average Market Rent ⁴⁷	Bachelor	1 bedroom	2 bedrooms	3 bedrooms+	Max Affordable Rent	Average Market Rent ⁴⁸	Bachelor	1 bedroom	2 bedrooms	3 bedrooms+
		\$1,320	\$1,011	\$1,213	\$1,394	\$1,617		\$1,320	\$1,011	\$1,213	\$1,394	\$1,617
Low Income Deciles 1-3	\$294	No	No	No	No	No	\$370	No	No	No	No	No
	\$480	No	No	No	No	No	\$568	No	No	No	No	No
	\$697	No	No	No	No	No	\$781	No	No	No	No	No
Moderate Income Deciles 4-6	\$893	No	No	No	No	No	\$1,010	No	No	No	No	No
	\$1,149	No	Yes	No	No	No	\$1,273	No	Yes	Yes	No	No
	\$1,401	Yes	Yes	Yes	Yes	No	\$1,567	Yes	Yes	Yes	Yes	No
High Income Deciles 7-10	\$1,791	Yes	Yes	Yes	Yes	Yes	\$1,937	Yes	Yes	Yes	Yes	Yes
	\$2,227	Yes	Yes	Yes	Yes	Yes	\$2,453	Yes	Yes	Yes	Yes	Yes
	\$3,065	Yes	Yes	Yes	Yes	Yes	\$3,336	Yes	Yes	Yes	Yes	Yes
	\$3,066+	Yes	Yes	Yes	Yes	Yes	\$3,337+	Yes	Yes	Yes	Yes	Yes

Source: Statistics Canada Custom Tabulations 2016, CMHC Housing Information Portal; and SHS Calculations based on spending 30% or more of household income on housing costs

⁴⁷ Average market rent is based on all bedroom types.

⁴⁸ Average market rent is based on all bedroom types.

Secondary Rental Market

When looking at the average market rents for rented condominium apartments in Richmond Hill, the data show a more dire picture pertaining to rental housing affordability. The data show that units in the secondary rental market, which comprise 84.7% of all market rental units in Richmond Hill, are significantly less affordable to renter households with low, moderate and even high incomes.

As the tables on the following page shows, renter households would have to earn high incomes (i.e. in the 8th renter household income decile) to be able to afford the average market rent in this market segment. Furthermore, renters would have to earn moderate incomes in the 6th income decile or above to afford a bachelor unit or a high income (in the 7th income decile or above) to afford a one-bedroom apartment.

Renters who require a three-bedroom unit would need an income within the 9th renter household income decile if they were to spend no more than 30% or more of their income on housing costs.

When the same analysis is conducted based on Richmond Hill renter household income deciles, renter households in the 7th renter income decile would no

longer be able to afford the average rent for a one bedroom apartment and households would need to be in the 8th household income decile to afford the average rent for a 2-bedroom apartment.

Impact on Housing Affordability: Renter Housing Affordability

Rental Units are Not Affordable to Renter Households with Moderate and Low Incomes

The lack of affordable rental units for renters with moderate and low incomes can explain why renters in Richmond Hill are significantly more likely to face housing affordability issues compared to owners. In addition, the lack of family-sized affordable rental units can explain why households who tend to be larger were overrepresented among household types who are more likely to face housing affordability issues in Richmond Hill.

There are Insufficient Purpose-Built Rental Units

Lastly, the primary rental market, where rents are more affordable and tenures more secure, comprises of only 15.3% of all rental units in Richmond Hill. This suggest there is a strong need for additional purpose-built rental units for renter households with low and moderate incomes and these units should include family-sized units.

Table 7: Average Market Rents in the Secondary Rental Market Compared to Affordable Rents based on York Region and Richmond Hill Renter Household Income Deciles: Richmond Hill; 2019

Secondary Rental Market												
Renter Income Deciles	Richmond Hill Average Market Rents & Richmond Hill Renter Income Deciles 2019						Richmond Hill Average Market Rents & York Region Renter Income Deciles 2019					
	Max Affordable Rent	Average Market Rent ⁴⁹	Bachelor	1 bedroom	2 bedrooms	3 bedrooms+	Max Affordable Rent	Average Market Rent ⁵⁰	Bachelor	1 bedroom	2 bedrooms	3 bedrooms+
		\$2,239	1,350	1,820	2,386	2,500		\$2,239	1,350	1,820	2,386	2,500
Low Income Deciles 1-3	\$294	No	No	No	No	No	\$370	No	No	No	No	No
	\$480	No	No	No	No	No	\$568	No	No	No	No	No
	\$697	No	No	No	No	No	\$781	No	No	No	No	No
Moderate Income Deciles 4-6	\$893	No	No	No	No	No	\$1,010	No	No	No	No	No
	\$1,149	No	No	No	No	No	\$1,273	No	No	No	No	No
	\$1,401	No	Yes	No	No	No	\$1,567	No	Yes	No	No	No
High Income Deciles 7-10	\$1,791	No	Yes	No	No	No	\$1,937	No	Yes	Yes	No	No
	\$2,227	No	Yes	Yes	No	No	\$2,453	Yes	Yes	Yes	Yes	No
	\$3,065	Yes	Yes	Yes	Yes	Yes	\$3,336	Yes	Yes	Yes	Yes	Yes
	\$3,066+	Yes	Yes	Yes	Yes	Yes	\$3,337+	Yes	Yes	Yes	Yes	Yes

⁴⁹ Average market rent is based on all bedroom types.

⁵⁰ Average market rent is based on all bedroom types.

Ownership Housing Affordability

The following charts show the top range of each income decile (based on all households) estimated for 2019 as well as the maximum affordable house price that each decile can afford, assuming they only spend 30% of their income on housing costs and have a 5% down payment.

The chart on the following page shows, only a proportion of households with incomes in the 10th income decile can afford the total average house price in Richmond Hill for existing homes as well as the average price for a single detached dwelling.

Semi-detached dwellings and row/townhouses are affordable to households in the 9th income decile and above. The average price of condominium apartments is affordable to households with high incomes but not to households with moderate incomes unless they have a down payment which is greater than 5% of the purchase price.

When looking at the analysis based on Richmond Hill household income deciles, the data show a similar picture. The total average house price is only affordable to households with incomes in the 10th income decile.

Impact on Housing Affordability: Ownership Affordability

Newly Constructed Affordable Ownership Units are Not Suitable for Larger Households

Resale units are, on average not affordable to households with moderate incomes or below. While data from the Region's monitoring exercise showed there were a number of ownership units constructed that are affordable to households with moderate incomes (13.0%), all of these units were small condominium or apartment units with one bedroom or less.

These units are appropriate only for households with one or two persons. This could partly explain earlier findings showing some households with moderate incomes were facing housing affordability issues. Furthermore, an analysis by household type showed these household were more likely to be larger households which would need unit sizes with two bedrooms or more. This indicates there is an opportunity for the City of Richmond Hill to stimulate the development of affordable ownership units with two bedrooms or more.

Table 8: Average Resale House Prices in Richmond Hill Compared to Affordable House Prices based on York Region Household Income Deciles: Richmond Hill; 2019

Ownership Affordability – York Region Household Income Deciles 2019							
Household Income Deciles	Max Affordable House Price	Average House Price ⁵¹	Detached Houses	Semi-Detached Houses	Condominium Townhouses	Condominium Apartment	Attached/Row/Townhouse
		\$1,038,608	\$1,367,975	\$906,772	\$662,725	\$513,442	\$863,996
Low Income (\$65,017 or below)	\$116,124	No	No	No	No	No	No
	\$183,510	No	No	No	No	No	No
	\$253,374	No	No	No	No	No	No
Moderate Income (\$65,018 - \$125,224)	\$326,423	No	No	No	No	No	No
	\$403,631	No	No	No	No	No	No
	\$488,000	No	No	No	No	No	No
High Income (\$125,225+)	\$590,983	No	No	No	No	Yes	No
	\$728,017	No	No	No	Yes	Yes	No
	\$956,374	No	No	Yes	Yes	Yes	Yes
	\$956,375+	No*	No*	Yes	Yes	Yes	Yes

Sources: Statistics Canada, Custom Tabulations, 2016; TREB Market Watch Data for Existing Homes Transactions and Regional calculations based on spending 30% of income on housing costs, 5% down payment, 25-year mortgage, and 5.19% interest rate

⁵¹ Average market rent is based on all housing types.

Table 9: Average Resale House Prices in Richmond Hill Compared to Affordable House Prices based on Richmond Hill Household Income Deciles: Richmond Hill; 2019

Ownership Affordability – Richmond Hill Household Income Deciles 2019							
Household Income Deciles	Max Affordable House Price	Average House Price ⁵²	Detached Houses	Semi-Detached Houses	Condominium Townhouses	Condominium Apartment	Attached/Row/Townhouse
		\$1,038,608	\$1,367,975	\$906,772	\$662,725	\$513,442	\$863,996
Low Income (\$56,244 or below)	94,192	No	No	No	No	No	No
	156,200	No	No	No	No	No	No
	221,941	No	No	No	No	No	No
Moderate Income (\$56,245 - \$118,317)	295,267	No	No	No	No	No	No
	377,788	No	No	No	No	No	No
	466,888	No	No	No	No	No	No
High Income (\$118,318+)	577,236	No	No	No	No	Yes	No
	723,982	No	No	No	Yes	Yes	No
	963,930	No	No	Yes	Yes	Yes	Yes
	963,931+	No*	No*	Yes	Yes	Yes	Yes

Sources: Statistics Canada, Custom Tabulations, 2016; TREB Market Watch Data and Regional calculations based on spending 30% of income on housing costs, 5% down payment, 25-year mortgage, and 5.19% interest rate

Ownership Supply by Household Income Deciles

The following figure shows the current proportion of dwellings in Richmond Hill based on their assessed value that are affordable to each household income decile

based on Richmond Hill household income deciles. The data show that based on the assessed value, 0.2% of ownership dwellings were affordable to households with low incomes in the first three income deciles (\$56,244 or below) in 2019, even though this group represents 30% of all households in Richmond Hill. This illustrates that

⁵² Average market rent is based on all housing types.

home values in Richmond Hill are very unaffordable to households with low incomes, and it is unlikely that these households occupy housing of this tenure type.

Furthermore, 16.1% of owned dwellings were affordable to households with moderate incomes (\$56,245 to \$118,317) in Richmond Hill in 2019. This equals to 16.3% of all dwellings including those dwellings affordable to households with low incomes. This limited supply suggests there is a need for ownership dwellings that are affordable to households with moderate incomes. Households with moderate incomes are likely turning to the rental market to seek housing as they are often priced out of the ownership market. As mentioned previously in this report, the rental supply in Richmond Hill is quite scarce. This highlights the affordability challenges present for households with moderate incomes that cannot afford many of the ownership dwellings in Richmond Hill, but that might also be unable to find vacant rental housing.

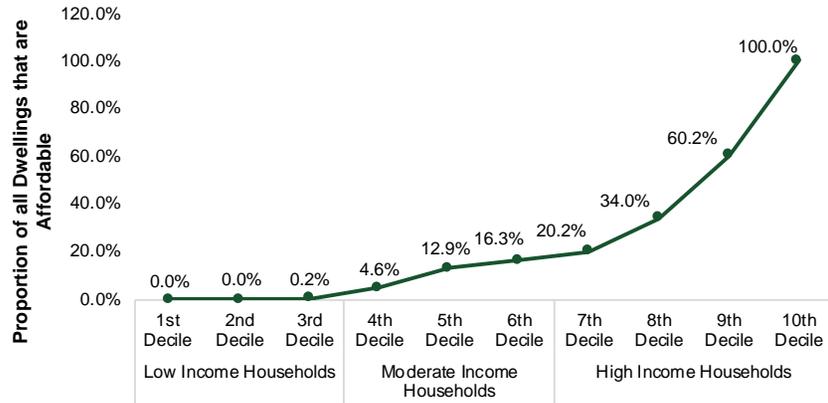
In comparison, of all owned dwellings in Richmond Hill, 83.7% were only affordable to households with high incomes (earning \$118,318 or more). Although 83.7% of homes are affordable to this group based on assessment

values, households with high incomes only represent 40% of households in Richmond Hill. This demonstrates a misalignment between the supply and demand for housing that exists in Richmond Hill's ownership market.

Based on the assessed values of the dwellings in Richmond Hill in 2019, and based on household incomes of residents, if all of the ownership housing were to be made available for sale today only the highest 30% of income earning households could afford most (66%) of the housing prices assessed in the market. Even households with incomes at the top of the seventh income decile (who earn \$145,470 annually) could only afford to purchase approximately 20% of the dwellings in the ownership market. The lower half (50%) of the households, based on the income distribution, in the City would not be able to afford to purchase over 85% of the dwellings in the market⁵³.

⁵³ This analysis assumes a 25% down payment and a 25-year mortgage.

Figure 77: Proportion of Dwellings Affordable to Each Household Income Decile: The City of Richmond Hill; 2019

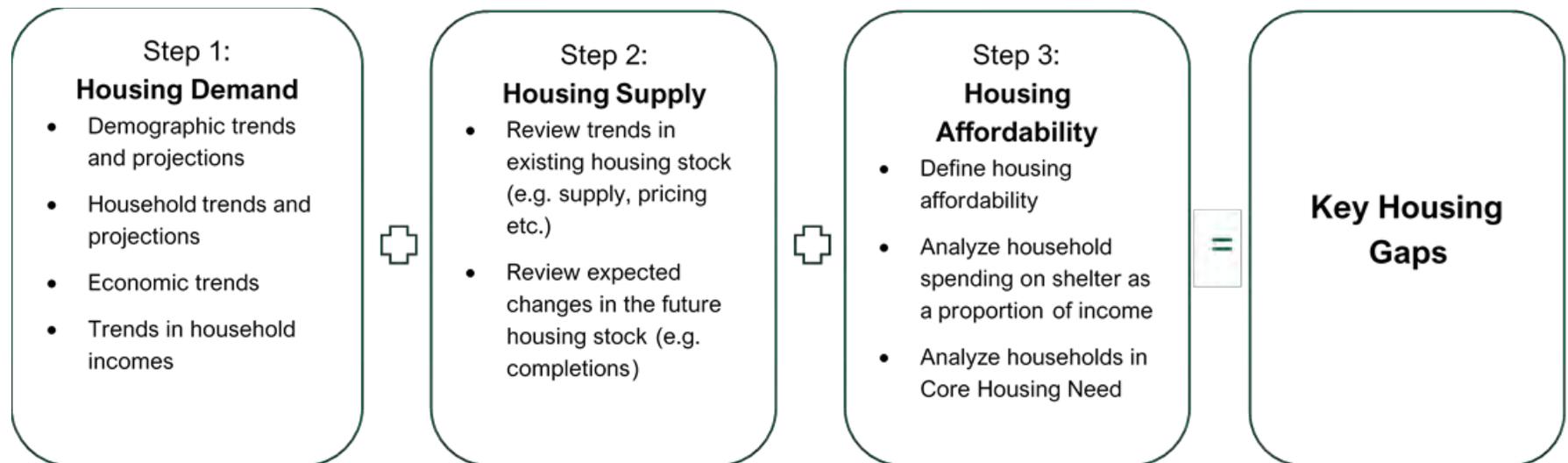


Source: City of Richmond Hill, based on 2019 MPAC assessment values; 2019.

2.4 Housing Gaps

This section outlines the housing gaps identified in the previous sections of this report. The key housing gaps were determined by comparing trends and forecasts of demographics, household characteristics and household incomes in the City of Richmond Hill with the existing and planned housing supply, as well as trends in housing affordability. This analysis led to five key findings [housing gaps] that summarize the current and emerging need for housing that is adequate, suitable and affordable in the City of Richmond Hill.

Figure 78: Methodology to Determine Key Housing Gaps



Key Housing Gaps

The key housing gaps in Richmond Hill are as follows.

There is a need to continue to diversify the housing stock, including smaller dwellings, as well as family sized dwellings, to attract younger households (aged 25 to 44 years) while allowing seniors (aged 65+ years) to age in place.

The majority of dwellings in Richmond Hill were single- or semi-detached (69.9%). However, the demographics of Richmond Hill are changing. While larger sized households (three members or more) remain the predominant household size (58.9%), smaller households grew at a significantly faster pace (40.7%) compared to households as a whole (25.7%) from 2006 to 2016.

In addition, the population is aging. From 2006 to 2016, households with primary maintainers aged 25 to 44 years in Richmond Hill decreased (-13.2%) at a significantly faster rate compared to other municipalities in the Greater Toronto Area (GTA), indicating younger households are likely having challenges to find affordable and suitable housing in Richmond Hill and are delaying household formation by remaining in their parental home or by moving to different municipalities in the GTA. In contrast, the number of households led by seniors (aged 65+ years) or adults aged 45 to 64 years were the fastest

growing age groups over that same time period (77.9% and 41.9% growth respectively).

Single- and semi-detached dwellings are not always the most suitable dwelling type for seniors and older adults to age in place. In addition, these dwelling types are also the most expensive dwellings and are only affordable to households in the 10th income decile.

When looking at building permits and completions, the data show the housing stock is changing and more diverse dwellings types are being built or proposed. It would be important to continue to support these trends through policy incentives and ensure the housing stock will also meet the needs of residents in Richmond Hill in the near future. However, only 13.0% of newly constructed dwellings in 2018 were affordable to households with low and moderate incomes and these dwellings were exclusively ownership dwellings with one-bedroom or less. This could explain why, among moderate income households, households who are typically larger (immigrant households and couples with children), were significantly more likely to face housing affordability challenges. This indicates a need to further diversify the housing stock with dwellings that include larger sized rental and affordable ownership options in Richmond Hill.

There is a need to increase the number of rental housing options that are in a good state of repair and affordable to households with moderate and low incomes in Richmond Hill.

Average household incomes in Richmond Hill were lower compared to York Region as a whole and among households with moderate and low incomes, average household incomes increased at a significantly lower rate compared to inflation from 2006 to 2016. In contrast, the average price of a home grew at almost six times the rate of inflation over that time period (148.5% compared to 28.6%) indicating homeownership has become rapidly unaffordable to these households. In addition, the number of rental dwellings in need of major repairs was generally higher as opposed to ownership units (4.8% compared to 2.9%).

The previous gap showed that in 2018 all newly completed dwellings were ownership dwellings and very few (13.0%) were affordable to households with moderate incomes or below. This could explain the higher proportions of households with low- and moderate incomes who are facing housing affordability issues or who are in core housing need in Richmond Hill and demonstrate a strong need for more rental housing options that are in a good state of repair and affordable to households in these income groups. This is also

supported by the large number of households on the centralized wait list for subsidized housing as well as the long wait times, which indicates the existing stock of affordable and subsidized rental housing in Richmond Hill is not sufficient to meet the need in the community.

Data on core housing need by housing income deciles showed in particular larger households in the second and third income decile are in need, likely as they are de-prioritized for affordable and subsidized options even though, according to their income, they might qualify for these options. This suggests there is a strong need to attract more affordable rental housing options to Richmond Hill including family-sized options.

There is a need to increase the supply of accessible and supportive housing options for households with a disability or mental health issue by collaborating with York Region and local stakeholders.

While the analysis on housing supply showed there were a number of supportive housing options in Richmond Hill, custom tabulation data showed the number of households with a member with a physical or cognitive disability, as well as households with a member with a mental health issue who might be able to benefit from such a unit far exceeded the supply of 83 units found in the City.

This was confirmed when looking at waitlist data for supportive housing which showed there were 514 individuals in Richmond Hill waiting for a form of housing with supports. Furthermore, data from the York Region Homelessness Pit Count in 2018 which found that among homeless individuals in York Region, including Richmond Hill, many reported to have a mental health issue (48.0%), a medical condition (37.0%), a substance abuse issue (34.0%) or a physical disability (31.0%) and would need accessible or permanent supportive housing to remain independently housed in the community.

This suggests there is a need to work together with the Service Manager and local stakeholders to increase the number of accessible and supportive housing options in Richmond Hill to better accommodate these households.

There is a need to increase the stock of purpose-built rental housing in the primary rental market in Richmond Hill.

The rental vacancy rate and the very limited supply of units in the primary rental market even though the number of renters increased at a significantly faster pace compared to households as a whole (61.0% versus 25.7%) demonstrate a need for increasing the supply of these units. While home ownership may be the ideal for

some households, rental housing provides more flexibility, requires less maintenance, and is generally more affordable for households with low and moderate incomes. This could explain why renter households were more likely to be in core housing need compared to owner households. Rental housing may be the better option for young adults just starting their careers, people looking to move to or closer to Richmond Hill for work especially in lower paying occupations, people living alone or with roommates, and seniors who wish to downsize. It is particularly important to encourage the development of primary rental units as these are much more stable and generally more affordable compared to rental units in the secondary rental market. Furthermore, adding to the supply in the primary rental market may encourage some households to move to newer rental units which would then free up some of the more affordable units that currently exist.

There is a need to develop ownership options that are affordable to households with moderate incomes and that are appropriate for larger households.

While data collected by the Region mentioned above show some new affordable ownership apartments are added to the housing stock in Richmond Hill, almost all of these dwellings were smaller condominium apartments, which would only be appropriate to smaller households.

Furthermore, in the resale market, even the average condominium price would not be affordable to a moderate-income household. As such, it would be important to work with the development industry and other partners such as the Region to focus efforts on encouraging the development of ownership options that are affordable to larger households, including families with children or families planning to have children. While the data suggest smaller households are increasing at a faster rate, the majority of households in Richmond Hill remain households with three or more persons. In addition, the moderate-income household types who were more likely to face affordability issues compared to moderate income households as a whole are frequently larger households.

Housing Gaps Along the Continuum

The following section outlines the housing gaps in Richmond Hill along the income continuum.

Households with Low Incomes

The figure below shows there were an estimated 25,525 households with low incomes in Richmond Hill in 2019

⁵⁴ This excludes temporary housing solutions such as shelters and transitional housing.

and that these households had incomes of \$65,017 or less in 2019. They could afford a maximum monthly rent of \$1,406 and a maximum house price of \$221,941. These households would include households earning the minimum wage, those receiving government assistance such as Ontario Works or the Ontario Disability Support Program or those on a fixed retirement income. Among these households, certain household types were more likely to face housing affordability issues than others. These include, youth, recent immigrant households, couples with children, lone parents, households with two or more unrelated persons, and immigrant households.

In general, households with low incomes would rely on affordable, subsidized and/or supportive housing options supplied by non-market providers as well as on housing in the more affordable segments of the private rental sector (e.g. smaller bedroom units in purpose-built rental apartments or secondary suites). When combining the entire supply of permanent housing options⁵⁴ that are affordable to households with low incomes in Richmond Hill, the data show there are 3,302 units available to these households.

However, there were approximately 16,237 individuals and families waiting for a subsidized housing unit and while the average rent for one-bedroom and bachelor apartments in the primary rental market was affordable to households with low incomes, the 1.8% and 0.0% vacancy rate in 2019 for these units suggests there is only a very small supply that is actually available. The \$2,263 average market rent in the secondary market in Richmond Hill is not affordable to these households, which could explain why 76.4% of these households were facing housing affordability issues and more than half (52.6%) were facing severe housing affordability issues. Lastly, 43.4% of households with low incomes were in core housing need. To address these housing gaps, there is a need for more affordable rental options for households with low incomes throughout Richmond Hill. The need is particularly high for options for larger households as demonstrated by the higher proportions of recent immigrants, couples with children, lone parents, households with two or more unrelated persons and immigrants who faced with low incomes who faced housing affordability issues.

In addition, while households with a member with physical and/or cognitive disabilities and/or mental health issues were not more likely than all households with low-incomes to be facing housing affordability issues, it should be noted that these household types generally

have lower incomes and would be more likely to find it challenging to pay for renovations to their homes to make these accessible and/or to pay for support services. Therefore, it is also important to ensure a portion of these units are barrier-free and have support services.

Ensuring there are sufficient housing options available for households with low incomes is primarily the responsibility of York Region as the Service Manager for Housing in the area. However, considering the significant need for additional housing options for this income group, the data show, there could be an opportunity for the City of Richmond Hill to address a portion of this need, particularly for households in the third income decile. Households in the third income decile are often de-prioritized for affordable and subsidized housing in favour of higher priority households (e.g. victims of domestic violence, individuals experiencing homelessness), even though, according to their income, they might qualify for these options. It would be important to explore how the City of Richmond Hill, together with its partners could contribute to addressing (where appropriate) some of the housing need for this group.

Households with Moderate Incomes

There were approximately 20,457 households with moderate incomes in Richmond Hill in 2019. These

households had incomes ranging from \$65,018 to \$125,224 in 2019. These households would be able to afford a maximum monthly rent of \$2,958 and a maximum house price of \$466,888. Certain household types with moderate incomes were more likely to face housing affordability issues compared to others. These include: recent immigrant households, couples with children, and immigrant households.

Generally speaking, these households rely on the private market to address their housing need either through market rental units in the primary or secondary market, as well as through more affordable ownership options. This may explain why 33.7% were facing housing affordability issues and 7.3% were facing severe housing affordability issues. In addition, 0.9% were in core housing need. The lack of affordable housing options for this group could also explain why there has been a decrease in younger adult households aged 25 to 44 years old from 2006 to 2016 as they choose to stay longer in their parental home or move to different municipalities in the Greater Toronto Area.

The units which are currently being added to the stock that are affordable to these households are almost exclusively smaller ownership units in high or mid-rise developments. As such, adding more purpose-built rental housing, as well as ownership options which are

larger and appropriate for larger households would help address the gap for this group. New affordable options for this group could also assist some households to find a suitable and affordable unit in the community, while potentially creating more available housing supply for households with low incomes by freeing up smaller units.

Since developing housing that is affordable to moderate income households requires fewer supports and incentives, the City of Richmond Hill is in a unique position to play a major role in meeting this need through a number planning and policy tools that are at its disposal.

Households with High Incomes

There were an estimated 27,082 households in Richmond Hill that had high incomes in 2019. These households have an estimated income greater than \$125,256 and would be able to afford a monthly rent of \$2,959 or more and a house price of \$466,998 or more. However, given that the average house price in Richmond Hill was \$1,038,608 in 2019, which is only affordable to households with incomes in the 10th household income deciles and only condominium apartments are affordable to households with incomes in the 7th and 8th income decile, there may be a need to ensure that there are

sufficient dwelling options for larger households with incomes in the 7th, 8th and 9th income deciles.

In addition, when looking at this income group by age, 43.6% of these households were aged 45 to 64 years, indicating a significant number of these households will reduce, or already have reduced, in size as children leave the family home. An Ipsos Reid poll conducted in 2014 found 60% of non-retirees in York Region plan to sell their current dwelling to fund their retirement. These will often be single-detached homes. While a number of these households would opt for a condominium apartment, others might desire a different dwelling type or tenure. To ensure these households will remain in the community as they age, it would be important to provide a range of options and tenures for older adults suitable for aging in place (e.g purpose-built rental apartments for seniors, bungalows, tri-plexes/duplexes etc.).

Figure 79: Summary of Housing Gaps within the Housing System in Richmond Hill: 2019

		Households with Low Incomes (\$65,017 or less)	Households with Moderate Incomes (\$65,018 - \$125,224)	Households with High Income (\$125,225 or more)
Housing Demand	HOUSEHOLDS	25,525 households (34.9% of all households)	20,457 households (28.0% of all households)	27,082 households (37.1% of all households)
	WHAT IS AFFORDABLE?	rent of up to \$1,406 house price of up to \$221,941	rent of up to \$2,958 house price of up to \$466,888	rent at \$2,959 + price at \$466,889 +
	THE NEED			
	Spending 30%+ on housing	19,510 households (76.4%)	6,899 households (33.7%)	1,147 households (4.2%)
	Spending 50%+ on housing	13,438 households (52.6%)	1,495 households (7.3%)	86 households (0.3%)
	In core housing need	11,082+ households (43.4%)	183+ households (0.9%)	0+ households (0%)
	Small Households (1-2 persons)	15,889 households (62.2%)	8,551 households (41.8%)	5,552 households (20.5%)
	Large Households (3+ persons)	9,619 households (37.7%)	11,906 households (58.2%)	21,524 households (79.5%)
	Household Types	Youth, recent immigrant households, couples with children, lone parent households, households with two- or more unrelated persons and immigrant households	Recent immigrant households, couples with children and immigrant households	N/A
Housing Supply	SYSTEM CAPACITY	<ul style="list-style-type: none"> o 302 shelter beds including 66 seasonal beds, 4 crisis beds and 72 beds for women who experienced domestic violence o 42 transitional housing beds/apartments o 83 supportive housing units o 2,392 community housing units, where 1,613 have a subsidy attached, and 5 additional units owned by Housing York in condos in Richmond Hill o 56 rent supplements o 73 bachelor units in the primary rental market o 645 1-bedroom units in the primary rental sector 	<ul style="list-style-type: none"> o 884 2-bedroom apartments in the primary rental sector o 108 3-bedroom apartments in the primary rental sector o 8,566 units in the secondary rental market o 60,210 owner occupied units 	
	THE GAP	<ul style="list-style-type: none"> o 6,286 non-senior & 6,261 senior households on the wait list for subsidized housing (2018) o 514 people waiting for supportive housing o 11,082 households in core need 	<ul style="list-style-type: none"> o 1.2% vacancy rate in the primary rental market (2019) <p>purpose-built rental, affordable ownership, and family sized units.</p>	<ul style="list-style-type: none"> o average of 30 days on the market <p>housing affordable to households with incomes in the 7th to 9th income decile, housing affordable to first-time home buyers</p>
The Gap	What Housing Is Required?	community housing, affordable rental, family sized units, smaller units, units with accessibility features, and housing with supports		

Note: Household and dwelling totals in this table were estimated for 2019 to reflect the current supply and do not match household totals for 2016 mentioned earlier in this report.

3.0 Sub-Report 2: Housing Policy Context in Richmond Hill

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3.1 Introduction

The housing sector in Richmond Hill operates within a larger National, Provincial and Regional framework of legislation, policies and programs. This sub-report provides an overview of the planning and housing policies which influence the development of affordable and market-rate rental housing in Richmond Hill. Policies and initiatives from the following levels of government were included in this report:

- Federal policies and initiatives
- Provincial policies and initiatives
- Regional policies and initiatives
- Municipal policies and initiatives

The report also outlines the different actors in the housing system in Richmond Hill, including descriptions of their current role and capacity. These findings are summarized in a schematic overview of these actors and roles in table format at the end of the report. This table will be used as a starting point during consultations with stakeholders to further understand their role and explore how they might be able to increase their role within the system.

⁵⁵ The Government of Canada 2017. National Housing Strategy – A Place to Call Home. Accessed from: <https://www.placetocallhome.ca/>

3.2 Federal Policies and Initiatives

National Housing Strategy

The National Housing Strategy⁵⁵ is a 10-year federal strategy introduced in 2017. It sets out a vision for housing in Canada which is “Canadians have housing that meets their needs, and they can afford. Affordable housing is a cornerstone of sustainable, inclusive communities and a Canadian economy where we can prosper and thrive.”

The National Housing Strategy identified the following targets.

- 530,000 households removed from housing need
- 385,000 households protected from losing an affordable home and another 50,000 benefitting from an expansion of community housing
- 300,000 existing housing units repaired and renewed
- 50% reduction in estimated number of chronically homeless shelter users
- 100,000 new housing units created

- 300,000 households provided with affordability through the Canada Housing Benefit

These targets are intended to be met through a \$55+ billion joint investment between the federal and provincial governments in partnership with the private sector provided through the following programs and initiatives.

- Federal Community Housing Initiative
- Canada Community Housing Initiative
- Homelessness programming
- Improving homeownership options for Canadians
- National Housing Co-Investment Fund
- Federal lands for affordable housing
- Rental Construction Financing
- The Rapid Housing Initiative
- Federal-Provincial/Territorial Housing Partnership
- Distinctions-based Indigenous Strategies
- Canada Housing Benefit
- Evidence-based housing: research, data and demonstrations

This funding is administered by CMHC and provided through several initiatives such as:

- the National Housing Co-Investment Fund, which provides low-cost loans and/or financial contributions to support and develop new mixed-income, mixed-tenure, mixed-use affordable housing
- the Rental Housing Construction Financing Program, which provides low cost loans to

encourage the development of new purpose-built rental housing

- the Affordable Housing Innovation Fund, which provides funding for unique and innovative building techniques that revolutionize the affordable housing sector
- the Rapid Housing Initiative, which is a \$1 billion program designed to help address urgent housing needs for vulnerable Canadians and will aim to develop 3,000 new units by March 31st 2021, and
- the Federal Lands Initiative, which provides surplus federal lands and buildings for the creation of affordable housing

In addition, CMHC has increased the maximum amount available through the Seed Funding Program, which provides interest-free loans and grants to help with the costs related to pre-development activities for new affordable and rental housing construction projects.

The National Housing Strategy takes a human rights-based approach to housing as part of Canada’s commitment to realize the right to adequate housing as part of an adequate standard of living for all its citizens. As part of this approach, the Strategy prioritizes those in need while covering the whole spectrum of housing needs.

2019 Federal Budget⁵⁶

The 2019 Federal Budget⁵⁷ focuses on increasing the supply of housing as well as helping middle class families find affordable housing. Housing-related funding in the budget include the following.

- First-Time Home Buyer Incentive – this incentive aims to help make home ownership more affordable for first-time home buyers who have the minimum down payment for an insured mortgage by providing them with the ability to apply to finance a portion of their home purchase through a shared equity mortgage with CMHC. Qualified first-time home buyers would be offered a 10% shared equity mortgage for a newly constructed home or 5% for an existing home to reduce the funds required for a down payment. Since no ongoing payments would be required with the incentive, households would have lower monthly mortgage payments. The homebuyer will have to repay the Incentive based on the property's fair market value at the time of repayment. If a homebuyer received

a 5% Incentive, they would repay 5% of the home's value at repayment. If a homebuyer received a 10% Incentive, they would repay 10% of the home's value at repayment.

- Increasing the Home Buyer's Plan withdrawal limit from \$25,000 to \$35,000
- Rental Construction Financing Initiative – additional \$10 billion in funding over nine years, extending the program until 2027 – 2028
- Housing Supply Challenge – funding of \$300 million for groups who propose initiatives which break down barriers limiting new housing
- A \$950 million endowment to the Green Municipal Fund, managed by the Federation of Canadian Municipalities, who used part of this funding to launch a \$300 million fund called the Sustainable Affordable Housing Initiative. This program assists municipal providers, not-for-profit organizations, or housing cooperatives with grants, loans, and capacity-building resources to support the construction and retrofitting of energy-efficient affordable housing.

⁵⁶ The 2020 budget was scheduled on March 30th 2020 but was postponed to a later date yet to be announced as a result of the Covid-19 pandemic.

⁵⁷ The Government of Canada 2019. Budget 2019 – Investing in the Middle Class. Accessed from: <https://www.budget.gc.ca/2019/home-accueil-en.html>

3.3 Provincial Policies and Initiatives

Provincial Policy Statement

The Provincial Policy Statement⁵⁸ (PPS) outlines the Province’s policies on land use planning and is issued under Section 3 of the Planning Act. It provides policy direction on land use planning to promote strong, healthy communities and all local decisions affecting land use planning matters “shall be consistent with” the PPS.

A review of the PPS was included as part of the Housing Supply Action Plan. The Province released its renewed PPS on February 28th 2020, coming into effect on May 1st 2020.

Policies related to increasing the housing supply and mix include the following.

- Increase land supply requirements for municipalities
- Increase the planning horizon from 20 to 25 years
- Increase supply of housing through intensification, redevelopment or designated lands from 10 years to 15 years

- Allow for higher minimum requirements for serviced residential land of 5 years for upper- and single-tier municipalities
- Increase flexibility for municipalities related to the phasing of development and compact form
- Add flexibility to the process for settlement area boundary expansions
- Provide flexibility for municipalities to consider residential development on rural lands that is locally appropriate, including lot creation
- Require transit-supportive development and prioritizing intensification in proximity to transit
- Support the development of housing to meet current and future housing needs and adding reference to housing options
- Support municipalities in achieving affordable housing targets by requiring alignment with Housing and Homelessness Plans
- Broaden PPS policies to enhance support for development of long-term care homes

A Place to Grow: Growth Plan for the Greater Golden Horseshoe

⁵⁸ The Province of Ontario 2020. Provincial Policy Statement. Accessed from: <https://www.ontario.ca/page/provincial-policy-statement-2020>

On June 16, 2020, the Province of Ontario released Proposed Amendment 1 to A Place to Grow: Growth Plan for the Greater Golden Horseshoe⁵⁹. The Amendment introduced updated population and employment forecasts to the year 2051 and housekeeping and other policy changes, generally to better align with the Provincial Policy Statement 2020 and the Housing Supply Action Plan. The Amendment updated the prior, 2019 Growth Plan (itself, an update of the 2017 Growth Plan), and the updated, consolidated Growth Plan (Growth Plan 2020) came into effect in August 2020. A Place to Grow helps manage growth so communities in the Greater Golden Horseshoe develop in ways that expand economic opportunity, increase housing supply and protect jobs while maintaining the protections for the Greenbelt, agricultural lands, and cultural and natural heritage systems.

The 2006 Growth Plan identified 25 urban growth centres and this Plan continues to recognize those urban growth centres as regional focal points for accommodating population and employment growth.

⁵⁹ A Place to Grow: Growth Plan for the Greater Golden Horseshoe 2020. Provincial Policy Statement. Accessed from: <https://files.ontario.ca/mmah-place-to-grow-office-consolidation-en-2020-08-28.pdf>

The Plan (2.2.1) states that the majority of growth will be directed to settlement areas. Within these settlement areas, growth will be focused in delineated built-up areas; strategic growth areas; locations with existing or planned transit, with a priority on higher order transit where it exists or is planned; and areas with existing or planned public service facilities. Richmond Hill has several such strategic growth areas. These are mostly located along the Yonge and Highway 7 corridors which include a total of 16 designated Major Transit Station Areas in the City of Richmond Hill. The Plan also states that applying the policies will support the achievement of complete communities which feature a diverse mix of land uses and provide a diverse range and mix of housing options, including second units and affordable housing.

Housing

Housing Policies are set out in Section 2.2.6 of the Growth Plan. The Plan requires upper- and single-tier municipalities, in consultation with lower-tier municipalities, to support housing choice by identifying a diverse range and mix of housing options and densities, including second units and affordable housing to meet

the projected needs of current and future residents and by establishing targets for affordable ownership housing and rental housing. To support implementation of this policy, the Plan requires upper- and single-tier municipalities to identify mechanisms, including the use of land use planning and financial tools; align land use planning with applicable housing and homelessness plans; and through official plan policies and designations and zoning by-laws.

The Plan also requires municipalities to support the achievement of complete communities by planning to achieve the minimum intensification and density targets in this Plan and planning to diversify the overall housing stock across the municipality including the use of available tools to require that multi-unit residential developments incorporate a mix of unit sizes. Municipalities are also required to maintain at all times where development is to occur, land with servicing capacity sufficient to provide at least a three-year supply of residential units.

Intensification

The Plan identifies a minimum intensification target for the delineated built-up areas (2.2.2), including areas within York Region and Richmond Hill. A minimum of 50% of all residential development occurring annually will be

within the delineated built-up areas. In addition, the Plan identifies minimum density targets for urban growth centres (2.2.3) and transit corridors and station areas (2.2.4). The Plan requires that the urban growth centres, including Richmond Hill Centre be planned to achieve a minimum density of 200 residents and jobs combined per hectare by 2031. Major Transit Station Areas served by subways are also required to achieve a minimum density target of 200 residents and jobs combined per hectare. Areas served by light rail transit or bus rapid transit are required to achieve densities of at least 160 residents and jobs while areas served by the GO transit rail network located on priority transit corridors are required to achieve minimum densities of 150 residents and jobs combined. Currently only the Langstaff GO station associated with the VIVA bus rapid transit station and located within Richmond Hill Centre is considered to be on a priority transit corridor. Minimum density targets have also been identified for designated greenfield areas (2.2.7). A minimum of 50 residents and jobs combined per hectare is required for designated greenfield areas in York Region.

The Plan also states that within all Major Transit Station Areas, development will be supported by planning for a diverse mix of uses, including second units and affordable housing, to support existing and planned transit levels; fostering collaboration between public and

private sectors; providing alternative development standards, such as reduced parking standards; and prohibiting land uses and built form that would adversely affect the achievement of transit-supportive densities (2.2.4.9).

Inclusionary Zoning

In 2016 the Provincial government amended the Planning Act through the Promoting Affordable Housing Act, 2016⁶⁰ and provided municipalities with an inclusionary zoning tool that can require affordable housing units to be included in residential developments. On June 6, 2019 the More Homes, More Choice Act (former Bill 108)⁶¹ received Royal Assent and directed that inclusionary zoning could only be applied within Protected Major Transit Station Areas (PMTSA) or where a Development Permit System (also called a Community Planning Permit System) has been ordered by the Minister of Municipal Affairs and Housing. This change came into effect on September 3, 2019. For the purposes of this report, references to Protected Major Transit Station Areas and Major Transit Station Areas are considered the same.

⁶⁰ The Government of Ontario 2016. Promoting Affordable Housing Act 2016. Accessed from: <https://www.ontario.ca/laws/statute/s16025>

⁶¹ The Government of Ontario 2019. More Homes More Choice Act 2019. Accessed from: <https://www.ontario.ca/laws/statute/s19009>

Ontario regulation 232/18 on inclusionary zoning⁶² states that to implement inclusionary zoning, municipalities are required to complete an assessment report analyzing housing need and demand and the financial impact of inclusionary zoning in accordance with provincial regulation as well as an impact assessment of inclusionary zoning on the housing market taking into account:

- Value of land
- Cost of construction
- Market price
- Market rent
- Housing demand and supply

Such an impact assessment was completed as part of the background report developed in support of this strategy.

The adoption of by-laws to implement inclusionary zoning cannot be appealed to the Local Planning Appeal Tribunal, except by the Minister of Municipal Affairs and Housing. The needs assessment report is required to be updated every five years to determine whether the official plan policies require amending. A report detailing the

⁶² The Government of Ontario 2018. Regulation 232/18: Inclusionary Zoning. Accessed from: <https://www.ontario.ca/laws/regulation/r18232>

performance of the inclusionary zoning by-law is required to be prepared every 2 years and address prescribed matters.

Housing Supply Action Plan

The Provincial government released More Homes, More Choice: Ontario's Housing Supply Action Plan⁶³ on May 2, 2019. At the same time, the Minister of Municipal Affairs and Housing introduced legislation which is central to the action plan and which makes changes to several provincial legislation, including the Planning Act, Development Charges Act, Conversation Authorities Act, Environmental Assessment Act, and Environmental Protection Act. The More Homes, More Choice Act (former Bill 108)⁶⁴ received Royal Assent on June 6, 2019 and most of the Act has come into effect. Regulations have also been introduced to provide further direction on

changes resulting from the More Homes, More Choice Act and most of these regulations have been adopted.

Changes to the Planning Act

The changes to the Planning Act include shorter timelines for making planning decisions; requiring inclusionary zoning to be focused on areas known as Protected Major Transit Station Areas (PMTSA) that are generally high-growth and are near higher order transit; allowing a total of three residential units on one property for single- and semi-detached or row houses (which would include a primary dwelling and two additional residential units, one in the existing dwelling and the other in an accessory structure); introducing the community benefits charge which replaces the density bonusing provision (Section 37), development charges for soft costs, and parkland dedication requirements; limiting third party appeals of plans of subdivisions; and allowing the Minister to require that a municipality implement a community planning permit system in a specified area. On September 19, 2020 regulations for implementing a community benefits

⁶³ The Government of Ontario 2019. More Homes, More Choice: Ontario's Housing Supply Action Plan. Accessed from: <https://www.ontario.ca/page/more-homes-more-choice-ontarios-housing-supply-action-plan>

⁶⁴ The Government of Ontario 2019. The More Homes, More Choice Act 2019. Accessed from: <https://www.ontario.ca/laws/statute/s19009>

charge were released⁶⁵. The regulations indicate Municipalities may opt to implement a Community Benefits Charge (CBC) By-Law to collect funds to support community services such as affordable housing and child care.

A Community Benefits Charge may not exceed 4% of the land value on the day before a building permit is submitted. Non-profit and affordable developments are excluded from a potential CBC.

To implement a Community Benefits Charge By-Law a municipality must prepare a community benefits charge strategy which identifies the items such a by-law intends to support through the collected funds. Such a strategy must contain:

- The anticipated type, amount and location of development or redevelopment that would be subject to a community benefits charge
- The anticipated increase in the need for a specific community service (for example, affordable housing) resulting from new development or redevelopment

- The capital costs associated with the increased need for a specific community service resulting from new development or redevelopment
- The excess capacity that exists in those specific services (for example, the extra capacity that exists in a service that is not currently being used)
- Whether the increased provision of those specific services would also serve existing residents (for example, existing residents may also benefit from new child care facilities that are needed as a result of new development or redevelopment)
- Any capital grants, subsidies, or contributions from other levels of government or other sources like donations that are anticipated to be made to support those specific services

Changes to the Development Charges Act

The changes to the Development Charges Act include a change to when development charges are paid for five types of developments: rental housing, institutional developments, industrial developments, and commercial developments. Instead of paying the development charge upon the issuance of a building permit, these developments will be allowed to pay the development charges over six installments, beginning at the issuance

⁶⁵ The Government of Ontario 2020. O.Reg 509/20, Community Benefits Charge and Parklan Accessed from: <https://www.ontario.ca/laws/regulation/r20509>

of an occupancy permit or when the building is first occupied (whichever is earlier) and every year for the next five years. In addition, non-profit housing developments will be allowed to pay development charges over 21 installments, beginning at the issuance of an occupancy permit or when the building is first occupied and every year for the next 20 years.

Furthermore, development charges will now be determined on the day an application for an approval of development in a site plan control area was made or the day an application for an amendment to a by-law was made.

The More Homes, More Choice Act also exempts second dwelling units in new or existing dwellings or structures from development charges. However, this exemption is not yet in effect.

Changes to the Local Planning Appeal Tribunal Act

The More Homes, More Choice Act also includes changes to the way the Local Planning Appeal Tribunal (LPAT) functions and its authority over planning decisions. Most of the changes are related to the practices and procedures of the Tribunal, including requirements for participation in alternative dispute

resolution and limiting submissions by non-parties to written submissions.

Bill 197 - The COVID-19 Economic Recovery Act

On July 21, 2020, the Government passed Bill 197, an omnibus bill that introduced more key changes to the Planning Act. One such change was finalizing the community benefits charges-related provisions of the Act, including a reversal of a Bill 108 change that would have also included parkland dedication within the charges.

The most significant change was the expansion and enhancement of the power of the Minister of the Municipal Affairs and Housing to undertake Minister's Zoning Orders (MZO) under Section 47 of the Planning Act. Though rarely used by previous governments, the MZO allows the Minister to establish zoning permissions for any land irrespective of locally adopted zoning by-laws or official plan policies. Under Bill 197, the Minister may now also make an order with regards to site plan control and inclusionary zoning, including the power to require the provision of affordable housing units in a development. These new amendments apply only to areas out of the Greenbelt Plan. An MZO does not require any prior public notice or consultation and is not subject to appeal to the LPAT.

The government has made the use of MZOs a key part of its housing and economic development efforts, approving more than 30 in 2020 alone. Though these represent a range of developments, affordable and seniors housing projects account for a significant percentage and the Province has indicated a clear interest in expediting such projects through use of the MZO, particularly where municipal councils have indicated their support.

Community Housing Renewal Strategy

The Provincial government recently announced a new Community Housing Renewal Strategy⁶⁶ with \$1 billion in 2019 – 2020 to help sustain, repair and build community housing and end homelessness. The Community Housing Renewal Strategy is focused on affordable housing for low-income households and the non-profit, co-operative and municipal housing sector.

The solutions set out in the Community Housing Renewal Strategy, which are on the Province’s website, focus on:

- repairing and increasing the supply and mix of well-maintained housing that meets people’s needs
- providing opportunity for people to live in housing that meets their needs and supporting them to participate in the economy and their community
- increasing efficiency in the system by removing red-tape, improving coordination and helping providers offer sustainable housing

Regulations⁶⁷ introduced in the Community Housing Renewal Strategy to make the community housing system work better for tenants and housing providers include:

- Removing existing penalties for tenants who work more hours or who are going to college or university
- Simplifying rent calculations
- Freeing up the waitlist by having tenants prioritize their first choice and accept the first unit they are offered

⁶⁶ The Government of Ontario 2019. Community Housing Renewal Strategy. Accessed from: <https://www.ontario.ca/page/community-housing-renewal-strategy>

⁶⁷ The Government of Ontario 2019. Community Housing Renewal Strategy. Accessed from: <https://news.ontario.ca/en/backgrounder/53853/ontarios-community-housing-renewal-strategy-putting-people-first>

- Ensuring rent calculations do not include child support payments
- Requiring an asset test
- Making housing safer by empowering housing providers to turn away tenants who have been evicted for criminal activity

The Province has also launched two new programs in 2019 – 2020. These are:

Canada-Ontario Community Housing Initiative (COCHI) – provides funding to Service Managers to replace the federal Social Housing Agreement funding which expires each year beginning in April 2019.

Ontario Priorities Housing Initiative (OPHI) – provides flexible funding to all Service Managers and the two Indigenous Program Administrators to address local priorities in the areas of housing supply and affordability, including new affordable rental construction, community housing repair, rental assistance, tenant supports, and affordable ownership. Housing providers can dedicate a percentage of spending for supports that will keep people housed and prevent homelessness.

⁶⁸ Regional Municipality of York (June 13, 2019). 10-Year Housing and Homelessness Plan 2018 Progress Report and Development of Phase 2 Action Plan. Report of the Commissioner of Community and Health Services.

In addition, the Province has completed negotiations with CMHC to finalize the program design and amend the bilateral agreement for the Canada-Ontario Housing Benefit and Housing Benefits which have started flowing to Ontario households since April 2020.

York Region was allocated \$50,000 for 2019-2020 from COCHI and \$7.5 million from OPHI⁶⁸.

Non-Resident Speculation Tax

On April 21, 2017 the Non-Resident Speculation Tax⁶⁹ (NRST), a 15% tax on the purchase or acquisition of an interest in residential property located in the Greater Golden Horseshoe Region by individuals who are not citizens or permanent residents of Canada or by foreign corporations (foreign entities) and taxable trustees, took effect.

The NRST applies to the transfer of land which contains at least one and not more than six single family residences. Examples of land containing one single family residence include land containing a detached house, a

⁶⁹ The Government of Ontario 2020. Non-Resident Speculation Tax. Accessed from: <https://www.fin.gov.on.ca/en/bulletins/nrst/#covid>

semi-detached house, a townhouse or a condominium unit. In a situation involving the purchase of multiple condominium units, each unit would be considered land containing one single family residence.

The NRST applies on the whole value of the consideration for the residential property if any one of the transferees is a foreign entity or taxable trustee. If the land transferred includes both residential property and another type of property, the NRST applies on the portion of the value of the consideration attributable to the residential property.

The NRST was imposed by the government of Ontario as a response to concerns about the housing market and the rapidly rising house prices in the Greater Golden Horseshoe Region. The purpose of the NRST is to deter speculation by foreign buyers in the housing market in the Region.

Bill 184: Protecting Tenants and Strengthening Community Housing Act

On March 12, 2020, the Ontario Government introduced Bill 184: Protecting Tenants and Strengthening Community Housing Act, 2020⁷⁰. The Bill aims to modernize the community housing sector, in addition to creating more accountability for tenants and landlords in the rental housing sector.

On July 21, 2020, Bill 184 officially passed and received royal assent in the Ontario Legislature. The new legislation amends the Residential Tenancies Act, 2006, the Housing Services Act, 2011, the Building Code Act, 1992 and repeals the Ontario Mortgage and Housing Corporation Act. The intent of the legislation is generally to:

- Encourage repayment agreements for COVID-19
- Prevent unlawful evictions
- Compensate tenants for “no fault” evictions
- Increase maximum fines

⁷⁰The Government of Ontario 2020. Bill 184: Protecting Tenants and Strengthening Community Housing Act. Accessed from:

<https://news.ontario.ca/en/release/57701/ontario-strengthens-protections-for-tenants>

- Increase tenant compensation for “bad faith” evictions
- Streamline Landlord and Tenant Board processes
- Reduce unnecessary and duplicative information
- Allow more tools for better enforcement of Residential Tenancy Act offences
- Allow landlords to recover costs without resorting to eviction
- Update land lease and mobile home rules
- Allow greater flexibility for employers to provide employee housing
- Create a sustainable community housing system

Bill 184 bolsters accountability by providing a number of new avenues for landlords to both evict and collect unpaid rent from current and past tenants. The amendments would also apply retroactively to when the Province first declared a state of emergency over the COVID-19 pandemic.

⁷¹ Acceptable housing refers to housing that is affordable (dwellings that cost less than 30% of before tax household income), adequate (dwellings that do not require major repairs), and suitable (dwellings that have enough

3.4 Regional Policies and Initiatives

Regional Municipality of York Official Plan

The following review is based on the York Region Official Plan (April 2019 office consolidation) currently in effect. The Region is currently undertaking a municipal comprehensive review process to update its Official Plan to reflect provincial policy direction.

Chapter 3 of the York Region Official Plan includes policies related to healthy communities, including housing policies in section 3.5. The Official Plan has the objective of promoting an appropriate mix and range of acceptable housing⁷¹ to meet the needs of residents and workers.

The York Region Official Plan includes average annual housing targets until 2016-2021. The Plan also states that a minimum of 25% of new housing units across the Region be affordable and that a portion of these units

bedrooms for residents according to National Occupancy Standard requirements.

should be accessible for people with disabilities (3.5.6). In addition, the Plan states that a minimum 35% of new housing units in Regional Centres and key development areas be affordable (3.5.7).

Section 3.5.5 requires that all new secondary plans include a strategy to implement the affordable housing policies in the Plan and should include how the affordable housing targets will be met; policies to achieve a mix and range of housing types within each level of affordability; policies to ensure affordable larger sized family units; and, consideration for locations for social housing developments.

The Plan speaks to working with local municipalities, the private sector and other stakeholders to consider innovative financial arrangements to encourage and support the development and maintenance of non-profit and affordable housing, such as height and density incentives; community improvement plans, grants in lieu of development charges, and reduced municipal fees and charges (3.5.10). The Plan also states that affordable housing will be given priority on publicly owned lands

⁷² The Regional Municipality of York 2019. Housing Solutions a Place for Everyone. Accessed from: <https://www.york.ca/wps/wcm/connect/yorkpublic/f5710944-144c-402c-ba60->

with a focus on locations on or near transit corridors (3.5.11).

The York Region Official Plan requires local municipalities to adopt official policies that protect rental housing from demolition and conversion (3.5.21).

Housing Solutions: A Place for Everyone

In 2014, York Region developed its 10-year Housing Plan – Housing Solutions⁷² to guide efforts related to increasing the supply of rental housing and affordable housing as well as to address homelessness. In October 2019, Regional Council approved phase two of the Plan. This phase builds on accomplishments from phase one and responds to current needs and challenges. It also includes new goals for 2019-2023 as well as corresponding objectives, actions, and performance measures. The new goals and objectives are as follows:

- Increase the supply of affordable and rental housing

[64bd520dc359/Housing+Solutions+Phase+2+Plan%2C+2019+to+2023.pdf?MOD=AJPERES&CVID=mTLI.du](https://www.york.ca/wps/wcm/connect/yorkpublic/64bd520dc359/Housing+Solutions+Phase+2+Plan%2C+2019+to+2023.pdf?MOD=AJPERES&CVID=mTLI.du)

- Plan for a full mix and range of housing options to support achievement of complete communities and promote economic development
- Implement tools and policies to increase the affordable housing supply
- Build community housing and encourage affordable rental housing to meet the housing needs of low- and moderate-income households
- Help people find and keep housing
 - Deliver programs that help residents with low and moderate income living in private market housing keep their homes
 - Support long-term housing stability by strengthening individuals and communities.
 - Advance prevention programs through continuous improvements to help people at risk of homelessness remain stably housed.
 - Strengthen homelessness and housing stability services to help people experiencing homelessness to find and keep housing
- Strengthen the housing and homelessness system
 - Sustain the existing stock of community housing
 - Build an integrated system to plan and deliver homelessness and housing stability services
 - Conduct research, engagement and knowledge sharing to identify service system gaps and build community capacity in the homelessness and housing stability service system
 - Encourage and facilitate expansion of long-term care to help residents age in their communities

Make Rental Happen Collaborative Advocacy Plan

In coordination with the 10-year Housing Plan, the Make Rental Happen Collaborative Advocacy Plan⁷³ was developed and implemented by the York Region Human Services Planning Board. The purpose of this Plan was to raise awareness of the need for rental housing and engage partners to create rental housing in York Region.

As part of this initiative, a 36-month development charge deferral for a 225-unit private market rental development

⁷³ Regional Municipality of York 2019. Make Rental Happen: Creating the Conditions to build Private Market Rental Housing. Accessed from: [https://www.york.ca/wps/wcm/connect/yorkpublic/4604306f-f2ab-4850-9605-](https://www.york.ca/wps/wcm/connect/yorkpublic/4604306f-f2ab-4850-9605-7c794d6c89bf/Collaborative+Advocacy+Plan.pdf?MOD=AJPERES&CVID=m u8HmRN)

[7c794d6c89bf/Collaborative+Advocacy+Plan.pdf?MOD=AJPERES&CVID=m u8HmRN](https://www.york.ca/wps/wcm/connect/yorkpublic/4604306f-f2ab-4850-9605-7c794d6c89bf/Collaborative+Advocacy+Plan.pdf?MOD=AJPERES&CVID=m u8HmRN)

was provided in 2013 and in May 2017, Regional Council approved a permanent policy for a 36-month deferral of Regional development charges for purpose-built rental buildings with four or more storeys.

Support for Rental Housing

In October 2019, York Region Council approved new interest-free development charge deferrals for up to 1,500 affordable purpose-built rental housing units over the next three years. The length of the deferrals available is based on the location, size and affordability of the development as outlined below^{74 75}.

- 36-month deferral for purpose-built rental of four or more storeys, with no affordability criteria, applicable anywhere in York Region;

- 5-year deferral for purpose-built rental of 4 or more storeys and which meet the affordability criterion of 175% average market rent;
- 10-year deferral for purpose-built rental of 4 or more storeys which is located in Regional Centres and Corridors or specific local centres⁷⁶ and which meet the affordability criterion of 175% AMR;
- 10-year deferral for purpose-built rental of 4 or more storeys with a minimum of 100 dwelling units and a minimum of 50% of the total number of dwelling units in the purpose-built rental building must have two or more bedrooms⁷⁷;
- 20-year deferral for purpose-built rental which is located in Regional Centres and Corridors or specific local centres⁷⁸ with a minimum of 200 dwelling units, and a minimum of 50% of the total number of dwelling units in the purpose-built rental building must have two or more bedrooms⁷⁹.

⁷⁴ Regional Municipality of York 2019. Development Charges Deferral for Purpose-Built Rental Buildings. Accessed from:

<https://www.york.ca/wps/wcm/connect/yorkpublic/394bbfe3-9e22-4966-85ee-48399e20ed33/7452878-vR-Development+Charges+Deferral+for+Purpose-Built+Rental+Buildings+-+Finance.pdf?MOD=AJPERES&CVID=mU499MZ>

⁷⁵ Regional Municipality of York 2019. Development Charges Deferral for Affordable, Purpose-Built Rental Buildings. Accessed from:

<https://www.york.ca/wps/wcm/connect/yorkpublic/6eefc60c-030c-4551-a846-9003e7ff67c0/10245017-vR-Development+Charges+Deferral+for+Affordable%2C+Purpose-Built+Rental+Buildings.pdf?MOD=AJPERES&CVID=mU49rvH>

⁷⁶ Includes Keswick Secondary Plan Urban Centres, applicable portions of the Woodbine corridor in Keswick, King City Core and Go Station Areas,

Nobleton Core Area, Stouffville Community Core Area and Western Approach Area

⁷⁷ Units that achieve one-hundred and twenty-five (125) per cent (%) AMR or less, by bedroom type, do not have to satisfy the unit split requirement and may be excluded from the total number of units used to calculate the unit split calculation. See the Development Charge Deferral for Affordable, Purpose-Built Rental Buildings policy for more detail.

⁷⁸ Includes Keswick Secondary Plan Urban Centres, applicable portions of the Woodbine corridor in Keswick, King City Core and Go Station Areas, Nobleton Core Area, Stouffville Community Core Area and Western Approach Area

⁷⁹ Units that achieve one-hundred and twenty-five (125) per cent (%) AMR or less, by bedroom type, do not have to satisfy the unit split requirement and

These incentives only apply to:

- Purpose-built rental tenure only and must remain rental for a minimum of 20 years
- Buildings with a minimum of 4 storeys in height

In addition, it is assumed that the local municipality where the development is located will provide similar or better incentives, relative to the Regional incentive.

The deferrals align with The More Homes, More Choice Act in that applications submitted after proclamation would have development charge rates determined at site plan or zoning application submission and the deferral would begin at occupancy.

At the end of the 3-year term, the Region will evaluate the deferral programs and recommend updates, if any, as deemed necessary.

may be excluded from the total number of units used to calculate the unit split calculation. See the Development Charge Deferral for Affordable, Purpose-Built Rental Buildings policy for more detail.

Support for Affordable Housing

Section 110 of the Municipal Act gives municipalities the authority to enter into agreements with private and non-profit agencies for the provision of municipal facilities and services, including affordable housing⁸⁰. As such, the Regional Municipality of York enacted By-Law 2010-28 which is a by-law for the provision of municipal housing facilities. The Municipal Housing Facilities By-law allows the Region to provide for financial or other assistance at less than fair market value or at no cost to the housing provider. This assistance may include giving or lending money and charging interest; giving, lending, leasing or selling property; guaranteeing borrowing; exemption from taxation for municipal and school purposes on a full or partial basis; and, exemption from the payment of all or part of development charges. The By-law also allows the Region to enter into a rent supplement agreement with the housing provider.

The Region has been using this By-law to provide capital grants and loans to Regional community housing providers as well as rent supplements. As of early 2019,

⁸⁰ The by-law defines affordable rental housing as housing units for which the monthly rent is less than or equal to the average monthly rent for that unit type.

there were 56 rent supplement agreements in Richmond Hill.

In addition, the Region is currently examining opportunities to better align affordable housing funding programs which are funded and/or administered by the Region with programs administered by senior levels of government, such as the Co-Investment Fund and Rental Construction Financing Initiative. This will result in a more streamlined and simplified process but may also allow eligible applicants to layer on and/or combine funding from these different programs.

3.5 Municipal Policies and Initiatives

City of Richmond Hill Official Plan

The current Richmond Hill Official Plan⁸¹ was developed in 2009-2010 and adopted by City Council in 2010. The City is currently in the process of updating its Official Plan.

⁸¹ The City of Richmond Hill 2011. Official Plan. Accessed from: <https://www.richmondhill.ca/en/shared-content/resources/documents/OMB-partially-approved-Official-Plan-Part-I.pdf>

Section 3.1.5 of the existing plan contains policies related to both existing and future housing. The Plan states that it is the policy of Council to encourage “a mix and range of housing types and affordability in order to meet the needs of the whole community” (Section 3.1.5.1). The plan also mentions new housing units should include a mix and range of types, lot sizes, unit sizes, functions and tenures to provide opportunity for all household types across the Town including larger families, seniors and residents with special needs. A portion of new units must be accessible to residents with a disability (Section 3.1.5.3).

In addition, sections 3.1.5.2 and 3.1.5.3 set housing targets for the City where a minimum of 35% of new housing units must be affordable for low- and moderate-income households and 25% of new housing units within the settlement area must be affordable and should be coordinated across the City including secondary and tertiary plan areas. Secondary Plans in Key Development Areas include a requirement that 5% of the units in multi-rise developments (of 20 or more units) provide 3 or more bedrooms. The needs assessment conducted as part of the development of the Background Report for this

Strategy showed the City is not meeting these targets, indicating an opportunity to review the housing targets as part of the ongoing Official Plan Update.

The Official Plan includes a policy (Section 3.1.5.4) that discourages the conversion of existing rental units to condominium dwellings as well as a policy to allow for the development of secondary suites (Section 3.1.5.5). The regulation of a second secondary suite will be addressed as part of a future comprehensive secondary suite Zoning By-Law, which the City is currently developing.

Lastly, The Official Plan states that the City will work with the Region to implement and monitor the York Region Housing Supply Strategy and develop an affordable housing implementation framework.

Zoning By-Laws

A zoning bylaw controls the use of land in a municipality. The by-law directs how land may be used, where buildings can be located, the types of buildings that are permitted and how they may be used, the lot sizes and dimensions, parking requirements, building heights and setbacks from the street.

The City of Richmond Hill's Zoning By-Laws date back to the 1950's. There are currently 31 parent Zoning By-Laws for 21 different areas in the City of Richmond Hill. During engagement sessions it was indicated that most of these By-Laws are out of date and generally favour lower density housing forms. This is confirmed when looking at the average number of Zoning By-Law amendments per year. Since 2012 there were on average 42 amendments and 112 approved minor variances per year.

The City is in the process of conducting a Comprehensive Zoning By-Law review. It is the intent that the Comprehensive Zoning By-law Review will create one document that will establish "as-of-right" permissions for all properties in the City and enable residents and landowners to develop their lands in a predictable and consistent manner. It would be important to ensure that the review includes an analysis of all land-use policies to identify if there are policies that might prevent the diversification of the housing stock, as well as the creation of affordable and supportive housing. It would also be important to identify any policies that might be discriminatory (e.g. distancing requirements for supportive housing and group-homes).

3.6 How the System Works Today

A housing system functions through an intricate balance between a number of actors, stakeholders and system players. All these parties combined must work together to achieve the City’s vision for a complete community which is “vibrant and diverse” and facilitates a “balance of housing, employment, community services, parks and open spaces”⁸².

These stakeholders include, but are not limited to:

- Local and higher orders of government
- For-profit, as well as non-profit housing developers and landlords
- Landowners
- Community-based support service providers.
- Residents

The task of providing safe, adequate, and appropriate housing to residents of Richmond Hill is an inter-disciplinary and cross-sectoral problem, requiring a deep

⁸² The City of Richmond Hill (2010). Official Plan Section 2.2: Guiding Principals, accessed from: <https://www.richmondhill.ca/en/shared-content/resources/documents/OMB-partially-approved-Official-Plan-Part-1.pdf>

understanding of the current system, its components, its outputs, and its functions.

This section provides a snapshot of the way the housing system currently works in Richmond Hill. The following parties are included in the analysis:

- Residents of Richmond Hill
- The City of Richmond Hill
 - City of Richmond Hill Council
 - City of Richmond Hill staff
- York Region
- Non-Profit and Co-operative Housing Providers
- Private Sector Developers
- Landowners
- Government of Ontario
- Government of Canada
- Financial Institutions

The following roles were considered in the analysis:

- Research and policymaking
- Funding
- Financing
- Provision of land
- Housing development
- System access point⁸³

⁸³ System access point is defined as an agency/organization that helps actors access the housing system (e.g. residents can access affordably housing by applying for an affordable unit with the Region of York as the Service Manager)

- System navigation⁸⁴
- Landlord, property manager, and tenancy services
- Support and outreach services
- Education and information
- Backbone organization⁸⁵

Actors and Roles

Residents of Richmond Hill

This stakeholder group includes all residents in Richmond Hill.

Role:

- Residents are the City’s clients for a range of services
- Residents are the constituents of local Council representatives
- Residents can be the voices for their neighbourhoods, communities, and networks
- Residents can sell land they own as well as create new housing options by creating secondary units such as basement apartments or garden suites
- Residents can be landlords and property managers if they rent out parts or all of their home

Process:

- Residents access city services
- Residents consume housing both in the private and non-profit sector
- Residents organize and participate in public meetings, forums, and other community engagement opportunities
- Residents provide their opinions and thoughts via contact to the City or to their local elected officials

Capabilities:

- Citizens have unique knowledge of the community which is derived from cultural, educational, and life experiences
- They are the individual parts upon which a community is built and have connections and stories related to the problems the City is trying to solve
- Some citizens also have the willingness and motivation to participate and contribute to making their communities and environments better for their families, neighbours and friends

Context:

- The findings from the housing needs assessment in the previous section of this report showed many

⁸⁴ System navigation is defined as helping actors navigate the housing system (e.g. the City of Richmond Hill helping a developer get access to Regional Funding etc.)

⁸⁵ A backbone organization is a central organization with the power to convene multiple parties throughout the system to desired priorities and outcomes.

residents in Richmond Hill struggle to afford the cost of housing in the community and thus, look for affordable housing options in and outside of Richmond Hill

- The needs assessment also shows there are many low-density dwellings in the City and many of them might have the potential to include a second unit to provide more diverse and affordable housing options to other households

City of Richmond Hill Council

Role:

- City Council is the highest decision-making body within a local municipality that sets priorities and directs as well as monitors City Staff
- City Council provides approval for annual budgets, additional debt, real estate transactions, redevelopment, the development and material changes in policy through strategies or plans (e.g. a Housing Strategy, Official Plans, Strategic Plans etc.)
- City Council can champion affordable housing and apply an “affordable housing lens” in all city decisions

Process:

- City council can enact planning policies (e.g. Official Plan Policies or Zoning By-Law Policies) and/or financial and non-financial incentives that

promote affordable housing development in the community

- City Council makes decisions about development applications that require amendments to the Official Plan and/or Zoning By-Law

Capabilities:

- As a backbone organization, Council has capabilities to attract and convene partners in the housing system to foster participation and develop a sense of shared responsibility for public issues
- As elected officials and policy makers City Councillors are generally more closely connected to its constituents than City staff. Council has capabilities to engage with, listen to, and relay information from the public to inform better policies and programs
- City Council has powers under the Planning Act and Municipal Act to direct use of lands, built form, and identify targets that are to be achieved through development and redevelopment. It also has the power to use financial and other incentives to work with the development industry to achieve the City’s planning vision and targets

Context:

- The challenge of providing housing options that are affordable to all residents of Richmond Hill has been recognized by City Council who, in its

Strategic Plan 2009-2019, established a goal to offer “Better Choice in Richmond Hill”

- One of the Strategic Plan’s desired outcomes under this goal is to plan for housing that “provides quality options for people at all stages of life” and aims to provide housing within a range of affordability and across a range of neighbourhoods throughout the City

City of Richmond Hill Staff

Role:

- Develop evidence-based policy, plans and by-laws, to be adopted by City Council, that are in line with Council priorities and policy contexts set by higher orders of government
- Enforce existing City By-Laws (e.g. property standards by-law, Zoning By-Law etc.)
- Identify tools and programs under legislation, such as the Planning Act and Municipal Act that Council could consider utilizing
- Operate programs and services including community centres, libraries and warming/cooling centres (in winter) to ensure a high quality of life for all residents in Richmond Hill

Process

- Provide planning and infrastructure direction by collaborating with the Regional Municipality of York through a growth management strategy
- Operate and monitor development planning application processes
- Engage with local and regional stakeholders to develop evidence-based policy that is supported by the community
- Maintain facilities the municipality owns (e.g. community centres, parks etc.)

Capabilities:

- Local area municipalities have planning policy making capabilities to develop their Official Plan, zoning bylaws, and planning and building permit approvals to work towards meeting housing targets
- In addition to policy making initiatives, City staff can develop financial programs to support policy initiative. This could be achieved through deferrals, rebates, grants etc.
- Many municipalities own significant portions of land, real estate and facilities. City staff, in collaboration with Council, can dedicate these asset holdings to the development of housing
- City-Staff can conduct research (quantitative and qualitative) through the form of statistical analysis, environment scans and community engagements to inform policy-making initiatives

- City staff can be an access point to the housing system for other stakeholders and can provide information about system navigation to help guide stakeholders to programs and services offered by the City itself or by higher levels of government
- The City of Richmond Hill can operate as a backbone organization within the local housing system as it has the ability to build relationships with private sector and non-profit landlords/developers as well as local service providers

Context:

- The City of Richmond Hill, as a local municipality, has significant control over local planning and policy, however it does not have the ability to distribute funding from higher levels of government to address the availability of subsidized housing or homelessness services
- Rather, the City’s role in attracting these forms of housing and services to the City will be through advocating and working together with the local Service Manager (York Region)

York Region (Council and Staff)

Role:

- Develops, approves, and monitors plans to promote the availability of affordable housing and prevent homelessness (e.g. Housing and Homelessness Plans)

- Administers funding from Provincial and Federal housing programs, homelessness programs and the system for household selection to access these programs (e.g. waitlists)
- Owns and operates two long-term care homes as well as a non-profit housing corporation (Housing York Inc.) which is also operated by York Region Staff
- As a system’s manager, York Region performs a co-ordinating role for all community-based housing providers in the Region

Process:

- Operate the facilities that it owns
- Carries out initiatives set out in the Housing and Homelessness Plan and reports on the plan on an annual basis
- Selects and monitors affordable housing to maintain standards set out in the Housing Services Act (HSA)
- Develops, approves and enforces local rules for housing administration under the HSA
- Provides planning and infrastructure direction through collaborative work with local municipalities and the development community through a Growth Management Strategy

Capabilities:

- Regional Staff can conduct research (quantitative and qualitative) through the form of statistical

analysis, environment scans and community engagements to inform policy-making initiatives

- The Region can act as a policy maker through Strategic Plans, Provincial housing policy interpretation, and the translation of planning legislation into land-use, housing forecasts and policies
- The Region can act as a funder distributing Federal and Provincial funds by developing financial programs that support its policy initiatives
- The Region can act as a developer of affordable market and subsidized housing to be operated by Housing York Inc.
- The Region owns significant portions of land, real estate and facilities and Regional staff (in collaboration with Council) can dedicate these holdings to the development of affordable housing
- Regional staff and departments function as an access point to the housing system for other stakeholders by providing information on system navigation that guides them to programs and services they can access
- York Region functions as the backbone organization for the Region's housing system as a whole and it has the ability to build and maintain relationships with its local municipalities, the private sector and non-profit landlords/developers as well as community service providers and residents

Context:

- The Region is the Service Manager, responsible for Housing York Inc. and other community-based housing providers
- The Region's functions and processes are in place to deliver homelessness prevention, access to affordable housing, and assume shared responsibility for housing services
- The Region is accountable for: system planning, the Centralized Wait List for subsidized housing, asset sustainability, operational viability, compliance, and new development

Non-Profit Housing Providers

There were 37 non-profit and co-operative providers in York Region in 2018 that provide housing for low- and moderate-income households of which nine (9) operate in Richmond Hill.

Role:

- Develop affordable housing options for households in the region
- House low- and moderate-income households in the region

Process:

- Non-profit housing providers generally co-ordinate with York Region to determine the placement of tenants in their housing units through the

Centralized Wait List which is maintained by the Region however, some providers maintain their own waitlist

- Non-profit housing providers work with funders (public and private) to realize their housing projects
- Non-profit housing providers partner with other local agencies to integrate additional supports and services in their housing units

Capabilities⁸⁶:

- Provide tenancy services and tenant management.
- Work with, and support individuals with complex housing and health needs
- Delivery of intake and assessment processes
- Delivery of support services (where appropriate)
- Property management
- Advocacy for affordable housing

Context:

- Non-profit housing providers frequently represent under-served population or special interest groups (e.g. faith based or cultural organizations) as well as charitable causes for which they provide housing and associated services

Private Sector Developers

Private sector developers include any private for-profit developers active in Richmond Hill. Some of these developers might offer housing that is considered affordable, while others provide market rate housing.

Role:

- Undertake activities related to facilitate the development of residential properties from feasibility to operation

Process:

- Private sector developers undertake detailed development processes that involve managing a project from inception to construction and occupation which might include the purchase and sale of land, conducting market assessments, navigating planning application processes, organizing community consultations, arranging financing, marketing, hiring architects and constructors etc.
- Considering the significant upfront investment required to bring a new project to fruition, private sector developers often seek to mitigate risk (to the developer and its partners) which leads to a

⁸⁶ Capabilities may vary across non-profit housing providers. This list is non-exhaustive to provide a high-level overview of the general capacity that exist across these non-profit organizations

frequent preference for the development of owned or condominium dwellings over rental dwellings, as rental development can be associated with higher levels of risk and lower profit margins in many cases

Capabilities:

- Conduct feasibility and financial analysis
- Land banking and asset management
- Secure financing
- Business planning
- Market research and communications
- Project management and procurement
- Real estate development.
- Tenancy services and management
- Private developers often also engage in market research, advertising, political lobbying and government relations

Context:

- Developers in the private sector build the vast majority of new housing in Richmond Hill

Landowners

Landowners in Richmond Hill come in all shapes and sizes and might include homeowners who have the ability to add a second unit to their property, private or non-profit developers and housing providers, or public sector

governments and agencies with surplus lands. Landowners can sell, develop, or re-develop their holdings to create new housing stock in the City of Richmond Hill.

Note: the role of landowners is similar to that of developers or other actors in the system described previously, therefore this section was not developed further.

Federal and Provincial Governments

This includes the Provincial Government of Ontario and the Federal Government of Canada.

Role:

- Higher levels of government set directions for housing in Ontario and Canada as a whole
- The provincial and federal governments can use their abilities to invest large sums of money and identify surplus land for affordable housing to realize policy objectives and priorities
- The provincial and federal governments in Canada can set taxes (e.g. capital gains tax, land transfer tax, foreign-buyers taxes etc.) which can have significant impacts on the cost to develop housing

Process:

- The provincial and federal governments are the primary funders of most housing programs in Canada
- Canada Mortgage and Housing Corporation provides mortgage insurance, education and information as well as other services related to housing in Canada
- Governments set regulations and legislation that impact Service Manager and Local Municipality level directions (e.g. centralized wait lists and Official Plan guidelines)

Context

- Provincial and Federal funding for affordable housing has steadily decreased in Canada since the 1980's however, in recent years, the Federal Government has committed significant new funds to stimulate the development of affordable housing
- With the introduction of these new funding opportunities from the Federal government comes competition for these funds between the many developers (both for-profit and non-profit) throughout the country who wish to access these limited funds
- The provincial government also has introduced some new limited funding provide under COCHI and OPHI

System’s Overview

Based on the findings in the previous section, an overview was created of the housing system in Richmond Hill including all the actors and roles they currently fulfill. This information will be used as a starting point for developing the housing strategy in Richmond Hill, which will include sections identifying which actors have identified they can take on additional roles and/or responsibilities.

Table 10: Schematic Overview of the Housing System in Richmond Hill

	Policy Making	Research	Funding	Financing	Provision of Land	Housing Development	System Access Point	System Navigation	Landlord, property Manager, and Tenancy Services	Support and Outreach Services	Education and Information	Backbone Organization
Residents of Richmond Hill												
The City of Richmond Hill												
City Council												
City Staff												
York Region												
Non-Profit Housing Providers												
Private Sector Developers												
Landowners												
Provincial and Federal Governments												
Financial Institutions												

3.7 Barriers to Change

The housing needs assessment in chapter two of this report found a strong and growing need for a more diverse housing stock, affordable rental and ownership units, supportive housing as well as purpose-built market rental housing in Richmond Hill.

However, even though the need for purpose-built rental housing is high and increasing, the supply is not following suit. For example, the last development of purpose-built rental units that came online was the Richmond Hill Hub in 2016 according to CMHC completion data. This suggests that the housing system as it functions today is not meeting the needs of residents in Richmond Hill and might require change to deliver better outcomes. As part of this report some of the barriers were explored that prevent the housing system from providing these units. These barriers were assessed by evaluating the findings from the pro-forma analysis conducted as part of chapter 5 on the viability of an Inclusionary Zoning policy, as well as an engagement session with key stakeholders where these barriers were explored.

Increasing Construction Costs

An analysis of construction costs in the Greater Toronto Area over time based on the Altus Cost Guide found that the costs increased from \$190 per square foot in 2016 to \$275 per square foot in 2020. This increase of 44.7% over the five-year period is significantly higher than the rate of inflation (7.4%) during that same period. Construction costs are one of the most important factors in determining the cost of development. Increasing construction costs put pressure on house prices making it difficult to develop new housing that is affordable.

During engagement sessions it was suggested that one way to decrease construction costs is to decrease parking requirements. Richmond Hill currently requires between 0.9 to 1.0 parking spots per unit. However, developments close to public transportation could potentially sustain significantly lower ratios of parking spots. Other suggestions indicated different building materials such as cross-laminated timber might be able to bring down construction costs for multi-residential buildings.

Cost of Land

As part of the analysis on the viability of Inclusionary Zoning, an environmental scan was conducted on land

prices in Richmond Hill. This analysis showed that the average cost per buildable square foot for land between 2017 and 2019 was approximately \$60-\$65. While this was lower compared to other areas in the GTA (except for Vaughan which showed comparable land prices at \$45 - \$70 per buildable square foot), when compared to other urban areas outside of the GTA it was significantly higher. For example, the Altus Cost Guide estimates the cost for land in Ottawa was around \$50 per buildable square foot (23% difference).

One way to reduce land costs would be for the City of Richmond Hill to identify surplus land within the City and make it available for the development of affordable housing through long-term leases for nominal costs. The City could also identify land currently occupied for a municipal function such as a library, community centre, municipal parking lots, etc. that could accommodate affordable housing on additional top floors.

Zoning

Key stakeholders indicated that a significant barrier in Richmond Hill to provide affordable housing is current planning policies, namely zoning and official plan policies.

It was mentioned that the zoning in many areas of the City is out of date and is generally favourable to low-rise single-detached development. In addition, it was mentioned the City is behind on policies that enable gentle density in established neighbourhoods as well as policies that support second units like basement apartments.

Bureaucracy

Key stakeholders also indicated during the engagement session that different layers of government involved in housing and general bureaucracy make it difficult to get things done. Some of the examples provided were that applications and approval processes for permits are lengthy. In addition, key stakeholders felt municipal fees such as development charges and parkland dedication fees make it hard to keep development of housing affordable. Lastly, it was mentioned that the City could do a better job at playing a co-ordinating role by helping developers navigate the housing system through raising awareness of funding sources from all levels of government and facilitating partnerships between private developers and affordable housing providers and all levels of government.

4.0 Sub-Report 3: Tools and Incentives

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4.1 Introduction

This section presents descriptions of various tools and incentives which a municipality can use to encourage or require the development of affordable rental and ownership housing as well as purpose-built market rental housing. These options were explored in discussions with the City and key stakeholders during the consultation phase to help develop a list of actions, tools and interventions that will be included in the final strategy. Some feedback from those sessions is integrated throughout this section. These tools will also be used as the foundation for the developer's handbook to be developed as part of the Strategy.

Evaluation Framework

To create a level playing field upon which all tools and incentives can be analyzed, an evaluation framework was used. Using this evaluation framework ensures only tools that are relevant to the City of Richmond Hill will be given consideration as part of the housing strategy.

The framework includes the following components:

Component 1: Description

Component 1 provides a short description of each tool to develop a more intimate understanding of how this particular tool or incentive could help address the need for affordable housing in Richmond Hill.

Component 2: Advantages and Disadvantages

Component three describes the advantages and disadvantages of using the identified tool or incentive.

Component 3: Legislative Requirements

Component four provides an overview of the legislation in place or required to implement this tool or incentive.

Component 4: Impact

Component 5 describes which segments of the housing continuum this tool might be able to affect and what the level of impact might be if such a tool were to be implemented. The impact on affordability is ranked from low impact to high impact. Tools are considered low

impact if implementation leads to a small, one-time cost saving on development or operation costs, which cannot be applied at scale throughout the City. High impact is considered an ongoing cost-savings or the ability to achieve long-term affordability that can be achieved throughout the City.

Note:

The work presented in this sub-report is built on previous research and consultation undertaken by SHS Consulting for the City of Mississauga in 2016, and original desk research recently undertaken for this project.

4.2 Tools and Incentives

The available tools to municipalities have been outlined by type. A total of four general types of tools and incentives were identified. These include:

- Municipal regulatory and process tools.
- Enabling Legislation Tools.
- Land based tools.
- Financial incentives.

Municipal Regulatory and Process Tools

Municipalities have the ability to create a supportive regulatory environment for affordable housing through their official plans and zoning by-laws. Land use regulations are unable to address certain fundamental issues associated with housing being unaffordable, namely income levels relative to housing prices. There are however, often significant spatial and land use characteristics associated with housing affordability that can be promoted through regulatory measures.

Reducing Length of Approvals

Fast-Tracking Development Approval Process

Description

Reducing the length of time involved in approving a residential development has been a component of affordable housing strategies in many areas. The premise here is that lengthy development approval processes contribute to the high cost of developing housing. The main benefit associated with fast-tracking is the reduction of costs associated with holding undeveloped land. Fast-tracking affordable housing developments can be done by moving affordable housing projects to the highest priority in the application review process and/or assigning a staff resource to help navigate the review and approval process. In addition, a municipality can set clear expectations with respect to requirements when submitting a development application in terms of scope and quality of information so that the developer/builder is able to put together a full application at the outset of the process.

Advantages

- The expediting or fast-tracking of affordable housing developments means construction can start sooner and financing costs will be lower.
- For all residential developments, faster approvals mean that the costs of developing housing are decreased, and that if savings are passed on to consumers, this will result in housing that is more affordable.
- A more efficient approval process makes for a more efficient use of developer and municipal staff time and resources.
- Shorter approval times can reduce development risk.

Disadvantages

- The implementation of a more efficient and/or automated system requires more client and staff training, and sometimes involves high upfront implementation costs for the municipality
- Monitoring is required to ensure that a reduction in approval times is not the result of a decrease in the quality of planning and design decisions
- While a developer may promise to build affordable housing at the onset of a project, and thus receives a fast-tracked application approval, there is no mechanism to prevent the developer from reverting the affordable rents to market rates.

Legislative Requirements

Planning Act (section 70).

Impact

Prioritizing affordable housing in the development approval process could help the City of Richmond Hill attract non-profit developers to the City to help with the construction community housing. It could also help reduce the cost of construction of affordable rental and ownership housing. Tying priority to the level of affordability reduces the impact such a policy might have on market rental and ownership housing.

Impact on the Housing Continuum:

- Emergency Housing
- Affordable Rental and Ownership Housing
- Transitional Housing
- Market Rental Housing
- Supportive Housing
- Market Ownership Housing
- Community Housing

While this tool could stimulate the development of community and affordable housing, the overall level of impact of this tool is relatively low. Prioritization in the development process only leads to limited cost savings compared to the overall project costs. It does reduce the risk of incorporating some affordable/community housing options in a new development, which may lead to private

developers being more open to create partnerships with non-profit housing providers to improve the chance of their project receiving the required planning approvals.

Impact on Affordability



Community Planning Permit System

A community planning permit system integrates zoning, site plan, and minor variance approvals into one application and approval process.

This tool helps improve the review and approval timelines, can provide more certainty and cost savings through early community participation, upfront development rules and, once the system is in place, limit third party appeals to the LPAT on specific development permit applications that meet the requirements and community vision set out in the OP and development permit by-law. Such a permit system also provides for a more flexible approval process whereby municipalities can incorporate a specified range of variation for development standards.

The savings achieved by housing developers in reduced wait times during the approval process could help eliminate long wait times before beginning construction

and reduce risk of holding undeveloped land for prolonged periods of time. Affordable housing developers are especially affected by long wait times as financing and funding opportunities are often based on the speed at which applications can be received and approved.

In addition, areas with a community planning permit system may also include an inclusionary zoning policy. Therefore, implementing such a system can greatly enhance the number of areas where a municipality can require developers to include affordable housing units in their developments.

Advantages

- For all residential developments, faster approvals mean that the costs of developing housing are decreased, and that if savings are passed on to consumers, this will result in housing that is more affordable.
- A more efficient approval process makes for a more efficient use of developer and municipal staff time and resources.
- Shorter approval times can reduce development risk.
- Allows a municipality to implement an inclusionary zoning policy outside of a Major Transit Station Area.
- Reduced opportunity for matters to be appealed by a third party compared to the traditional

approvals process which reduces risk for the developer/builder when deciding to bring forward an application for development that is compliant with the CPP By-law.

Disadvantages

- The implementation of a more efficient and/or automated system requires more client and staff training, and sometimes involves high upfront implementation costs for the municipality.
- Monitoring is required to ensure that a reduction in approval times is not the result of a decrease in the quality of planning and design decisions.
- The City would need to adjust its development approval process.
- If the CPPS is used in only some areas of a municipality and not in others, this may cause confusion for applicants, public and Council to understand which system is in play and where.
- Would require a lot of staff/Council/Public education.

Legislative Requirements

Planning Act (Section 70.2).

Impact

Implementing a community planning permit system may provide more certainty for developers and significantly reduce the planning application process. This could lead to additional development of market rental housing and

ownership housing. In addition, in particular when combined with an inclusionary zoning policy, a CPPS may result in the development of some purpose-built rental and ownership housing, as well as community housing that is affordable to moderate- and low-income households.

Impact on the Housing Continuum:

<input type="checkbox"/> Emergency Housing	<input checked="" type="checkbox"/> Affordable Rental and Ownership Housing
<input type="checkbox"/> Transitional Housing	<input checked="" type="checkbox"/> Market Rental Housing
<input checked="" type="checkbox"/> Supportive Housing	<input checked="" type="checkbox"/> Market Ownership Housing
<input checked="" type="checkbox"/> Community Housing	

Due to the new legislation introduced by the Provincial Government through Bill 108, the impact of a community planning permit system can be moderate to high. In particular when it is combined with an inclusionary zoning policy. This combination could greatly increase the number of places in a municipality where inclusionary zoning is allowed and require developers to construct dwellings that are affordable to low- and moderate-income households. Similar to the previous tools described in this section, a CPPS can also reduce development times and risk for developers. These savings can be passed on to households looking for a home in Richmond Hill. In addition, the CPPS can

encourage a wider variety of housing to be built as the municipality can impose conditions to development that it is not otherwise permitted to impose through traditional zoning.

Impact on Affordability



Alternative Development Standards

Development standards are the rules that municipalities use to guide the planning, design and construction of residential communities. Planning and engineering standards relate to lot size and frontage, street pavement and right-of-way widths, parking and the location of sewer, water and utility lines. Development standards ultimately affect the cost and environmental impact of new developments, as well as the quality of life enjoyed by a community's residents. Changes to planning and engineering standards can reduce the costs of residential development (e.g. reduced frontage).

Alternative development standards are intended to replace traditional standards with more flexible and innovative regulations. For example, right-of-way and road pavement widths can be reduced without compromising safety, resulting in land cost savings; lots can be smaller or configured differently to increase

densities; and parking requirements could be reduced. Municipalities can reduce capital and maintenance costs for itself and developers, while facilitating pedestrian-friendly and transit-supportive areas, through agreements that reduce requirements or exempt owners or occupants of a building from providing and maintaining parking facilities, particularly where public transit is available.

Municipalities can also change urban design requirements for particular tenures (e.g. purpose-built rental buildings) to allow for concrete slabs and simple designs or permit stratification of infrastructure by allowing parking for private use under or above city infrastructure. Lastly, municipalities could use this tool to facilitate the construction of modular homes, pre-fabricated homes, shipping container housing, and/or tiny homes.

Advantages

- Increased housing affordability, achieved by reducing the cost of servicing lots, lowers housing prices for consumers when savings are passed on.
- More intense use of land ensures lower per-dwelling land costs and reduced municipal infrastructure costs.
- A reduced environmental footprint through more compact development, which can reduce greenhouse gas emissions.

- Greater variety in housing types encourages more inclusive and affordable neighbourhoods.
- Helps to overcome supply constraints due to minimum size standards and lets the market supply reach moderate-income households.
- Specific agreements with developers could set conditions that require affordable housing in order to ensure that housing is provided in exchange for alternative development standards.

Disadvantages

- Risk aversion: conventional engineering standards reflect built-in safety factors and are only likely to be relaxed when there is clear evidence that doing so can provide public benefits without undue risk
- A lack of understanding and support: modifying development standards can involve or affect many different participants including elected officials, planners, engineers, construction managers, environmental professionals, etc.; not all groups will have the same level of understanding and offer the same support for the new programs and policies
- Conflicting financial perspectives: the bottom line is important to both developers and municipalities; however, these key stakeholders account for their investment costs and benefits differently, making it difficult to identify agreed-upon financial impact costs
- Complex and costly municipal approval process: where new development standards are first

proposed in a development application, the involved parties must negotiate the application of the standards as well as the sharing of costs and responsibilities

- A piecemeal application: the aggregation of several alternative standards in one development may yield a different result than the simple sum of its parts
- Not all cost savings may be passed on to the consumer if no proper agreements are in place requiring developers to do so
- Over the long-term the reduced standard could result in an unacceptably reduced level of service for future residents. (i.e. reduced parking standards that may have been acceptable to a 2-person household may no longer be acceptable when the household's family or work status changes and there is a need for a vehicle.)

Legislative Requirements

Planning Act (section 40)

Impact

The impact of this tool depends on the difference between the existing standards and the agreed upon alternate standards. However, alternative development standards can encourage developers to use the available land and building materials more efficiently. Especially when combined with a requirement to apply cost savings to rents/house prices or other community benefits. This

could provide incentives for private developers to create units that include purpose-built rental housing or affordable ownership housing. In addition, it could attract non-profit, as well as supportive housing providers to the City of Richmond Hill as these alternate standards can make them more competitive with the private sector.

Impact on the Housing Continuum:



The cost savings achieved through alternative standards make could be significant, in particular because this tool could expand the amount of developable land per lot while reducing hard-costs (a cost that is usually more or less fixed). This suggests the impact on affordability can be relatively high depending on how existing development standards are changed.

Impact on Affordability



Creating New Opportunities

Encouraging Shared Housing

Encouraging shared accommodation where multiple individuals/families who do not belong to the same household share a unit is a way to generate additional affordable housing in the existing housing stock. A group of individuals or households can combine resources to make housing more affordable. This is particularly useful for people with disabilities who need supports and single households such as students, as well as seniors who intend to age in place.

Having a broader definition of shared housing allows for the development of different models and innovative housing forms throughout different communities in the City, and does not limit development to traditional models such as group homes or student housing.

Advantages

- Unlocks affordable units in single-detached homes.
- Potential to provide a significant supply of affordable units to small families.
- Intensifies the density without adjusting the built-form.

Disadvantages

- May encounter opposition from the community in fear of decreasing property values, increases in traffic/parking, and disregard for property maintenance standards.
- Needs additional regulation to ensure dwellings adhere to building codes for fire safety, etc.

Legislative Requirements

Promoting shared housing can be achieved through amendments of the Official Plan.

Impact

Promoting shared housing can lead to a more efficient use of the existing housing supply and create housing forms that are more suitable for seniors and individuals with a disability to live with a “room-mate” or friend. In addition, it can help students leave their parental home and find affordable accommodation, as well as create opportunities for young couples who cannot afford to buy a home to purchase/rent, such a dwelling with friends. Lastly, it could help organizations who help new immigrant or homeless individuals and families to establish transitional homes in the community. In recent years, shared accommodation has also been marketed to young professionals as a luxury accommodation through technology companies such as co-living.com.

Impact on the Housing Continuum:



Shared housing has the ability to significantly reduce housing costs. These forms of housing can be affordable to some of the lowest income groups in the community, as well as make some of the most expensive stock attainable to moderate-income households, while maintaining the existing character of the neighbourhood.

Impact on Affordability



Designate Protected Major Transit Station Areas

Protected Major Transit Station Areas (PMTSAs) are a subset of MTSA. MTSA are lands generally within a 500 to 800 metre radius (a 10-minute walk) of a transit station or stop. MTSA are intended for high density, mixed-use development with access to amenities, housing and jobs. PMTSA are planned to accommodate increased density with highly urban, mixed-use, transit-supportive forms of development.

The PMTSA designation must include Official Plan policies that include the following:

- A minimum number of residents and jobs per hectare
- The permitted land uses in the major transit station area and of buildings or structures on lands in the area
- The minimum densities with respect to buildings and structures on lands in the area

Designation of PMTSA can assist in creating affordable housing given that minimum and maximum densities can be prescribed in zoning by-laws and are not subject to appeal.

Advantages

- Appeal rights are restricted in PMTSA
- Facilitate implementation of densities that support higher order transit infrastructure projects
- MTSA designation permits a municipality to adopt an Inclusionary Zoning by-law

Disadvantages

- The limited opportunity to challenge PMTSA-related Official Plan policies or zoning by-laws in establishing key intensification parameters, means property owners must understand how the new planning framework may impact their development aspirations in potential PMTSA areas

Legislative Requirements

Planning Act (Sections 16 (15) to (19), 17(36.1.4) to (36.1.7), 22(2.1.3), (2.2) and 34(19.5) to (19.8))

Impact

Designating PMTSA assists in creating affordable housing because of the reduced risk for a developer that is compliant with the by-law as no third-party appeals are permitted with respect to height or density. This also creates certainty for residents and businesses in the area because developers are not able to exceed or go below the prescribed maximum or minimum density as there is

no right of appeal from the developer in that regard should Council refuse or not make a decision on such an application.

Impact on the Housing Continuum:



Through the designation of MTSAs and PMTSAs, municipalities encourage transit-oriented development.

Furthermore, Inclusionary Zoning is limited to a PMTSA or areas within a Community Planning Permit system.

Impact on Affordability



Inclusionary Zoning

Through inclusionary zoning, municipalities can require for-profit developers to construct some proportion of new residential development as affordable housing. In Ontario, municipalities may require developers to do so within a

major transit station area or in areas with a community planning permit system in place. The affordable units could also be provided on a different location (“off-site”). The initial price or rent of the affordable units is usually based on the definition of affordable housing in a municipality’s Official Plan.

Municipalities can, if they desire to do so, provide incentives, but developers are required to contribute affordable housing as a condition of development approval. The inclusionary zoning initiative depends, in most circumstances, on a thriving housing market where existing land-values can accommodate a reduction in sales prices due to the affordability requirements imposed by the municipality.

Advantages

- Inclusionary housing policies enforce development and retention (for a set number of years) of affordable housing units in markets where such housing would not be developed (primarily in high-growth areas.). The City can direct developers to include certain types of units (ones that the market generally does not provide at an affordable price, i.e. 3+ bedroom units).
- Tempers land values and creates a level playing field for all developers in an MTSA.
- Helps to overcome local opposition to affordable housing.

- Helps to offset high housing costs to lower income consumers during periods of rapid growth in market housing.
- Helps to promote diverse communities where households of a wide range of incomes can live.
- Would help to secure land and/or units for affordable housing in large scale redevelopment areas e.g. Richmond Hill Centre.
- The City must undertake analysis before imposing inclusionary zoning to ensure that its imposition does not jeopardize the viability of a project, to give certainty to the development industry.

Disadvantages

- Resistance from the for-profit development industry.
- Local ratepayers may object to higher densities in return for affordable housing because of perceived impacts on the neighborhood’s character.
- Units might only be affordable for a set period of time after which residents would pay market rates.
- Inclusionary policies require administrative support from all level of government, including identifying affordable housing prices and rents, monitoring development, and enforcing policies.
- If the inclusionary zoning units have an affordability period associated with them, there is a disadvantage to the occupant of such an affordable ownership unit when it comes time to sell the unit since they may not receive the full market value for the unit, which means they do not

have as much equity to carry into their next purchase.

Legislative Requirements

Planning Act (section 35.2).

Impact

Inclusionary Zoning policies can be a powerful tool for municipalities to require affordable housing. However, because the units are required to be developed by the private sector, the level of affordability that can be achieved through these measures is limited. These policies predominantly lead to affordable ownership or purpose-built rental units affordable to moderate income households. Partnerships with non-profit providers and/or additional funding (e.g. rent supplements) may be required to use this tool as a way to create new supportive and/or community housing options that are affordable to low-income households.

Impact on the Housing Continuum:

- Emergency Housing Affordable Rental and Ownership Housing
- Transitional Housing Market Rental Housing
- Supportive Housing Market Ownership Housing
- Community Housing

Requiring developers to include a portion of affordable units in their developments can have significant impacts on affordability in the housing market overall. While the units directly developed through this policy might not be affordable to low income households, the relatively large quantities of affordable units that can be achieved through these policies may relieve pressure on the existing affordable housing stock and improve affordability throughout the housing market as a whole.

Impact on Affordability



Second Unit Policies (Basement Suites, Garden Suites and Laneway Housing)

Second units are one of the most cost-effective ways to increase the supply of affordable rental housing and integrate affordable housing throughout the community while maintaining the neighbourhoods’ characters. In addition, secondary suites can be beneficial to facilitate supportive housing where a care-giver or the person supported lives in a secondary independent unit in or close to the dwelling.

Some municipalities have opted to provide grants or loans to encourage the development of second units as affordable rental housing. In most cases, the rents of units

that are receiving a grant or loan are required to meet affordable levels for a certain time period.

By adopting the More Homes More Choice Act, the Province of Ontario allowed for a second secondary unit to be incorporated within a dwelling and/or its accessory structure on the same lot, which further expands the ability of this tool to generate affordable housing through the existing housing stock.

Advantages

- Second units can provide a solution to the demand for affordable rental housing for households such as youth, older adults, and new immigrants.
- Assists households facing financial challenges to stay in a community such as homebuyers with limited equity or on fixed incomes.
- Second units provide affordable rental, and intergenerational housing in a neighbourhood setting without major government assistance, as they do not generally put much of a demand on local governments except for inspections and education.
- In many areas, including Richmond Hill, very little rental housing is being built and secondary suites are a cost-effective way of addressing rental housing needs, while also achieving housing densification in both urban and rural areas.
- The City of Richmond Hill has a large supply of ground-oriented units that could accommodate

secondary units. If the Zoning By-Law is adjusted to allow such units 'as of right', they could become available almost immediately.

- Second units can make better use of existing infrastructure.
- Homeowners can reduce their monthly carrying costs by an average of 22.5% with a second unit⁸⁷.

Disadvantages

- Secondary housing units are often provided without adhering to the building and fire code, even in areas where they have been legalized, as it can be expensive to bring units up to current standards (e.g. fire and building code compliance).
- There can be strong opposition to secondary suites from local residents.
- Secondary suites may add increased pressure on crowded streets where parking is limited.
- Many homeowners are reluctant to go through the complex procedures associated with creating a secondary suite, including getting proper approvals.
- The impact of second units on the character of a neighbourhood is a common community concern.
- Second units can be taken off the market easily as a current or new homeowner may decide to no longer rent out the second unit.

- Many homeowners might not be aware of their duties as landlords under the Residential Tenancies Act.

Legislative Requirements

Planning Act (sections 16, 17, and 34).

Impact

Secondary units can lead to a more efficient use of the existing housing supply and create rental housing units that are significantly more affordable compared to most other rental dwellings. These units can also be more suitable to seniors and individuals with a disability who would want their own unit but live close to a caregiver. In addition, these units can help students find affordable accommodation close to school as well as create opportunities for singles with limited incomes (often in combination with a housing benefit) to find an affordable home in the community. Lastly, allowing homeowners to add one or two secondary suites on their property can help make homeownership more accessible as the rents collected can be applied to mortgage payments.

⁸⁷ CMHC. Accessed from: <http://www.starioncondos.com/cmhc-announces-new-rules-to-make-it-easier-for-homeowners-to-rent-out-property/>

Impact on the Housing Continuum:



Secondary suites have the ability to significantly reduce housing costs. These forms of housing can be affordable to some of the lowest income groups in the community, as well as make some of the most expensive stock attainable to moderate-income households, while maintaining the existing character of the neighbourhood.

Impact on Affordability



Multi-tach Zoning

Multi-tach zoning adds a new zoning-type to the zoning by-law of a municipality. This type of zoning encourages developers to use the existing heights and setbacks to their maximum of what is currently allowed and may include more than two units on a lot, which could be a duplex, triplex etc. Developed by an architect firm in Toronto, multi-tach zoning recognizes that the existing height and set-back limits in residential neighbourhoods

allow for significantly more density than is often used. By creating multi-tach zones, a municipality can allow for multi-family, detached buildings containing three to five condominium units that comply to all existing height and setback limits on an existing lot currently zoned for single-detached units only.

Introducing this zone can stimulate densification in existing neighborhoods alongside single occupancy homes without changing the character of the neighbourhood and help use existing land and properties more efficiently. In addition, such units can be faster and cheaper to build than typical multi-unit developments. The various sizes and prices of individual units will encourage greater diversity in traditionally desirable neighborhoods while providing home ownership opportunities to demographics currently priced out of the housing market. Implementation of this concept would connect greater population density to existing utilities, underutilized city services like transit and schools as well as local businesses.

Advantages

- Multi-tach zoning can provide a solution to the demand for affordable ownership housing for moderate income households who are priced out of the ownership market.

- Assist households facing financial challenges to stay in a community by allowing for development on their lot. This might include households who are not able to finance a home without supplementary income.
- Provide affordable ownership housing in a neighbourhood setting without major government assistance, as these units can be significantly cheaper to build compared to large scale mid-rise or high-rise developments.
- Make better use of existing infrastructure and utilities.
- If multi-tach units are part of a condominium, the condominium corporation can be held responsible for ensuring that property standards are upheld and funds are reserved for maintenance of the building.
- The various sizes and prices of individual units will encourage greater diversity in traditionally desirable neighbourhoods while providing affordable rental and home ownership opportunities to households currently facing affordability issues in those markets.

Disadvantages

- Existing owners on the lot may be reluctant to go through the complex procedures associated with creating a secondary suite, including getting proper approvals.
- Additional units on the same lot may add increased pressure on streets with limited parking.

- There can be strong opposition to additional density from local residents in predominantly low-rise residential neighbourhoods.

Legislative Requirements

Planning Act (section 34) and an update of the Official Plan (section 4.9: “Neighbourhood”) to allow for medium density ‘as of right’ within neighbourhoods or parts thereof.

Impact

Introducing multi-tach zoning can stimulate the supply of affordable ownership options for moderate-income households who would otherwise be priced out of the ownership market. In addition, this form of housing might stimulate the development of various forms of supportive housing outside of the traditional group-home model allowing more privacy to a number of residents who live on the same lot. Lastly, usually in combination with a housing benefit, these units could provide affordable accommodation to households with incomes in the lowest income deciles.

Impact on the Housing Continuum:

- Emergency Housing Affordable Rental and Ownership Housing
- Transitional Housing Market Rental Housing
- Supportive Housing Market Ownership Housing
- Community Housing

When looking at the impact on affordability, multi-tach zoning could greatly increase the number of residents who can live on one lot, currently zoned as single-detached. This lot type is most common in Richmond Hill and could significantly increase the access to homeownership to a wide variety of households in the community.

Impact on Affordability



Prohibit Downzoning

Downzoning is the reduction of density allowed for a certain property under zoning by-laws, such as from high density to medium density. Downzoning may have the effect of reducing the affordable housing stock on sites that are currently zoned to allow multi-residential developments, which are generally more affordable, would only allow low density residential developments after the downzoning process.

Advantages

- Ensures the efficient use of land.
- Avoids the necessity of rezoning in the future.
- Keeps property values high due to the high potential for development.

Disadvantages

- May be seen as limiting the rights of property owners.

Legislative Requirements

Planning Act (sections 16, 17, and 34).

Impact

Prohibiting downzoning does not significantly impact the current make-up of the housing continuum. Instead, it protects the existing policy framework to ensure areas do not produce fewer housing units than their assigned

potential based on existing plans. This could protect existing plans for affordable rental or ownership housing, as well as market rental housing which often require higher densities to be viable.

Impact on the Housing Continuum:



The impact on affordability of prohibiting down-zoning is limited, as it will mostly protect existing developments to move forward and prevent prices from increasing further.

Impact on Affordability



Retaining Existing Rental Stock

The preservation of the existing affordable housing stock is an important component of a local housing strategy. Affordable rental units are sometimes lost through demolition, the conversion of existing units from rental to ownership/condominium and property renovations.

Rental Demolition and Conversion Control

Municipalities may enact by-laws to prohibit and regulate the demolition or conversion of residential rental properties containing six or more dwelling units to a purpose other than residential rental. Some municipalities have developed rental replacement policies in addition to demolition and conversion control policies through their land use processes to ensure the preservation or replacement of affordable housing in existing communities. In Ontario, many municipalities have official plan policies that prohibit the conversion of rental buildings unless the vacancy rate reaches a certain level.

Advantages

- It is usually less expensive to renovate existing residential properties into rental instead of demolishing and re-building them.
- This initiative can be combined with the preservation of historic buildings.
- Can help preserve affordable rental housing for residents of a building that would otherwise be demolished or converted to condominiums or luxury rental units.
- Can help stabilize inner-city neighbourhoods and increase self-sufficiency of tenants.
- Incentivizes owners of rental buildings to continuously upkeep their building to attract new

residents or future investors, since they are limited in their ability to convert or demolish.

Disadvantages

- The process of renovation can be disruptive to tenants, who may have to move temporarily if units are renovated as opposed to demolished.
- Sometimes the upgrading of rental housing results in rent increases even if grants are provided, so rent supplements may be needed.
- When buildings are upgraded, they may become attractive places to live for higher-income earners, and this can push up land values and housing costs.
- A rental conversion policy may be seen as a disincentive to building new rental and developers may apply for draft condominium status at the outset of the development proposal to provide them with the flexibility to convert a building at any time.

Legislative Requirements

Planning Act (section 33).

- Include clauses enabling Section 33.7 which then requires submission of applications for the intended new development.

Municipal Act (sections 99.1 and 99.1(2.1))

- Enables registration of agreements on title to implement rental replacement policies, in ways

similar to how agreements under plans of subdivision or other agreements are implemented and enforced.

- Section 99.1(3) requires clarification of how the number of units is counted, specifically when multiple parcels are part of a proposed redevelopment.

Planning Act (Sections 34, 41, 44, 51)

- In conjunction with Section 33(7) require that development permits and approvals require a residential rental demolition permit under section 99.1(2.1) of the Municipal Act, where applicable.
- Require a residential rental demolition permit for all rental demolitions, enabling replacement of rental units even when there are fewer than 6 units in the development.

Impact

Preventing the demolition or conversion of existing rental buildings and requiring replacement of lost rental units when it is not prevented has the ability to protect the existing purpose-built rental housing stock, which is housing that is often affordable to moderate-income and some low-income renters. This housing stock can also be a source for community and supportive housing through

rent-subsidy programs and partnerships between landlords and community support service providers

Impact on the Housing Continuum:

- Emergency Housing Affordable Rental and Ownership Housing
- Transitional Housing Market Rental Housing
- Supportive Housing Market Ownership Housing
- Community Housing

Older purpose-built rental units are often some of the most affordable housing stock in a municipality. Preventing these units from demolition or conversion can have a significant impact on maintaining the existing affordable housing stock in a community.

Impact on Affordability



Enabling legislation

In addition, to direct legislative tools, there are also a number of indirect tools that might enable the development of affordable housing in a community. These tools are listed below.

Community Improvement Plan

A Community Improvement Plan (CIP) is a tool that allows a municipality to direct funds and implement policy initiatives toward a specifically defined project area. Section 28 of the *Planning Act* gives municipalities that have enabling policies in their official plans, to prepare Community Improvement Plans. The Community Improvement Plans are intended to encourage rehabilitation initiatives and/or stimulate development. Once implemented, the plan allows municipalities to provide tax assistance, grants or loans to assist in the rehabilitation of lands and/or buildings within the defined Community Improvement Project Area.

Municipal councils must adopt Official Plan policies and a by-law to designate a community improvement project area. The Official Plan policies must specify municipal programs and incentives and their eligible works, improvements, buildings or facilities. The Official Plan must also identify affordable housing as a community benefit.

Subsection 28(1.1) of the Planning Act provides that community improvement includes the provision of affordable housing. Municipalities can consider using CIPs to provide for grants or loans in relation to the provision of affordable housing within CIP project areas.

In some instances, loan agreements between municipalities and land owners require that specified properties be maintained as affordable housing.

Advantages

- Can enable municipalities to provide grants and loans to stimulate private sector investment in targeted areas of the community.
- Allows municipalities to leverage their credit rating and reserve funds which may lead to a higher return on investment than they could achieve through traditional investment sources.
- Can promote revitalization and place-making to attract tourism, business investment and economic development opportunities.
- May promote brownfield cleanup and redevelopment/renovation of existing rental buildings.
- May make more effective use of existing community infrastructure.
- Could incentivize second units by assisting homeowners to undertake renovations.
- Allows for registration of grant and loan agreements on title.

Disadvantages

- Would require investment of tax-payer money in grants or loans within the CIP project areas.
- Might require a municipality to forego revenues.

- Requires municipal staff resources to administer the program.
- Loans provided to developers may not be repaid.

Legislative Requirements

Planning Act (section 28), Municipal Act (section 106)

Impact

Through a CIP, municipalities can make significant contributions to the development of housing that is affordable to moderate- and low-income households. This might encourage existing non-profit to expand their portfolios of community housing and/or affordable rental and ownership portfolios when stacked with other incentives from higher levels of government. It could also help development of new market rental housing through the private sector in the areas designated as a CIP.

Impact on the Housing Continuum:

- Emergency Housing Affordable Rental and Ownership Housing
- Transitional Housing Market Rental Housing
- Supportive Housing Market Ownership Housing
- Community Housing

Providing incentives to develop new housing units can significantly reduce the capital and operating costs of

housing units. In addition, the CIP provides the legislative framework to put certain conditions on these incentives to ensure they reach the intended target groups.

Impact on Affordability



Municipal Capital Facilities Agreement

Municipal capital facilities agreements can be used by municipalities to create relationships with other parties such as public bodies, municipal services corporations, the private sector and not-for-profit organizations to deliver municipal facilities. The types of municipal capital facilities listed in the regulation include, among others, municipal housing project. As an example of this tool, a municipality may consider an agreement with, and providing financial assistance to, a not-for-profit organization for affordable housing facilities. Unlike a CIP, a Municipal Capital Facilities Agreement can only be used to develop affordable housing and requires council approval for each agreement.

Assistance for municipal capital facilities from a municipality can include:

- Giving or lending money.
- Giving, leasing or lending property.

- Guaranteeing borrowing.
- Property tax exemptions or reductions.

Municipalities may also consider development charge exemptions for lands used for municipal capital facilities.

Prior to entering into a municipal capital facilities agreement to provide affordable housing, the municipality must pass a municipal housing facility by-law. A municipal housing facility by-law must include a definition of “affordable housing”, policies regarding public eligibility for the housing units to be provided as part of the municipal capital facilities, and a summary of the provisions that an agreement respecting municipal housing project facilities is required to contain. The Region of York has passed a Municipal Capital Facilities Agreement pertaining to affordable housing in 2010 (The Regional Municipality of York Bill 28, By-Law 2010-28). As such, the City of Richmond Hill can work together with the Region of York to leverage this existing by-law without having to enact its own.

Advantages

- Non-profits and/or private developers put up a portion of the capital and operating costs.
- Services, such as affordable housing, are delivered even if the municipality has limited resources.

- Increases the supply of affordable housing for at least the term of the agreement.
- Project proponent takes on the responsibility of developing and operating the housing project.

Disadvantages

- Significant initial investment and risk for the municipality.
- Limited control over who the target client group is and how service is delivered.

Impact

Leveraging York Region’s By-Law for the provision of affordable housing, or enacting its own, could help the City of Richmond Hill to attract new providers of affordable housing to Richmond Hill. This could have an impact on the community housing, as well as the supportive housing stock in the City, as it helps facilitate Richmond Hill to support the development of these housing types through providing land and/or property, or use its credit rating to secure loans, etc.

Impact on the Housing Continuum:



Lowering land and financing costs, as well as providing grants can be significant contributors to reducing rents and increasing the financial viability of a project.

Impact on Affordability



Land Based Tools

Some jurisdictions, particularly municipalities, have made land available at a reduced or no costs to stimulate development of affordable housing. For example, municipalities sometimes have land that has been taken back on tax arrears that can be provided at reduced costs. Developers often find this an incentive to invest, depending on the location of the property.

Providing Land at Reduced Cost

Housing First Policies for Public Surplus Land Providing Land

Land prices have been increasing so providing surplus land owned by governments or school boards may be a more efficient way of providing assistance to non-profit organizations and other developers of affordable housing. Some municipalities have adopted “housing first” policies calling for surplus lands to be used for housing purposes

first. These municipalities have usually made such sites available on a lease basis for \$1 in return for the provision of various forms of affordable housing.

Advantages

- Reduced land costs for developers of affordable housing.
- More efficient use of government-owned surplus land.
- Low investment for government with the potential of high returns in terms of affordable housing.

Disadvantages

- The municipality (or other level of government) may be passing up a chance to sell the land at a much higher rate.
- Land may not be in an ideal location for affordable housing (e.g. not close to transit or services).

Legislative Requirements

Municipal Act, 2001 (sections 107 and 270).

Impact

The prohibiting cost of acquiring land suitable for development can have significant impacts on the delivery of affordable housing by reducing the capital cost. This could help housing providers to extend their existing

portfolios or attract new developments to the City at relatively little cost.

Impact on the Housing Continuum:



While reducing land cost can provide a significant saving for developers, it is a one-time cost saving on the capital cost as opposed to a ongoing saving on operational costs that can be passed on to tenants over time. Therefore, it is considered to have a medium impact and would likely need to be combined with a range of other incentives to provide housing that is affordable to low- and moderate-income households.

Impact on Affordability



Providing Land at Reduced Costs

In addition to prioritizing surplus land, a municipality can also provide or share some of its own land to housing developers who plan to develop housing. This can be

done through land-or ground leases where the length of the lease can be as long as 99 years, which is considered to be comparable in value to freehold ownership. The length of the lease is sometimes tied to the expected life of the building, about 60 years for residential construction, which brings the lease value to about 75 per cent of outright ownership. Leases with shorter periods generally cost less to the lessee than long-term leases.

For many organizations, land leases are generally preferable to donating the land or selling it at a reduced price, because they can provide effectively the same assistance without relinquishing ownership and control of a public asset. For this reason, landholders sometimes choose to lease out the land at nominal rate (for example, \$1). Also, through terms in the leasehold agreement, they are able to ensure that the affordability of the housing is maintained for the period of the lease. Another option for municipalities to provide land is to donate the land to an organization, usually a non-profit group, for the purposes of building an affordable housing project on it. Lastly, municipalities could provide the land at reduced costs by leasing out or sell land at below market rate. They have the option of enhancing affordability even more by offering the land on favourable terms or by deferring payments until they can be covered by the rental income.

Advantages

- Providing land is an effective way of making housing more affordable, by reducing development costs, and thereby reducing the amount of financing that must be raised or borrowed at the outset of a project.
- When leasing municipal lands, even for a nominal fee, the municipality retains the lease tenure and therefore the ability to protect the affordable housing.
- Could enforce local policies to congregate services and amenities in a community for increased efficiency (e.g. develop housing above libraries etc.).
- Such a policy could greatly persuade a Service Manager or non-profit to choose to provide needed housing in Richmond Hill by incentivizing the project through reduced costs.

Disadvantages

- Providing land is sometimes controversial; it can be viewed as diminishing the prosperity of the city or region in question.
- Appropriate safeguards must be put in place to prevent abuse, so that affordable housing built on provided land remains affordable.
- In a lease arrangement, affordable housing developers do not benefit from an appreciating asset (land); instead, they are putting equity into a depreciating asset (the building).

- Some lenders may be unwilling to lend on developments with only a leasehold interest, because they have less security in the event of a loan default.
- The market resale value at the end of the lease period may be \$0 if there is no guarantee that the leaser will renew the lease, requiring the lessee to vacate the dwellings, demolish the structures and clean up the site.
- May delay development of community amenities (e.g. libraries) as the municipality may be dependent on a private developers' development timelines.

Legislative Requirements

Municipal Act, 2001 (section 110).

Impact

Similar to the previous tool, reducing the prohibiting cost of acquiring land suitable for development can have significant impacts on the delivery of emergency, supportive and affordable housing by reducing the capital cost. This could help housing providers to extend their existing portfolios or attract new developments to the City at relatively little cost to the municipality.

Impact on the Housing Continuum:



While reducing land cost can provide a significant cost saving for developers, it is a one-time cost saving on the capital cost as opposed to a structural saving that can be passed on to tenants over time. Therefore, similar to prioritizing affordable housing on surplus land, it is considered to have a medium impact and would likely need to be combined with a range of other incentives to provide housing that is affordable to low- and moderate-income households.

Impact on Affordability



Land Banking

A land bank is an organization that acts as a legal and financial entity that acquires unproductive, vacant, and developable land and holds on to it in anticipation of future development. The land bank can be a municipality,

or another entity established strictly for this purpose.

These organizations are generally created by legislation, municipal policies, or municipal by-laws. Land banks acquire property by:

- Purchasing it on the open market or through a right of refusal on annexed or government surplus lands, or;
- Seizing it from landowners who frequently neglect to pay their property taxes or have abandoned their homes.
- The municipality could reserve the land it acquires for a use that it deemed best in meeting their objectives.

Advantages

- Reduced land costs for developers of affordable housing.
- Land banks encourage redevelopment of vacant and abandoned properties that lead to benefits such as:
 - A reduction in city property maintenance costs.
 - Increased property tax revenues.
 - Promote further residential and commercial development.
 - Reduces the cost of land for affordable housing development.
 - The city has more control over the future development of land.

Disadvantages

- Land bank or municipality may lack sufficient funds to acquire new land at the market price.
- Requires ongoing and effective coordination between the land bank, the city, and affordable housing agencies.
- Properties may not have enough value to justify development.

Legislative Requirements

Planning Act (section 25) allows municipalities to acquire and hold land if the official plan includes provisions relating to the acquisition of land and how this land is to be developed.

Impact

Similar to the previous tools, reducing the prohibiting cost of acquiring land suitable for development can have a strong impact on the delivery of affordable housing as it reduces the capital cost. This could help housing providers to extend their existing portfolios or attract new developments to the City. If the landbank also allows the private sector to purchase its lands, it could make the development of market rental housing more financially viable.

payment in accordance with the established tariff of fees. A reduction or waiving of the fees for applications required for an affordable housing development would help to reduce associated costs with the development.

Advantages

- Lowers costs for affordable housing developers.
- Acts as an incentive to private developers who might develop affordable housing.
- Adjusting fee schedules to reflect actual development costs or “true costs” as nearly as possible makes urban development more efficient.

Disadvantages

- Municipal governments often require these fees and charges to balance budgets as they are necessary to support growth and deferring or waiving them may prolong a municipality’s ability to provide services in a timely manner. It may also require the City to incur debt in order to do so.
- Estimating the true costs of new development is very difficult and attempts to develop cost fee schedules often appear arbitrary.

Legislative Requirements

Municipal Act, 2001, Development Charges Act, 1997, Planning Act (section 69).

Impact

Reducing the prohibiting cost of development can have a strong impact on the delivery of affordable housing as it reduces the capital cost. In addition, providing incentives can offer some control to a municipality over the type of housing that gets build. This could help housing providers with the development of affordable rental and ownership housing, as well as community housing. In addition, it could incentivize for profit developers to develop purpose-built rental housing over ownership options. In 2019, York Region Council adopted an incentive program for purpose-built rental housing which includes development charge deferrals for these types of developments of up to 36 months. Conversations with York Region staff indicate that the City can leverage this program with any incentives of its own.

Impact on the Housing Continuum:



Similar to land-based tools described above, reducing the cost of development by lowering fees and charges can provide a significant cost saving for developers, but the

impact depends on the fee or charge that is waived and represents a one-time cost saving on the capital cost as opposed to a structural saving that can be passed on to households over time. Therefore, it is considered to have a medium impact and would likely need to be combined with a range of other incentives/tools to provide housing that is affordable to low- and moderate-income households.

Impact on Affordability



Capital Loans and Grants

Various forms of support and incentives are needed to help address the high cost of developing new forms of housing so that they become affordable to low- and moderate-income families and individuals. Many municipalities provide capital funding in the form of grants, forgivable loans, or repayable loans to supplement the existing incentives and any funds received by senior levels of government.

Advantages

- Allowing governments to set aside funding without making an open-ended funding commitment
- Loans often carry little or no interest.

- Can be used in conjunction with conventional loans and various forms of government and community assistance.
- Can be used to target specific aspects of development not covered by other sources.

Disadvantages

- Recipients must not be high credit risks (loan repayment is essential).
- Loan and grant programs can take significant effort from municipal staff to monitor.
- Funding is usually not large enough to replace other sources of funding or to fund entire projects on its own.

Legislative Requirements

Municipal Act, 2001 (sections 107 and 110).

Impact

Similar to the previous financial tools described in this section, efforts to reduce the cost of development have a significant impact on the delivery of affordable housing as it reduces the capital cost. In addition, it can provide control to a municipality over the type of housing that is developed. This could help housing providers with the development of affordable rental and ownership housing, as well as community housing. Similar to the above, it could also incentivize for profit developers to develop purpose-built rental housing over ownership options if the

loan/grant is not available for ownership tenured developments.

Impact on the Housing Continuum:



Similar to the financial tools described above, reducing the cost of development by lowering fees and charges can provide a significant cost saving for developers, but it is a one-time cost saving on the capital cost as opposed to a structural saving that can be passed on to households over time. Therefore, it is considered to have a medium impact and would likely need to be combined with a range of other incentives/tools to provide housing that is affordable to low- and moderate-income households.

Impact on Affordability



Incentives to Reduce Ongoing Costs

Some incentives reduce the ongoing cost of operating housing. These tools could have significant impact on the long-term affordability of development projects in a municipality.

Property Tax Exemption for New Rental Construction

Municipalities impose tax rates on classes of real property. Generally, the multi-residential class includes rental apartment properties with seven or more units and the residential class includes condos and single residential dwellings. In conjunction with their local policies on affordable housing and incentives for it, municipalities have the option to reduce the property tax rate for certain types of development.

Some municipalities provide property tax exemptions to promote various local development initiatives. By exempting property from taxation, it reduces the ongoing costs of an agency’s operations. For example, a municipality may promote the development and rehabilitation of affordable housing units by providing a long-term tax exemption to a property owner.

Advantages

- Lessens the burden on operating costs for affordable multi-residential rental housing.

Disadvantages

- Decreases an important source of revenue for municipalities.

Legislative Requirements

Municipal Act, 2001 (section 308).

Impact

Reducing ongoing costs for property owners, if it is passed on to tenants, can have long-term impacts on rent-levels tenants pay. This could impact all forms of rental housing in a community.

Impact on the Housing Continuum:



Property tax breaks are usually ongoing for a longer period of time. While by themselves not sufficient to spur development, these types of incentives have longer lasting impacts on affordability compared to incentives that provide a one-time reduction in capital costs.

Impact on Affordability



Tax Increment Financing

In Ontario, Tax Increment Financing (TIF) is generally provided through a grant and is essentially the difference between future tax payable and current tax payable that would result from re-development. This incentive is often seen in redevelopment areas or brownfield strategies. It is also used to increase the supply of affordable housing and/or improve the quality of affordable housing in an area. In these cases, affordable housing is the capital investment that is intended to fuel community revitalization. In other cases, TIFs are set up principally to fund other investments such as roads or sewers, that are intended to stimulate economic revitalization or growth in a community. Affordable housing is funded as a secondary activity using revenues generated from the primary capital improvements or bond proceeds raised in anticipation of those revenues. TIFs can also be used to preserve affordable housing opportunities in neighbourhoods undergoing rapid increases in housing prices.

Tax Increment Financing Act, 2006 authorizes a municipality to apply to receive such funding from the

province by preparing a feasibility study and submitting it to the minister. Once the project is designated and one or more tax increment finance districts are established, the municipality and the province can enter into an agreement that would allow the municipality to direct a portion of the anticipated increased property taxes resulting from the initiative to fund the project.

This tool would be well-suited for specific neighbourhoods in need of redevelopment or large tracts of land to be developed. TIFs can also be used as a mechanism to support affordable housing near transit investments and in this way, the municipality may use its tool in combination with other tools to build affordable housing.

Advantages

- Encourages redevelopment of an area through grants backed by expected TIF revenues.
- Helps reduce the costs and risks of developing brownfield sites.
- Offers a strategy to “self-finance” a redevelopment project without having to raise or impose new taxes.
- Once the TIF expires, the municipality will receive the full benefit of the property taxes on a much higher property tax base that would otherwise be present.

- Can be an additional revenue stream to meet a community’s housing needs.

Disadvantages

- Decreases an important source of revenue for municipalities during the time that the loan is paid back.
- May increase taxes for properties surrounding the property in order to pay back the loan.
- May be complicated to implement.

Legislative Requirements

It is permitted through Section 28 of the Planning Act, but must be accompanied by an adopted community improvement plan for the area in question. Once approved by the Province, the municipality may offer TIF, grants, loans or other such incentives within the area covered by the plan.

Impact

Reducing ongoing costs for property owners, if it is passed on to tenants, can have long-term impacts on rent-levels tenants pay. This could impact all forms of rental housing in a community.

Impact on the Housing Continuum:



Unlike property tax breaks, TIF's are typically provided as a grant rather than as a subsidy on operating costs and the returns on the initial investment are only realized once property values increase. While this is an ongoing cost saving for a longer period of time, it is usually not sufficient to support the development of affordable housing on its own and has to be combined with additional incentives. In addition, the cost savings from a TIF would have less impact on affordability compared to a straight decrease in property taxes paid over current rates. Therefore, it is considered this tool has a medium impact on affordability.

Impact on Affordability



Tax Increment Equivalent Grants

A Tax Increment Equivalent Grant (TIEG) provides grants or rebates to property owners to offset a portion of the property tax increase the owners will face as a result of a redevelopment. The TIEG is payable in instalments, typically over a ten-year period, with year one rebating up to 100% of the tax increase, and the percentage declining over time. This tool can be used as part of a Community Improvement Plan to encourage the development of affordable housing and may be less complex to implement than a TIF.

Advantages

- Encourages redevelopment of an area as it decreases the future tax burden.
- Offers a strategy to “self-finance” a redevelopment project without having to raise or impose new taxes.
- Once the TIEG expires, the municipality will receive the full benefit of the property taxes on a much higher property tax base that would otherwise be present.
- Can be an additional revenue stream to meet a community’s housing needs.
- A TIEG can help to ensure rental fees remain low from the outset of development.
- A TIEG could be combined with an IZ or DC deferral program where the period of affordability aligns with the TIEG period.

Disadvantages

- Decreases an important source of revenue for municipalities.
- Does not make it more affordable to build rental housing, just to operate it.

Legislative Requirements

Planning Act (section 28, but must be accompanied by an adopted community improvement plan for the area in question).

Impact

Similar to the previous two tools described in this section, this incentive can reduce costs for property owners, if it is passed on to tenants. This can have long-term impacts on rent-levels tenants pay and impacts all forms of rental housing in a community.

Impact on the Housing Continuum:

<input type="checkbox"/> Emergency Housing	<input checked="" type="checkbox"/> Affordable Rental and Ownership Housing
<input type="checkbox"/> Transitional Housing	<input checked="" type="checkbox"/> Market Rental Housing
<input checked="" type="checkbox"/> Supportive Housing	<input type="checkbox"/> Market Ownership Housing
<input checked="" type="checkbox"/> Community Housing	

Unlike property tax breaks, TEIG's only reduce future cost increases as they are provided as financial assistance equal to all or a portion of the municipal property tax increase following the completion of a project. While this is an ongoing cost saving for a longer period of time, it is usually not sufficient to support the development of affordable housing on its own and has to be combine with additional incentives. In addition, the cost savings from a TEIG would have less impact on affordability compared to a straight decrease in property taxes paid over current rates. Therefore, it is considered that this tool has a medium impact on affordability.

Impact on Affordability



Mechanisms to Create a Capital Fund to Provide Incentives

Community Benefits Charge

In 2020, the provincial government introduced regulations that will give municipalities the ability to introduce a community benefits charge by-law, which, among other things, will replace density bonusing (section 37 of the planning act) to create a more streamlined process and reduce risk for developers. Municipalities can impose a 4% charge on the value of a

property one day prior to the submission for a building permit by a developer. Alternatively, an applicant may have the option to provide “in kind” benefits. Accordingly, the 4% land value equivalent could be in the form of the municipality’s desired affordable housing. Among a number of things, the community benefits charge could be used by a municipality to fund housing or affordable housing projects. This will be a new revenue stream that municipalities can use to achieve some of their housing targets and objectives. Municipalities must create a community benefits charge strategy prior to developing such a by-law.

Advantages

- Creates more certainty for developers in the development application process.
- Provides more certainty and flexibility for municipalities with respect to section 37 benefits can/will be spent.
- Provides an ongoing source of funds to dedicate to affordable housing, which might fund some of the financial incentives described above.
- The funds received can be put towards land banking for affordable housing.

Disadvantages

- Developing a local community benefits charge by-law can be a laborious undertaking for a

municipality which would require additional resources.

- Due to the cap of the charge based on the value of land, there is limited services that the city can charge for.
- Setting a community benefits charge that is too high might encourage developers to move to different municipalities in the area.

Legislative Requirements

Planning Act (section 37, updated).

Impact

Depending on how the municipality intends to allocate the proceeds collected through the community benefits charge, this tool could impact all, or only few aspects of the housing continuum.

Impact on the Housing Continuum:

- | | |
|--|---|
|  Emergency Housing |  Affordable Rental and Ownership Housing |
|  Transitional Housing |  Market Rental Housing |
|  Supportive Housing |  Market Ownership Housing |
|  Community Housing | |

The impact on housing affordability of this tool cannot be assessed at this point in time as it would depend on how

such a charge is structured and the funds collected are allocated.

Impact on Affordability



Levy on Property Tax for Affordable Housing

Some municipalities impose a levy or surcharge on property taxes specifically to develop affordable/social housing. Some municipalities have successfully introduced infrastructure and storm water surcharge levies on the municipal property tax bill. Consideration could be given to introducing a similar surcharge on all tax classes or certain non-residential tax classes which benefit from the presence of affordable housing in the municipality. However, community acceptance activities would be required to get buy-in from residents.

Advantages

- Provides an ongoing source of funds to dedicate to affordable housing, which might fund some of the financial incentives described above.

Disadvantages

- Raises costs for property tax payers and would require extensive public education campaigns to develop acceptance.

Legislative Requirements

Municipal Act 2001 (section 312).

Impact

Depending on the purpose of the levy imposed and the allocation of the funds collected, this tool could impact all, or only few aspects of the housing continuum.

Impact on the Housing Continuum:



The impact on housing affordability of this tool cannot be assessed at this point in time as it would depend on how such a levy is structured and the funds collected are allocated.

Impact on Affordability



Empty Homes Tax

An empty homes tax levies an additional tax on properties which remain empty for more than a set period of time. The goal of this policy is to ensure the most efficient and effective use of the existing housing supply.

Ontario's Fair Housing Plan introduced in 2017 by the Provincial Government has provided municipalities who are interested with the option of imposing an additional tax on empty homes.

Advantages

- Stimulates property owners with multiple properties to rent out their property and potentially reduce the rent they are willing to accept.
- Provides an ongoing source of funds to dedicate to affordable housing, which might fund some of the financial incentives described above.
- Has the potential to support more diverse communities that are safer due to a decreased number of empty homes.

Disadvantages

- Could encourage property owners with multiple properties to sell their units instead of renting them out.
- An empty homes tax may encourage developers who are undertaking a land assembly to prematurely demolish housing units, thereby

reducing housing stock, and impacting the look and feel of a neighbourhood.

Legislative Requirements

Municipal Act, 2001 (section 338).

Impact

Depending on the allocation of the funds collected, this tool could impact all, or only few aspects of the housing continuum.

Impact on the Housing Continuum:



The impact on housing affordability of this tool cannot be assessed at this point in time as it would depend on how such a tax is structured and how the funds collected are allocated.

Impact on Affordability



Land Value Capture

Cities around the world have become increasingly interested in the tools and techniques of land value capture as a means to pay for infrastructure. Generally understood as a way of allowing the public to benefit from rising land values that result from government investments in infrastructure, or from administrative or regulatory changes in land uses, land value capture can take many different forms.

Land Value Capture (LVC) is a way to capture the increase in the value of land and development generated by the improved accessibility of transportation. Improved access has value which is reflected in land and property values just like property which have waterfront views.

Existing LVC approaches tend to either be a development-based approach, a general taxation or levy or a combination of both depending on the local circumstances and the development patterns and potential. Development-based methods fall into two sub-categories, where the transit provider is directly involved in delivery of the development and those where the transit provider works in partnership with the development industry but is not involved in the development delivery. While development-based methods provide more direct control and potentially greater reward, it requires development experience and

expertise as the risks can be significant. The taxation-based method tries to capture the increase in value due to improved accessibility through various forms of taxes or levies on the completed developments. They can also be applied to existing developments although this would be more difficult. This can take the form of Special Assessment Districts, Development Charges, Tax Increment Financing, Land Value Taxes, Impact Fees and other forms of taxes or levies.

In terms of housing, the increased property and land values that result from investment in transit may be partly reinvested in increasing the supply of affordable housing.

Advantages

- It helps build a more competitive city with a higher quality of life
- Helps build sustainable and healthier communities
- Helps reduce the cost of living
- Helps reduce congestion and pollution

Disadvantages

- Acceptance of the principle of LVC and the benefits may be challenging
- Challenges related to collaboration between public and private sector stakeholders
- Changes to policy and legal framework may be required
- Changes to appraisal methods may be required

- Challenges related to easily releasing and capturing the added value
- Implementing of LVC could conflict with any Inclusionary Zoning by-law the city might enact, and reducing the financial feasibility of such an Inclusionary Zoning By-law
- Land value capture may “price out” existing occupants of land that is not yet redeveloped

Legislative Requirements

Planning Act, Development Charges Act.

Impact

Depending on the implementation, this tool could impact all, or only few aspects of the housing continuum.

Impact on the Housing Continuum:

- Emergency Housing ■ Affordable Rental and Ownership Housing
- Transitional Housing ■ Market Rental Housing
- Supportive Housing ■ Market Ownership Housing
- Community Housing

The impact on housing affordability of this tool cannot be assessed at this point in time as it would depend on how such land-value capture system is established and how the funds collected are allocated.

Impact on Affordability



System Navigation

Developer’s Handbook

The City of Richmond Hill should work with the Region to promote the Developers’ Handbook to increase the capacity and knowledge of housing developers and community agencies on how to build affordable housing in Richmond Hill, including available funding programs, incentives, and partnership opportunities. This should also include presentations of successful partnerships among community agencies and private developers, as well as the successful management of the Region and community agencies of affordable units located within private market rate rental and condominium buildings.

This Developer’s Handbook will work to support non-profit housing providers in Richmond Hill in their quest to expand their affordable housing portfolio by facilitating collaboration with private sector developers.

While some not-for-profits have the financial resources and capacity to develop affordable housing on their own, others can seek out partnerships with private developers

to do so. As competitiveness for government housing funds increases, partnerships are a potential strategy for improving a project’s ability to compete for these limited funds. As such, socially motivated private developers can also benefit from partnerships with the not-for-profit sector.

Advantages

- Promotes further residential development.
- Facilitates the development process through identification of available funding programs and alternative design standards that can save costs.
- Identifies how funding programs can be stacked to ensure viability of projects.
- Encourages partnerships between the for-profit and the not-for-profit sector which builds the capacity of both sectors.

Impact on the Housing Continuum:



Impact

The Developers’ Handbook should be updated on a regular basis to include the most recent information on available funding programs that help reduce the cost of affordable residential development, promising innovations in residential development, potential partnership opportunities between the private and not-for-profit sectors, and any other information that could encourage the provision of affordable housing.

Impact on Affordability



Additional Residential Units Guidance Material

The City could develop a guidance material to help homeowners plan and build additional residential units on their lot that has a ground related house. This material could supplement and reference similar guides published by the Province of Ontario⁸⁸ to provide homeowners with a user-friendly guide and checklist to help build legal additional residential units.

⁸⁸ Province of Ontario, Adding a Second Unit in an Existing House. Accessed from: https://files.ontario.ca/mmah-adding-a-second-unit-in-an-existing-house-en_0.pdf

The guidance material should include information related to:

- Municipal zoning requirements and standards for second units, including parking requirements, exits and entrances, servicing and minimum or maximum unit size, etc.
- Instructions for getting a building permit
- References to guides on landlord and tenant rights and responsibilities
- References to City’s Fire Retrofit Program for making existing dwelling units fire-safe

If any incentives are to be provided to households that develop an additional residential unit, such as the exemption of development charges for the unit, these should be highlighted.

Advantages

- Promotes further residential development.
- Facilitates development of additional residential units
- Educates homeowners on the financial benefits of adding an additional residential unit

Disadvantages

- NIMBYism towards additional residential units exists.
- Households will likely already need to be interested in developing an additional residential unit to seek out the guide

Impact on the Housing Continuum:



Impact

The desired outcome of this guide is to facilitate and encourage homeowners to incorporate a second unit within their home, which helps to meet the need for affordable rental housing throughout the city. This guide should encourage homeowners to ensure their house and second unit are legal and safe.

Impact on Affordability



Wealth Creation

These tools are related to what the City of Richmond Hill can do to make life less expensive to citizens and the building industry. There are a number of tools the City could use to help residents create wealth; these are described below.

Encourage more mixed-use development that is transit oriented

Encouraging more mixed-use development that is transit oriented would allow households to engage in more active transportation and would require less people to own and use cars. Furthermore, mixed-use developments create additional employment opportunities in areas that are close to homes. This would allow more households to both live and work in Richmond Hill and contribute to vibrant communities. Owning a car and commuting to work on a daily basis can be a significant cost to households. By creating more work opportunities in neighbourhoods throughout Richmond Hill, households can save more of their incomes and create wealth.

Advantages

- Promote further residential development
- Decrease reliance on cars
- Enhance housing affordability through reduced parking requirements and construction costs
- Create job opportunities and potential income increases

Disadvantages

- Some households rely on cars to get around due to mobility issues
- Jobs created in mixed use developments must be diverse and pay salaries that meet the cost of living requirements of residents

Impact on the Housing Continuum:



Impact

The desired outcome of this tool is to improve housing affordability for residents of Richmond Hill through new jobs in mixed-use developments. In addition, the reduced need for cars when residing near transit can improve household consumption costs overall.

Impact on Affordability



Direct economic development initiatives to attract businesses that align with the skillset of the residents of Richmond Hill

As mentioned in previous sections of this report, many households live in Richmond Hill but do not work in the city. This may be due to a lack of employment opportunities in the city that reflect the skills and training of residents. The City may choose to pursue economic development initiatives that would result in more employment opportunities and new job creation.

Advantages

- Create job opportunities and potential income sources

Disadvantages

- There would be a need for supply of housing that would be affordable to these workers to enable them to both work and live in the city

Impact on the Housing Continuum:



Impact

The desired outcome of this tool is to improve housing affordability for residents of Richmond Hill through new jobs creation. Enhanced employment opportunities throughout the city could create new sources for wealth accumulation to residents. For this tool to be effective, the new employment opportunities should be aligned with the skills of residents seeking employment.

Impact on Affordability



Work with developers and property managers to incent residents to use public transit

The City could work with developers and property managers to incent residents to use public transit. An example of how this might occur is through encouraging a property manager to instate a program for sharing the cost of transit passes amongst several individuals who live in the same dwelling. In addition, this might occur through offering shuttle services to local GO stations.

Advantages

- Decrease reliance on cars
- Enhance housing affordability through reduced parking requirements and construction costs
- Promote further residential development

- Encourage shared amenities and services

Disadvantages

- The City would need to foster relationships with property owners to achieve positive outcomes

Impact on the Housing Continuum:



Impact

The desired outcome of this tool is for the City to develop partnerships with property owners/managers to help residents save costs associated with public transportation. Construction costs associated with building parking can be extremely high for developers. If parking requirements are reduced through these types of programs, there is the opportunity for cost savings to be passed on the residents through greater affordability.

Impact on Affordability



Attract new manufacturing businesses associated with housing construction

Vacant employment areas in Richmond Hill could be prioritized for new manufacturing businesses associated with housing construction. Having these new businesses closer to the market might work to reduce costs of construction. There is also the opportunity to encourage businesses and industries that use innovative building techniques, such as modular construction facilities, to the city for their use in new construction.

Advantages

- Develop new job opportunities
- Enhance housing affordability through reduced costs of construction
- Promote further residential development

Disadvantages

- It is not yet known whether these innovative construction methods truly result in cost savings for developers
- These businesses would need to be reputable and reliable for developers in Richmond Hill to use their services

Impact on the Housing Continuum:





Impact

The desired outcome of this tool is for new manufacturing businesses associated with housing construction to enter the market in Richmond Hill. If these businesses offer developers innovative building techniques that reduce construction costs, there is the opportunity for enhanced affordability to be passed on the residents.

Impact on Affordability



Align housing incentives with other incentives (i.e. sustainable development) to ensure long-term affordability of housing

The City might align housing incentives with other incentives, such as sustainable development incentives, to ensure long-term affordability of housing. This tool would incentivize developers to build new housing that is both affordable and sustainable in the long-term. By encouraging sustainable development in new residential construction, the City can better ensure housing

affordability is provided over a longer period of time to a greater number of households.

Advantages

- Promote further residential development
- Encourage sustainable development
- Create long-term solutions for affordability and sustainability

Impact on the Housing Continuum:



Impact

The desired outcome of this guide is to improve the future supply of dwellings in Richmond Hill. By incentivizing housing development as well as sustainable development, the future housing stock in Richmond Hill will be more affordable and robust. These incentives are available to the City and can help to make living in Richmond Hill less expensive and safer in the long-term for residents.

Impact on Affordability



4.3 Best and Promising Practices

The following are some best and promising practices in addressing the need for a more diverse housing supply in a community, including affordable housing and market-rate housing.

Below each category of best and promising practices, the key housing gaps addressed by these examples are identified. As previously mentioned, these key housing gaps are:

Gap 1: There is a need to continue to diversify the housing stock, including smaller dwellings, as well as family sized dwellings, to attract younger households (aged 25 to 44 years) while allowing seniors (aged 65+ years) to age in place.

Gap 2: There is a need to increase the number of rental housing options that are in a good state of repair and affordable to households with moderate and low incomes in Richmond Hill.

Gap 3: There is a need to increase the supply of accessible and supportive housing options for households with a disability or mental health issue by collaborating with York Region and local stakeholders.

Gap 4: There is a need to increase the stock of purpose-built rental housing in the primary rental market in Richmond Hill.

Gap 5: There is a need to develop ownership options that are affordable to households with moderate incomes and that are appropriate for larger households.

Incentives and Funding Tools for Affordable Housing

These best and promising practices relate to addressing Gaps 1, 2, 4, 5, and 6.

City of Kitchener, Ontario

The City of Kitchener has [policies](#) to encourage the development of new affordable rental housing. These policies provide exemptions for the development application and building permit fees as well as timing of City development charge payments. To be eligible, proponents have to be a not-for-profit and the project has to have a minimum of 20% of residential units with rents

at or below 80% of the average market rent for the regional area. Projects should also be located within 450 metres from transit corridors across the city.

City of Toronto Open Door Program – Toronto, Ontario

The [Open Door Affordable Housing Program](#) is an initiative that aims to accelerate the construction of affordable rental and homeownership housing in the City of Toronto. The plan was approved by Toronto City Council in July 2016 and will help to create 40,000 new affordable rental, and 4,000 new affordable homeownership units between 2016 and 2030.

The plan assists the City of Toronto to achieve its affordable housing targets set out in the [HousingTO 2020-2030 Action Plan](#) (2019).

The program helps private and non-profit developers to reduce the cost and risk of new developments. In return, the units created through the program should conform to the affordability standards as stated in the program criteria. The following incentives are provided by the City of Toronto:

- Capital funding such as modest capital grants and exemptions from planning fees, development charges and property taxes

- Fast-tracking planning approvals through the *Open Door Planning service* for projects that satisfy the City of Toronto’s official plan
- Making private, public, and non-profit land available for affordable housing. This includes land owned by: Build Toronto, The Toronto Transit Commission, the Toronto Parking Authority and Toronto Community Housing

The Toronto Open Door Program has been successful in spurring affordable housing development in Toronto. The Open Door Program has supported approximately 7,660 new affordable rental homes to date.

Inclusionary Zoning, Policies and Zoning By-law – Toronto, Ontario

Inclusionary zoning is a legislative tool for requiring the provision of affordable housing units in a new development, but it is relatively new to Ontario. Due to its novelty, Ontario municipalities are relatively early in the process of developing [their own policies](#) to enact IZ locally.

The City of Toronto held a series of Virtual Public Meetings in October and November 2020 to solicit feedback on their draft Official Plan Amendment and Zoning By-law Amendment.

Toronto's draft OPA includes a new IZ policy, identifies the need to provide more affordable housing for low to moderate income households and sets targets based on whether they are in areas identified by the City as being strong or moderate market areas. For condominium developments, 10% of total residential GFA must be affordable ownership or rental housing in strong market areas (5% in moderate) and for purpose-built rental the target is 5% in strong areas and 3% in moderate areas. The policy would also allow affordable units to be provided on alternate sites, so long as they are ready for occupancy at the same time and within proximity to the main site.

Affordable Housing Tax Increment Based Grant Program – Peterborough, Ontario

The [Peterborough Affordable Housing Community Improvement Plan \(CIP\)](#) was instated as a tool to stimulate the development of affordable housing opportunities in the City of Peterborough. The Affordable Housing CIP encourages investment in the provision of affordable housing opportunities by providing for financial incentives that may be applied to eligible properties.

Peterborough Affordable Housing CIP includes an Affordable Housing Tax Increment Based Grant Program.

The intent of this program is to stimulate the rehabilitation or renovation of existing buildings, the redevelopment of previously developed sites that are now vacant, or underutilized sites that results in the creation of affordable housing units. Like other tax incentive programs, there is no 'cost' to the City to be proactive. The sites and/or buildings sit underutilized today and make a tax contribution that reflects their depressed value. Without any incentive to invest, the situation would be unlikely to change. While the municipality forgoes the tax increases of redeveloped property in the short term, the investment spawns economic activity, produces much needed housing, revitalizes building stock and neighbourhoods and eventually contributes to a higher level of taxation.

The program provides a grant to property owners who undertake the rehabilitation of their properties that would result in a reassessment of their properties. The amount of the grant would be determined based upon the incremental increase in the municipal taxes that result from the work being completed.

The grant amount for a program shall not exceed 100% of the increase in the Municipal portion of the taxes in years one to five of the program, decreasing to 80% in year six, 60% in year seven, 40% in year eight, 20% in year nine and with the owner paying the full amount of taxes in year ten.

This program is only applicable to “affordable” housing projects within the Community Improvement Project area.

Tax Increment Based (or Equivalent) Grant Program – Guelph, Ontario

The [City of Guelph Brownfield Redevelopment Community Improvement Plan \(CIP\)](#) was approved by the Ontario Ministry of Municipal Affairs and Housing in March of 2004. The financial incentive programs contained in the CIP were drawn from the City of Guelph’s Brownfield Strategy which was adopted by Council in May of 2002. These incentive programs were designed to stimulate private sector investment in the reuse and redevelopment of brownfield sites.

One incentive tool used in the CIP is the Tax Increment-Based (or Equivalent) Grant. The purpose of this grant program is to attract private-sector investment and stimulate development in targeted areas of the City of Guelph. The amount of the grant is based on the difference between property taxes collected on a property before development and the estimated taxes that will be collected after development. They are reconfirmed against actual taxes before any grant monies are paid. Guelph’s tax increment-based grant for brownfields pays property owners 80% of the tax

increment, in installments, over a maximum of 10 years. The remaining 20% of the tax increment is used to fund other Brownfield CIP related programs.

The tax increment-based grant helps to achieve Guelph’s community improvement goals of reducing the number of contaminated sites, maintaining more heritage buildings and renewing Guelph’s downtown. They also contribute to the growth of the City’s assessment base by attracting real private sector projects.

Guelph Affordable Housing Reserve Fund

The City’s [Affordable Housing Reserve Fund](#) was established in 2002 to encourage the development of affordable housing. Incentives provided through this fund have focused on property tax exemptions, property tax reclassifications, late Development Charge payments and grants to offset Development Charges, and capital funding to match funding from senior levels of government.

City Building Fund – Toronto, Ontario

The City Building Fund was introduced in Toronto in 2017. It is funded through a 0.5% levy on property taxes to be used for priority transit and housing capital projects in Toronto. Each year the levy increases by an additional 0.5% and would reach a total levy of 2.5% by 2021.

In 2019, the [City Building Fund](#) was extended and expanded. The existing levy on property taxes is now set to rise by 1.5% each year starting in 2019 to a total increase of 10.5% by 2025.

It has been estimated that each 1.5% increase in the city-building levy would cost the average household around \$43 and the money raised by the levy could fund \$6.6 billion of spending by the City.

The City Building Fund is dedicated funding, unlike the general property tax revenue collected by the City. This ensures that the funds will be used for the purpose of investing in transit and housing infrastructure into the future.

[Empty Homes Tax – Vancouver, British Columbia](#)

On November 16, 2016, Vancouver City Council approved the [Empty Homes Tax](#) (EHT) program and enacted the Vacancy Tax Bylaw No. 11674 (EHT by-law) to levy a tax on empty and under-utilized class 1 residential properties within the City of Vancouver. The City of Vancouver created the EHT, also known as the Vacancy Tax, to help return empty and under-utilized properties to the market as long-term rental homes for people who live and work in Vancouver. This is one of many actions in the City's 10-year Housing Vancouver Strategy.

Vancouver homeowners are required to submit a declaration each year to determine if their property is subject to the Empty Homes Tax.

Properties deemed empty will be subject to a tax of 1.25% of the property's annual assessed taxable value. Most homes will not be subject to the tax, as it does not apply to principal residences or homes rented for at least six months of the year.

Net revenues from the tax must be reinvested into affordable housing initiatives.

The EHT works in conjunction with a suite of actions that the City is taking to increase housing supply and to ensure that renters have access to safe, secure, and affordable rental housing in Vancouver. The City has committed to monitoring the effectiveness of the EHT in its [Housing Vancouver Annual Progress Report and Data Book](#).

[Municipal Capital Facilities Agreements – Toronto, Ontario](#)

Municipal capital facilities agreements can be used by municipalities to enter into agreements with private and non-profit sector partners to provide financial and other forms of assistance to deliver municipal facilities. The

types of municipal capital facilities listed in the regulation include, among others, municipal housing project facilities.

As an example of this tool, a municipality may consider an agreement with, and providing financial assistance to, a not-for-profit organization for affordable housing facilities. Assistance for municipal capital facilities from a municipality can include:

- giving or lending money
- giving, leasing or lending property
- guaranteeing borrowing
- property tax exemptions or reductions

Municipalities can also consider development charges exemptions for land used for municipal capital facilities.

Prior to entering into a municipal capital facilities agreement to provide affordable housing, the municipality must pass a [municipal housing facility by-law](#). A municipal housing facility by-law must include a definition of “affordable housing”, policies regarding public eligibility for the housing units to be provided as part of the municipal capital facilities, and a summary of the provisions that an agreement respecting municipal housing project facilities is required to contain.

Identifying Land Appropriate for Residential Development

These best and promising practices relate to addressing Gaps 1, 3, 4, and 5.

Toronto Housing Now Initiative

[Housing Now](#) is an initiative to activate 17 City-owned sites for the development of affordable housing with mixed-income, mixed-use, and transit-oriented communities. Toronto City Council approved the second phase of Housing Now to get more affordable housing built in May 2020. Phase one included 11 city-owned sites, and in phase 2, six new Housing Now sites were selected. These six new sites will create between 1,455 and 1,710 new residential units including between 1,060 and 1,240 purpose-built rentals, of which half (530 to 620) will be affordable rental units. The sites are close to transit, commercial and employment areas and provide opportunities to further develop complete communities, bringing benefits to existing and future residents.

The affordable rental units will, on average, be rented at 80% of Toronto’s average market rent (AMR). However, affordable rents are expected to range from 40% to 80% of AMR and will be affordable to households earning between \$21,000 and \$52,000 per year.

In addition, City Council approved a \$1 million Non-Profit Housing Capacity Fund to support the participation of non-profit organizations in the Housing Now Initiative and to encourage their involvement in the market offering process for the 17 sites, including the opportunity for long-term operation of the affordable rental units.

Ontario Investment Ready Certified Site Program
The [Investment Ready Certified Site Program](#) for industrial lands aims to attract investment by reducing the number of unknowns associated with development. The program helps speed up development by compiling information on a site's availability, utilities servicing, access, and environmental concerns for prospective buyers and lessors. The Ontario government also provides financial and marketing support for those properties which are accepted into the program. Property owners may receive up to 50% of their eligible expenses, up to a maximum of \$25,000, back per site. In addition, the province helps promote these sites as part of their comprehensive international marketing strategy.

Habitat for Humanity GTA, Affordable Housing Land Trust
– Toronto, Ontario

Habitat for Humanity GTA launched a historic \$17 million [land trust](#) seeded by Toronto developers to create new

affordable housing for Toronto residents on November 26th, 2019. The land trust is the result of a collaboration between Toronto development companies Capital Developments and Metropia, the City of Toronto, Habitat for Humanity GTA, St. Clare's Multifaith homes, and community group Build a Better Bloor Dufferin.

Capital Developments and Metropia will contribute \$9 million in cash and will provide a further \$8 million via an interest-free revolving loan that will be paid back in 10 years. The \$17 million will be used to establish a non-profit land trust, \$15 million of which will be leveraged to develop up to 180 new affordable housing units by a non-profit partnership. The remaining \$2 million will be invested by the land trust to provide additional community space.

Finding new and innovative partnerships is critical for Toronto's efforts to effectively address housing needs and respond to local development pressures. The initiative is an example of how partnerships between government, the private sector, non-profit groups, and community residents can generate innovative solutions to achieve affordable housing.

Shared Housing/Co-living

These best and promising practices relate to addressing Gaps 1, 2, 3, and 5.

Co-living is a form of shared living or intentional community where residents live in a house or building and share common spaces and amenities. While the terms “co-housing” and “co-living” are usually interchangeable, co-housing generally refers to smaller-scale intentional communities built around private homes while co-living usually refers to dorm-style apartment buildings.

Markham Official Plan: Shared Housing Policy – Markham, Ontario

The City of Markham introduced definitions and policies related to shared housing in their [2014 Official Plan](#). One of the goals of this initiative was to remove the stigma associated with group homes, rooming and boarding houses, and supportive housing. While Zoning By-law regulations are still being developed to support the implementation of this policy, Markham City staff have reported that there have been no negative impacts to date in implementing this policy and it has supported the goal of removing the stigma associated with certain dwelling types, such as group homes.

Shared housing, as defined in Markham’s Official Plan, is a form of housing where individuals share accommodation either for economic, support, long-term care, security or lifestyle reasons. The Markham Official Plan identifies a number of different types of shared housing.

- Shared housing small scale is a form of housing where 3 to 10 persons share accommodation with or without support services
- Shared housing large scale is a form of housing where more than 10 persons share accommodation with or without support services
- Shared housing long term care is a form of housing where people who need 24-hour nursing care in a secure setting shared accommodation
- Shared housing supervised is a form of housing where people who need 24-hour supervision in a secure setting share accommodation

Policies in the Markham Official Plan include developing housing targets for shared housing and developing a monitoring process for these targets, allocating a portion of the affordable housing targets to shared housing, supporting the equitable distribution of affordable and shared housing across neighbourhoods, and locating

shared housing in proximity to rapid transit and accessible to other human services.

Women's Housing Initiative Manitoba - Winnipeg, Manitoba

The [Women's Housing Initiative Manitoba \(WHIM\)](#) offers shared housing for women who are retired, or nearing retirement, and living on a low to moderate fixed income. The home sharing initiative's primary goal is to help alleviate [seniors' social isolation](#) by creating an intentional community of women who live and work together to prevent the need for institutional living.

WHIM is located in south-central Winnipeg. It is housed in a large three-storey brick home, with five bedrooms, three bathrooms, two living rooms, and two guest rooms in the basement. Currently there are four women who share the home, who span in age from 58 to 71. There is one owner of the home, and the roommates all share the monthly costs based on a percentage related to the size of each personal room and its amenities. Prices range from \$700 to \$950 per month. This includes the cost of utilities, a housekeeper every 2 weeks, snow shovelling, as well as cable, water, taxes, heat, and landline telephone.

Infill

These best and promising practices relate to addressing Gaps 1, 3, 4, and 5.

United Church – British Columbia

Some faith groups in Canada are seeing a decline in their congregation. As a result, some dioceses have started to consider identifying church properties that can be redeveloped for affordable housing projects. In early 2018, the British Columbia Conference of the United Church [announced a partnership](#) with the government of British Columbia which will result in a total of 414 units of below-market rental housing being built on current church sites. This partnership is being facilitated by [HousingHub](#), a new division of BC Housing.

The first 75 units are being built by the Como Lake United Church in Coquitlam as part of a redevelopment plan for the church. This project will serve low- and moderate-income households and the estimated time of occupancy is late summer 2020. While this project will not provide subsidized housing, it is aimed at renters with household incomes of \$48,520 to \$72,000 with monthly rents for one- and two-bedroom units projected to be between \$1,200 to \$2,000.

20 Water Street – Markham, ON

The [Markham Inter-church Committee for Affordable Housing \(MICAH\)](#) built a four-storey apartment building with 32 units for seniors on underutilized land owned by Water Street Non-Profit Homes Inc. This land was part of the parking lot for Cedarcrest Manor, a 150-unit affordable housing building for seniors which opened in 1991.

The total cost for MICAH's new seniors project was \$10.9 million, excluding estimated land value. MICAH received approximately \$5.46M in contributions from York Region that included \$4.8M in funding from the Investment in Affordable Housing for Ontario (2014 Extension) funds as well as through a development charge grant equal to approximately \$660,000. MICAH also approached the City of Markham to request the waiving of, or receiving grants equal to, the fees associated with the proposed development and received \$523,000 in conditional grants. The land for the project was obtained through a long-term and no-cost lease from a community housing provider. The remainder of the project's costs were met through financing with a mortgage amortized over 40 years, as well as HST rebates and other contributions.

In this new seniors' residency building there are 6 accessible, barrier-free apartments which can accommodate individuals with disabilities.

Modular Construction

These best and promising practices relate to addressing Gaps 1, 3, 4, and 5.

Factory manufacturing of the components of a housing project can reduce construction costs and time and be applicable to both temporary and permanent dwellings. It can also improve worker safety, reduce transportation costs, and mitigate site congestion and disruption. Modular construction is also a requirement for some funding programs, such as CMHC's Rapid Housing Initiative as the shorter construction timelines support the program's goal of housing people in need in as short a time as possible.

Presentation Manor – Scarborough, ON

The [Presentation Manor](#) project is a 229-suite assisted-living and independent-living seniors' residence in Scarborough. The four-storey facility also includes central dining facilities, commercial kitchen, central laundry, chapel, exercise room including pool, beauty salon, spa, administrative offices and more.

The construction of Presentation Manor was innovative due to unique construction methods used by [PCL Constructors Canada Inc.](#) The building's exterior was fabricated using 413 prefabricated exterior wall panels. These panels were manufactured in PCL's own agile offsite production facility. PCL is the only general contractor in Canada with its own manufacturing facility which provides the capacity to prefabricate many different project components with enhanced quality, safety, and schedule certainty. This construction method resulted in a reduction of the number of building trades on the construction site and increased worker safety overall. This modular approach was 25% more cost effective than conventional construction and resulted in a 50% reduction in the construction timeline. PCL broke ground on the site in October of 2016, and by October of the following year the building was fully enclosed. This modular approach was 25% more cost effective than conventional construction and resulted in a 50% reduction in the construction timeline.

[Temporary Modular Supportive Housing – Vancouver, BC](#)
In September 2017, the government of British Columbia announced a funding commitment of \$66 million to build

600 units of [temporary modular housing](#) in Vancouver. The housing can be constructed more quickly than permanent housing and provides immediate relief to hundreds of people who are currently homeless. As part of the program, people living in these housing units are given supports such as life skills training as well as health and social services. They are also provided with two meals a day and opportunities to connect with community groups, volunteer work, and social events. A total of 663 single units were built or under construction as of April, 2020.

In addition to these units, [40 social housing units](#) were created on City-owned land with funding from the federal government and Vancity at 220 Terminal Avenue. While this development does not offer support services, it offers affordable units for low-income residents. All the homes are self-contained with a private bathroom and kitchen. Four suites were designed to accommodate persons with accessibility requirements and feature customized layouts and a user-friendly adaptive design, such as lower light switches and fully accessible bathrooms. Each is about 250 sq.ft and designed for a single person. The advantage of using modular housing is that these units can be picked up and transferred to another site if necessary.

There were initially some concerns about these units, particularly related to increased crime rates but an [examination](#) undertaken a year later shows that these concerns have been unfounded and that the project was a success.

Adaptive Reuse

These best and promising practices relate to addressing Gaps 1, 2, 3, 4, and 5.

Adaptive reuse takes old and underutilized or vacant buildings and converts these into housing.

Reside Initiative – Greater Toronto Area

Raising the Roof's [Reside](#) initiative renovates vacant or underutilized spaces such as heritage homes into new affordable housing options for people who are homeless or at risk of homelessness. The organization works with several partners, including Building Up, a non-profit construction contractor who trains and creates employment opportunities for individuals facing barriers to employment. Once the home is renovated, it is leased to a community non-profit housing provider who operates the home.

The first Reside home was developed in Caledon and is now home to people with developmental disabilities.

373 Princeton Avenue, Cornerstone Housing for Women – Ottawa, Ontario

[Cornerstone Housing for Women](#) is a community organization that keeps women off the streets or out of abusive homes by providing them with emergency shelter and supportive and affordable housing. In 2016, The Sisters of Jeanne d'Arc in Ottawa sold their former "Mother House" or convent to Cornerstone Housing for Women to be redeveloped into housing.

In order to [fund the project](#), Cornerstone received \$3.97 million from the federal government and \$1.3 million from the Canada-Ontario Investment in Affordable Housing Program. Additional funds were raised through a fundraising campaign.

The previous Mother House property at [373 Princeton Avenue](#) was converted into supportive housing for 42 women who need moderate support. Of the units, 10% were designated for Indigenous women.

Harley Court Office Building Conversion – Edmonton, Alberta

[Strategic Group](#), the Calgary-based real estate company, took the initiative to explore whether its Alberta office inventory could be selected for residential conversion as office vacancy rates have increased in recent years. Through this feasibility study, the 40-year old Harley Court office building in Edmonton ultimately was selected as Strategic Group’s first office-to-residential conversion project.

The aging 12-storey office building was redeveloped into 177 one- and two-bedroom rental units, and the building was renamed to ‘[e11even](#).’ Rents in e11even range from \$1,300 for a studio, \$1,400 to \$1,500 for one-bedrooms and \$1,600 to \$1,800 per month for two bedrooms, which are on the higher end for rental units in Edmonton.

This project is the largest office-to-residential repurposing project ever completed in Alberta.

Strategic Group currently has six office-to-residential repurposing projects in different stages of development throughout Alberta.

Increasing Supply of Rental Housing

These best and promising practices relate to addressing Gaps 1, 2, 3 and 4.

Garden Suites - Edmonton, Alberta

In the City of Edmonton ‘[Garden Suites](#)’ is the term used to describe secondary units in a backyard. Garden Suites are a form of infill development that promote social, environmental, and economic sustainability. Garden Suites present an opportunity to build within the current city environment, rather than sprawling out. Aside from providing additional housing supply, Garden Suites can act as a mortgage helper, and function as a form of affordable housing.

The City of Edmonton defines a [garden suite](#) as: "a self-contained dwelling located in an accessory building that is physically separate from the principal single detached dwelling and which may include a garage. Typically, garden suites are single- or two-storey structures built in the back yards of single detached homes and must have their own kitchen, bathroom, and living space. You may also know them as garage suites, carriage houses, backyard suites or laneway homes."

The City of Edmonton offers a [Secondary Suite and Garden Suite Grant Funding Program](#) which is designed

to provide funding to assist property owners in constructing a new or upgrading an existing suite. The City offers grant funding, which can cover up to half the cost of upgrading an existing secondary suite or developing a new suite to a maximum of \$20,000. In exchange for the grant funding, homeowners must enter into an agreement to rent the suite to eligible tenants for five years. Among other requirements, applicants must rent the garden suite to an eligible tenant earning within the [Maximum Income Threshold](#) by household size in the City of Edmonton.

Evolv35 – North Vancouver, British Columbia

In Moodyville, British Columbia, 35 four-bedroom townhomes were built to form a new, award-winning master-planned community. The plan for [Moodyville](#) required the rezoning of the former neighbourhood of single-family post-war homes to allow for a more flexible approach to design that accommodates changing household dynamics.

Homes are built as row houses with legal secondary suites. There is 1.5-inches of concrete flooring separating the residences' "lock-off suite" from the main home, cutting down on sound transmission. The City of North Vancouver developed the Lock-Off Suite Program to encourage developers to build rental accommodation by

offering them density bonuses. This incentive program is providing much-needed rental suites in the community.

In addition to supporting the development of more housing supply, all homes in the project are built to [Passive House Canada](#) standards and [2032 energy codes](#), reducing energy usage by 90% annually.

Affordable Ownership Models and Financing Assistance

These best and promising practices relate to addressing Gaps 4.

Rent2Own – Alberta

The [Rent2Own Alberta Program](#) is designed to assist future homeowners who experience difficulty in qualifying for conventional financing, either because of credit rating or lack of down payment. Renting to own is an agreement where an investor rents out a house to a tenant and gives them the option to purchase the property after a certain period of time at a predetermined price.

Renting to own consists of two separate agreements. The first agreement is a Rent to Own Lease Agreement and the second is an Option to Purchase Agreement, which contains the price that is initially agreed upon for the

purchase of the house in the future. Generally, Rent to Own programs run between three and five years and each month during the contract, the tenant makes a monthly rent payment which includes an additional portion which will be used towards the down payment when the households decide to buy the home in the future.

In addition, Rent2Own offers a mortgage broker and credit counselors to help households rebuild, repair or establish their credit.

Trillium Housing – Ontario

[Trillium Housing](#) provides low- to moderate-income households with the opportunity for affordable homeownership. Homeownership affordability is facilitated through the Trillium 2nd Mortgage. A Trillium 2nd Mortgage is a shared-appreciation mortgage that does not have a conventional interest rate. Instead, the homeowner repays the mortgage principle and a share of any appreciation in the value of the home at the time of sale. The 2nd Mortgage can either offset a portion of the down payment or decrease the amount of the 1st mortgage, reducing the monthly mortgage payment.

The shared-appreciation Trillium Mortgage is provided to income eligible home purchasers and is unique based on

the financial and housing needs of each household. The price of the home must be below the homebuyer's City's median price and their household income needs to be below the local median in order to be eligible for the program. The Trillium Mortgage is only available to purchasers at developments where Trillium Housing has invested.

Affordability is also achieved through site selection, project design and construction of Trillium Homes. Attributes to the Trillium Housing development financing model include:

- Partnership approach to development
- Focus on new, entry level ownership housing
- Undertake developments in regional economies that are strong or are expected to be strong in coming years
- Evaluate development sites at the earliest stage, sifting through many opportunities to find the best values

Options for Homes – Greater Toronto Area, Ontario

[Options for Homes](#) are a non-profit organization dedicated to providing affordable ownership housing to low-and moderate-income households throughout the Greater Toronto Area. The Options for Homes model uses a shared appreciation 2nd mortgage as the principal

means of increasing the affordability of units for homebuyers. Prospective homeowners provide a 5% down payment for the unit, and Options for Homes will provide an additional down payment loan between 10-15%. As the value of the home appreciates, Options for Homes shares in the growth. At the time of the sale of the home, Options for Homes are then paid back their initial down payment loan. As mortgages are repaid, a growing, self-sustaining, permanent revolving fund is created

The Options for Homes Model also reduces construction and development costs by:

- a. Acquiring land that is not as desirable to a conventional developer, or in a transitional area that is up and coming
- b. Reducing common amenity space (i.e. not having pools or extensive fitness rooms)
- c. Maintaining a long-term business relationship with Deltera Ltd. and its contracted consultants to ensure design and construction efficiencies, a quality product and cost control
- d. Using an in-house marketing team and community-based marketing to minimize marketing and administration costs. Options has also negotiated construction financing at very low rates, with the savings being passed onto the owners

Options for Homes has operated for 25 years without government funding. To date, 3,140 homes have been built across 15 condo buildings. Up to \$150,000 has been provided in down payment support.

Accès Condos – Montreal, Québec

The [Accès Condos program](#) is a financial tool for homebuyers to purchase a quality condominium at an affordable price in Montréal, Québec. The Accès Condos program is central to the [Société d'Habitation et de Développement de Montréal's \(SHDM\)](#) urban revitalization and residential development mission.

The SHDM selects condo projects in Montréal to accredit under the Accès Condos program based on various criteria including the affordability of the unit. In order to qualify, prospective homeowners of an Accès Condos accredited home must pay a deposit of only \$1,000. The SHDM advances a percentage of the sale price of the Accès Condos accredited unit to the homebuyer which can then be applied to the down payment. The condo is purchased from the developer, while the homeowner benefits from the Accès Condos financial tool offered by the SHDM.

The program is offered through two options:

- a) **Standard Option:** This option applies to the vast majority of Accès Condos accredited projects. It includes a purchase credit of 10% and is accessible to everyone, first-time buyers or existing owners. When the condo is resold, after having repaid the SHDM the purchase credit as well as 10% of the increased value of the property, the household gains the portion of the principal repaid as part of the mortgage loan and 90% of the increased value of the unit.
- b) **Exclusive Option:** Offered specifically to families and first-time buyers purchasing units in the H3C Condominium in Griffintown, Montreal. This option is geared to offer financial incentives to households that plan on keeping the unit for at least five years. With the ‘exclusive’ financing option, households are given a 15% purchase credit for the down payment, with a required minimum deposit of \$1000, thereby reducing the buyer’s mortgage loan.

Since its launch in Montréal in 2005 by the SHDM, more than 3,600 quality-built and affordable units were accredited in ten boroughs through agreements with developers under the Accès Condos program.

Nova Scotia Down Payment Assistance Program - Nova Scotia

The [Down Payment Assistance Program](#) (DPAP) assists Nova Scotians with modest incomes (max \$75,000) who pre-qualify for an insured mortgage to purchase their first home. Eligible participants can apply to receive an interest-free repayable loan of up to 5% of the purchase price of a home. The purchase price of the home may not exceed \$280,000 in the Halifax Regional Municipality (HRM) and \$150,000 in the rest of the province.

The loans are interest-free and are repayable over ten years. Participants may waive their payments in the first year. The loan must go toward the down payment and cannot be used for financing, closing or other costs. The down payment assistance loans can range between up to \$7,500 and up to \$14,000.

The Nova Scotia Down Payment Assistance program assisted 153 first time home buyers during its first year with funding of nearly \$1.3 million being committed. The province is making available \$1.05 million in funds that will be loaned to program participants in fiscal year 2019/20. \$250,000 has been budgeted to cover interest costs and carrying charges.

Parcel Finance Inc. – Greater Toronto Area, Ontario
[Parcel Finance Inc.](#) purchases equity in homes that prospective homebuyers wish to buy, reducing the level of savings homebuyers are required to have for their down payment. Parcel co-buys homes, investing 20% on average as equity toward the purchase price of the home. Parcel's investment also reduces the amount of mortgage debt required, allowing homebuyers to make mortgage payments that they are better able to afford. As co-owner of the home, Parcel shares in the growth of the house's value. Parcel invests for up to 10 years and homebuyers can buy Parcel out at any time within that 10-year period.

The capital for the co-buying comes from investors who are interested in purchasing fractional shares of homes within a portfolio of residential properties.

Flexible Tenure – Joseph Rowntree Housing Trust
The [Joseph Rowntree Housing Trust](#) operates a shared ownership model which allows owners to change the percentage of property ownership if their personal finances improve or worsen. Flexible tenure allows the right to 'staircase up' by buying more shares in an owned property; 'staircase down' to reduce their share for those struggling with mortgage payments; and the release of equity to pay for care of major repairs.

This program has been in place for nearly twenty years and while the organization has invested almost £2.4 million in repurchasing equity shares, this investment has been covered by proceeds from equity sales (receipts from staircasing up). The organization also did an analysis of the impact of this program and found that flexible tenure not only prevented households from being homeless due to job loss, general debt issues, relationship breakdown, or health-related issues, it has also ensured that the community is more stable and sustainable.

Social Impact Bonds

In some cases, sufficient government funding for a project cannot be obtained through regular channels. This can result in a local government being unable to make a community investment it wants to make. An alternative in this scenario is to issue a [social impact bond](#). This financial vehicle is more common in the US and Europe and does not occur frequently in Canada. In essence, it allows a jurisdiction to use its credit rating to offset the risk of innovation to the private sector while maintaining in control of the outcomes. If the project is successful portions, or all, of the money will be returned to the investors plus interest over time.

The Province of Ontario has recently started experimenting with the Social Impact Bond and has been going through a process to identify service providers who could be eligible for such a bond and is currently doing feasibility analyses of the proposed projects to assess their viability. One of the front runners through this process is Mainstay Housing Toronto who proposes to build a 100-bed housing facility to help chronically homeless transition out of homelessness. The program focuses on individuals struggling with mental illness who have been homeless for five years or more. Mainstay's proposal is using the best practices from the Housing First model. The model aims to improve the efficiency of the existing social-housing stock to serve homeless people who are often the most difficult to house.

Naked House – London, UK

[Naked House](#) is a non-profit developer that offers minimalist units that home buyers can upgrade over time. The baseline unit is habitable and comes with energy efficient elements and a basic bathroom but without finishes or room partitions. Owners can add their own walls, fixtures, faucets, countertops, and other fixtures. By keeping the construction to the bare bones, Naked Houses are between 20% to 40% cheaper than the average house price.

Naked Houses are aimed at buyers who cannot afford the average house price but who do not qualify for subsidized housing, those earning between £25,000 to £90,000. Local buyers are given priority and buyers must show that they are willing to customize their home and have the means to do so. Successful applicants are eligible for a mortgage and homes cost no more than a third of the buyer's gross income. All homes are sold through First Steps, the Mayor of London's official intermediate housing program.

To ensure that the homes remain affordable, the discount received by the initial purchaser is written into an agreement. For example, if the home is bought at 70% of market value, it will also be sold at 70% of market value. This captures any improvements made on the home and any increase in the housing market while still remaining below market.

Partnerships

Building Up – Toronto, Ontario

[Building Up](#) was developed in Toronto to improve the city's environmental efficiency, affordable housing stock, and most of all – to create a real pathway for individuals experiencing barriers to enter apprenticeships and careers in the trades.

Building Up has partnerships with experienced tradespeople who collaborate with trainees previously facing barriers to employment to provide Toronto with a range of high quality construction services. The organization provides an opportunity for its customers to improve the livability of their spaces while enhancing the careers of community members.

Building Up runs an intensive pre-apprenticeship trades training program for individuals who face barriers to employment. The profits generated from the work performed by Building Up fund this social cause. Building Up has a high success rate - 90% of Building Up graduates have moved into apprenticeships and/or full time employment.

Building Up offers services including water efficient retrofits, interior renovations, apartment turnovers and general labour. A large portion of Building Up's work focuses on environmental sustainability. Building Up has completed more than 5,000 water efficient retrofits, which have generated over 4.5 billion litres in water savings.

[Blue Door Shelters & Parks Canada - York Region, Ontario](#)
A unique partnership between [Blue Door Shelter](#) and [Parks Canada](#) has resulted in the transformation of a vacant four-bedroom home owned by Parks Canada into a new housing unit for a household in need. This vacant property was one of 44 vacant buildings that Parks Canada inherited when land was transferred to create the Rouge Valley Park. In the fall of 2019, Blue Door Shelter

approached the federal agency hoping to gain access to one of those underutilized properties with the goal of converting the unit into affordable housing.

Home Depot provided appliances and some of the construction materials, and Parks Canada agreed to provide 20 years of rent-free occupancy.

The renovation and construction work were completed by [Building Up](#), a Toronto-based non-profit construction contractor that uses renovation projects to train and launch careers for people who face barriers in the workplace. This renovation project offered positions to approximately 20 individuals who may have been refugees to the country, coming from low-income neighbourhoods or reintegrating after time in the criminal justice system.

The [Abode program](#), supportive housing operated by Blue Door, will provide ongoing support to the households that moves into the unit. This will be provided through support from a staff member to help them settle in and provide any life skills assistance they require. This project represents a pioneering new approach toward solving homelessness launched by the not-for-profit agency.

5.0 Sub-Report 4: Inclusionary Zoning Impact Assessment

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5.1 Introduction

As part of the development of this Background Report in preparation for the Richmond Hill Affordable Housing Strategy, a pro-forma analysis was conducted to test the market impact of an Inclusionary Zoning by-law in the City of Richmond Hill. This section provides an overview of the results of this analysis.

Context

The Province of Ontario has, through the Promoting Affordable Housing Act, 2016, and the More Homes More Choice Act, 2019, enabled municipalities to implement an Inclusionary Zoning By-Law. An Inclusionary Zoning by-law supplements zoning provisions regarding development standards such as permitted land use, setbacks, building heights, and densities; and allows municipalities to require developers to include a certain percentage of affordable units in new developments in Protected Major Transit Station Areas (PMTSAs) or MTSAs. The regulations pertaining IZ were released in 2018 (see O.Reg 232/18). These regulations stipulate that an analysis of potential impacts on the housing market and on the financial viability of development or redevelopment in the municipality from inclusionary

zoning by-laws should be conducted prior to implementing such a by-law. This analysis should take into account:

- The value of land
- The cost of construction
- Market prices
- Market rents
- Housing demand and supply

The analysis conducted as part of this study reviewed the expected impact of a potential IZ policy through a pro-forma model that evaluates the impact on land values.

Please note that several key pieces of legislation were released during this analysis as part of the roll-out of regulations related to the More Homes More Choice Act, 2019. The consulting team has attempted to include all relevant changes where possible at the point of writing.

This type of zoning provides developers and the public with certainty regarding development permissions within these areas, as IZ by-laws are not subject to appeal to the Local Planning Appeal Tribunal.

5.2 Approach

This section outlines the approach that was used to analyse the impact of an Inclusionary Zoning Policy in the City of Richmond Hill.

Overview

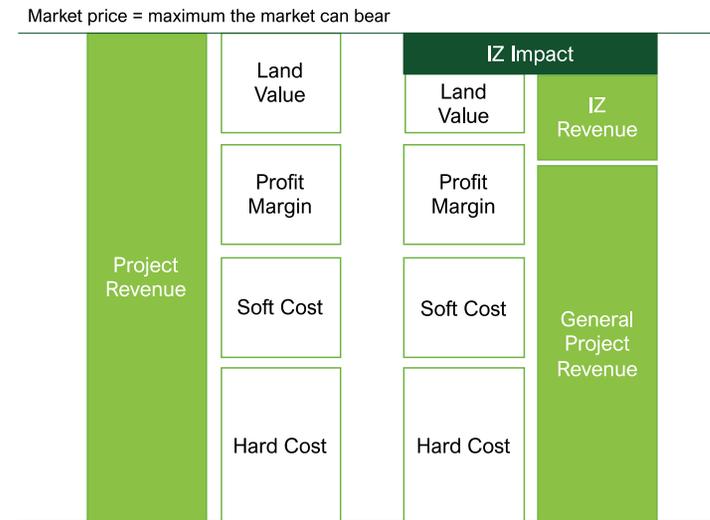
To determine the impact of Inclusionary Zoning (IZ), the research team conducted a residual land value analysis in four Major Transit Station Areas (MTSA's) in Richmond Hill. A residual land value analysis is a common tool used by developers to evaluate the development potential for a particular piece of land. The analysis assumes that if a development is financially feasible and sufficient money is left to acquire the land based on market prices, the developer can proceed with the project. The general way to calculate residual land value is:



When applying a residual land-value analysis to evaluate a potential IZ policy, the direct impact of the IZ policy would be to reduce developer revenues. Revenues are reduced because the affordable units are sold or rented

at a lower value than the market price. Development costs and profit are considered fixed as developers already maximize cost reductions and are mostly not willing to reduce their profit margins. Therefore, reductions in revenue will lead to less funds available to purchase land. This can be accommodated as long as the available funds for land do not fall below current land prices. If the City of Richmond Hill implements an IZ policy with a rate of inclusion for affordable units that is too high, it would reduce land prices below market values, and would cause landowners to no longer be willing to sell their land. In turn, this will halt the development of new homes in the City of Richmond Hill.

Figure 80: Graphic Overview of the Impact of IZ on Land Values



Source: N. Barry Lyons Consulting Inc. 2019

The following sections outline how the key components of a residual land value analysis (revenue, costs and profits) were determined as part of this study.

Revenue

When a developer envisions a new project, a key step in determining its feasibility is to determine the selling price or rents they would be able to charge. This will help to model the total project revenues. Developers generally aim to maximize revenue by charging as much for their project as the market will bear while making sure a development sells/leases all its units in time. Setting a price too high generally leads to slow sales/long rent-up times. Selling/renting too quickly could mean prices were set too low. To find the market price equilibrium, developers conduct significant research on the demand and supply of homes in the market area as well as prices/rents charged in similar projects in the vicinity of their development. In addition, developers might release units to the market in stages adjusting prices throughout the process. For this analysis, prices for condominium units were determined by reviewing the square foot price per unit type (e.g. one-bedroom, two-bedrooms, etc.) in projects currently for sale close to each reviewed MTSA. Rents were determined by looking at average rents charged in condominium developments in proximity to

each MTSA. This approach was taken because no new purpose-built rental developments have been developed in Richmond Hill since 2012. Both rents and sale prices were verified with developers during engagement sessions conducted as part of this study.

Cost to Develop

Development costs are generally separated into hard costs, soft costs, and land costs.

Hard Costs

Hard costs include the cost of labour and materials required to build a building. These costs might include:

- Demolition
- Site servicing
- Construction costs
- Furnishings
- Fixtures
- Equipment

There are a number of factors that impact the hard costs of a project. These are often based on the site, as well as the design, size and height of the building, however, once these have been determined, the hard cost for a project

are relatively fixed. For this project, most hard costs were based on the 2020 Altus Cost Guide for multi-residential development. In addition, hard costs assumptions were verified during engagement sessions with developers in the City of Richmond Hill.

Soft Costs

Soft costs include all the non-construction related costs that a developer must make to develop a building and might include:

- Professional fees including architect, engineers, project management and other consultant fees
- Site-related studies
- Development permit fees and charges
- Legal, financing and insurance fees
- Promotional/marketing costs

Like hard costs, soft costs are largely dependent on the type of building, sites, and other development specifications, however, once the development specifications are known, these costs can be predicted quite accurately. For this study soft costs were determined based on desk research and SHS Consulting's considerable development experience.

These assumptions were also verified during engagement sessions with developers in the City of Richmond Hill.

Land Costs

While in a residual land value analysis, land is an output as opposed to an input, in general, land values are a key component to test the feasibility of a development project. Land values are generally correlated to the strength of the market area. Desirable areas are often characterized by high land values as opposed to weaker market areas, which are mostly characterized by low land prices. For the purpose of this study, land values were estimated by conducting a pro-forma analysis in each of the selected MTSA's based on the highest and best use (Condominium development) taking into account the current heights and densities allowed in the area. These findings were then compared with average land-prices based on recent land transactions and verified during engagement sessions with developers in the City of Richmond Hill.

Profit

Developers in the for-profit sector will seek a return on their investment expressed in a profit margin. This is a threshold that will make it worthwhile for them to invest in the project considering all risk involved. This profit must,

at minimum be superior to a rate of return that could be achieved through other investments. If the desired profit margin cannot be achieved, a developer is likely to seek out other opportunities. For this project, profit margins were researched and verified during engagement sessions with the development sector in Richmond Hill.

Selecting MTSA

To develop a clear picture of the impact of an Inclusionary Zoning policy in Richmond Hill a total of four (4) MTSA were selected in which pro-forma analysis was conducted. The MTSA were selected in close collaboration with Richmond Hill City Staff. These four areas represent a variety of geographies in the City and differences in current height and densities, as well as differences in future heights and densities. The four selected MTSA are:

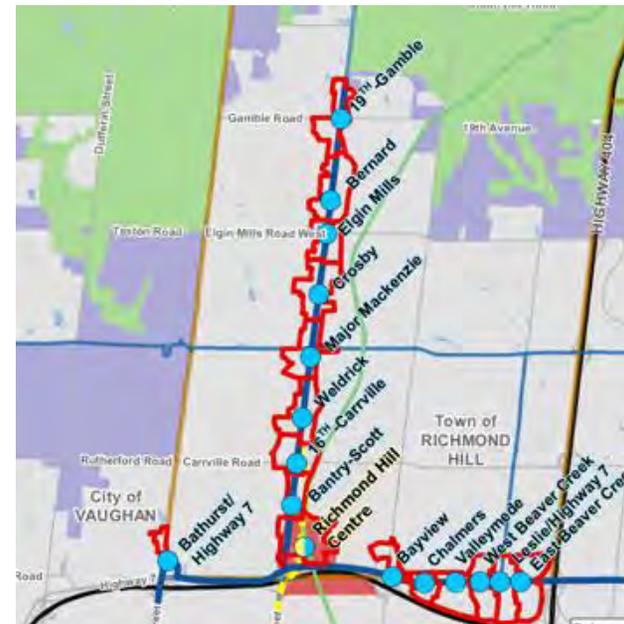
- Richmond Hill Centre
- Major Mackenzie
- Valleymede
- Bernard

The selected MTSA represent a range of types of MTSA. Richmond Hill Centre MTSA is anticipated to be the densest MTSA with the greatest mix of land uses.

Bernard MTSA includes lands designated as Key Development Area with high and medium density development and a mix of land uses permitted. The Valleymede MTSA is anticipated to host mid-rise buildings with a mix of land use, and the Major Mackenzie MTSA includes historic development and, while anticipated to provide transit supportive development, there may be some density limitations in this area.

The image below provides an overview of the location of the MTSA

Figure 81: MTSA Locations: Richmond Hill; 2019



Source: The Region of York 2019

Determining the Impact of an Inclusionary Zoning Policy

To determine the impact of inclusionary zoning, a number of pro-forma scenarios for proto-typical buildings were run in each of the four MTSA's. The parameters of the sites were developed in close collaboration with Richmond Hill City staff.

Scenarios were developed for two types of buildings:

- High-rise buildings (11+ storeys)
- Mid-rise buildings (5 to 10 storeys)

For each building type, scenarios were run for different tenures including:

- Purpose-built rental buildings
- Condominium ownership buildings

For condominium buildings, scenarios were run for instances where the affordable units were sold at affordable prices as well as instances where the affordable units were rented at affordable rates.

The sections below describe the different scenarios that were created and how they were compared.

Calculate the Base Value of the Land

First, the base value of the site was established. The base value was estimated by running a scenario for the highest and best use (condominium tower) for each site and building type based on current permissions for height and density. The resulting dollar per buildable square foot was then compared to recent land value transactions obtained through Urbanation and conversations with developers during engagement sessions.

Add Density

When the base value of each site was determined, a second scenario was run with added heights and densities established for each MTSA. Added heights and densities were estimated in close collaboration with City staff. These estimates are based on the maximum uplift in heights and densities the City might be willing to allow in these areas.

Include IZ Parameters

Once the uplifted value was determined, a third scenario was run which incorporates the potential Inclusionary Zoning Policy (e.g. proportion of affordable units, price of affordable units, period of affordability etc.).

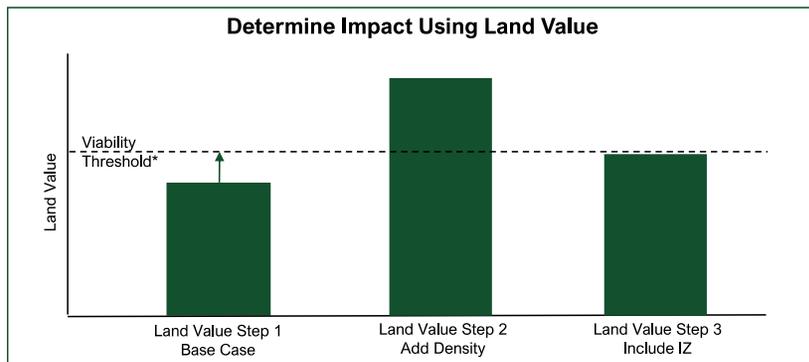
Evaluate Impact

To evaluate the impact on land values and determine the viability of the Inclusionary Zoning policy, the different scenarios were compared.

A development scenario is deemed viable if its residual land value is about 10% or higher than the residual land value of the base case scenario.

If the residual land value falls below 10%, it is assumed that the project might not be viable because the landowner would not have sufficient motivation to sell the land. The figure below provides a graphical overview of the analysis.

Figure 82: Assessing Impact of an IZ Policy



5.3 Key Assumptions

This section provides an overview of the key assumptions that were used to develop the pro-forma models for the residual land-value analysis.

Site Characteristics

Prototypical sites were established for each MTSA. The site characteristics were developed in close collaboration with City staff and based on averages from recently submitted development permit applications. Current densities were established based on the existing zoning in the Zoning By-Law. However, in many instances, the Zoning By-Law was out of date. In this case, more recently developed Secondary Plans or approved development applications were used to determine the existing permissions on each prototypical site. The table below provides an overview of the site characteristics, height and densities in each MTSA.

Building Characteristics

In addition to the current site characteristics, redevelopment parameters and building characteristics were established based on the maximum allowed floor space index (FSI). The building characteristics and densities were developed in close collaboration with

Richmond Hill staff and are outlined in the table below. All modelled buildings are in multi-residential form, in line with the development that is currently taking place or planned to take place in these areas.

Table 11: Density Increases by MTSA: The City of Richmond Hill; 2020

MTSA	Building Type	Current Density (FSI)	Units in Tower with Current Density	Maximum Density (FSI)	Units in Tower with Maximum Density	% Change in FSI	% Change in Units
Richmond Hill Centre	Highrise	3.5	382	6.5	709	85.7%	85.6%
Major Mackenzie	Midrise	2	89	2.8	124	40.0%	39.3%
	Highrise	2.5	298	4	476	60.0%	59.7%
Valleymede	Midrise	2.5	79	3.2	101	28.0%	27.8%
	Highrise	2.5	222	4.2	373	68.0%	68.0%
Bernard	Midrise	2	126	3	189	50.0%	50.0%
	Highrise	4	534	5	667	25.0%	24.9%

Source: The City of Richmond Hill 2020

Financial Model Assumptions

Financial model assumptions were developed prior to completing the pro-forma analysis. The assumptions are based on desk research, SHS Consulting's experience as development consultants, and telephone interviews with experts. The assumptions were verified with developers and key informants from Richmond Hill during two engagement sessions conducted as part of this background report.

Pricing and Unit Size

The table below provides a detailed overview of the assumptions related to pricing, unit size and parking ratios and prices. Unit sizes, condominium prices and maintenance fees were estimated based on information collected from condominium developments currently selling in the market area. Market rental rates and parking rates were established based on an environment scan of condominium rental prices and parking rentals collected from Condos.ca. Parking ratios were obtained from the City of Richmond Hill. The proposed parking rates might change when a number of ongoing studies such as the Transportation Demand Management and the Parking Study that are currently ongoing have been completed.

Table 12: Pricing and Unit Characteristics by MTSA: The City of Richmond Hill; 2020

MTSA	Unit Type	Unit Size	Condominium Pricing	Condo Fees	Market Rental Rates	Market Rental Rates	Parking Ratio*	Rental Parking Revenue
		sq. ft.	\$ per sq. ft.	\$ per sq. ft. per month	\$ per month	\$ per sq. ft. per month	stalls per unit**	\$ per month
Richmond Hill Centre (only high-rise)	1-bedroom	550	\$895	\$0.55	\$1,943	\$3.36	0.7	\$100
	2-bedrooms	750	\$800	\$0.55	\$2,625	\$3.17	0.8	
	3-bedrooms	1,050	\$790	\$0.55	\$3,045	\$2.43	1	
Bernard	1-bedroom	550	\$895	\$0.55	\$1,900	\$3.31	0.8	\$100
	2-bedrooms	750	\$800	\$0.55	\$2,400	\$3.20	0.9	
	3-bedrooms	1,050	\$790	\$0.55	\$2,800	\$2.18	1	
Major Mackenzie	1-bedroom	550	\$895	\$0.55	\$1,850	\$3.33	0.9	\$100
	2-bedrooms	750	\$800	\$0.55	\$2,500	\$3.34	1	
	3-bedrooms	1,050	\$790	\$0.55	\$2,900	\$2.81	1.2	
Valleymede	1-bedroom	550	\$895	\$0.55	\$1,900	\$3.31	0.9	\$100
	2-bedrooms	750	\$800	\$0.55	\$2,400	\$3.15	1	
	3-bedrooms	1,050	\$790	\$0.55	\$2,800	\$2.73	1.2	

Source: Condos.ca 2020, SHS Environment Scans 2020, The City of Richmond Hill 2020

Cost of Land

While the scenarios developed include an estimation of current land values in each MTSA, additional desk research and interviews with land appraisers were conducted to confirm the current value of land in the City of Richmond Hill.

As part of an environmental scan, land values from recent transactions between 2017-2019 and corresponding proposed building characteristics were obtained from Urbanation. Based on these records, the estimated price of land was determined at approximately \$60 per buildable square foot. Unfortunately, very few land transactions occurred in this time-period (14 transactions) suggesting that most land is currently used or already inventoried for future use.

The values found in the environmental scan were confirmed by the MCAP 2019 Land Value Report which estimates the cost per buildable square foot for high-rise condominiums at \$60 - \$65 in the Highway 7 / Yonge corridor.

The land values found in the desk research were used to validate estimated current land value estimations based on pro-forma analysis conducted as part of this study.

General Assumptions

Desk research, input from Richmond Hill staff, interviews with key informants and engagement sessions with developers in Richmond Hill were conducted to establish general assumptions to be included in the pro-forma model. The table below provides an overview of these assumptions.

Table 13: Financial Assumptions – General: 2020

General - Variables	Assumption
One-bedroom units (% of total units)	60.0%
Two-bedroom units & Three-bedroom units (% of total units)	35% & 5%
Revenue Inflation, per annum	2.0%
Capitalization Rate (Applicable to Rental Units)	4.00%
Vacancy & Bad Debt (Applicable to Rental Units)	3.00%
Operating Expense Ratio (Affordable) (Applicable to Rental Units)	40.0%
Operating Expense Ratio (Market) (Applicable to Rental Units)	35.0%
Profit Margin (of total revenues)	15%
Discount Rate	6.0%
Construction Period	*Variable
Construction Financing	75%

*Note: Variable depending on building size

Hard Cost Assumptions

The hard costs assumptions were primarily derived from the Altus Cost Guide. Some assumptions were derived from recent comparable projects for which SHS acts as the development consultant. Costs were validated with developers in Richmond Hill during engagement sessions. An overview of the hard costs assumptions can be found in the table below.

Table 14: Financial Assumptions - Hard Costs: 2020

Hard Costs - Variables	Assumption
Apartment up to 12 storeys (per sq. ft.)	\$275
Apartment 13 to 60 storeys (per sq. ft.)	\$250
Underground Parking (per sq. ft.)	\$100
Contingency Factor (% of hard costs)	3%
Cost Inflator, per annum (% of hard costs)	2%

Soft Costs Assumptions

The soft costs assumptions were developed in close collaboration with the City of Richmond Hill, interviews with key informants and SHS’s experience as a development consultant. Similar to the other assumptions discussed in this section, all costs were validated with developers in Richmond Hill during engagement sessions. An overview of the soft costs assumptions can be found in the table below.

Table 15: Financial Assumptions - Soft Costs: 2020

Soft Costs - Variables	Assumption
Professional Fees, Site Related Studies, Legal, Administrative, Marketing, Financing, Municipal Fees and Permits (of total project costs)	~ 20.00%
Lender’s Administrative Fee (% of loan)	0.75%
Construction Loan Interest Rate	4.75%
Municipal Planning Application Fees	As published on Richmond Hill website
Parkland Dedication	1 hectare / 500 units
Community Benefits Charge (of the land value)	5%
Building Permit Fees	\$20.91 per sq.m.
Tarion Enrolment Fee (Applicable to Ownership Units)	*Variable
Property Tax Rate	0.653108%

Please note, the Community Benefits Charge (CBC) was set based on the draft CBC regulations released in February 2020 at 5% of the assessed land value on the day before a building permit is submitted. Since then, the maximum CBC has been reduced to 4% in the revised regulations released in September 2020. The consulting team has tested if this change had an impact on residual land values and found minimal to no impact. As such the CBC assumption was not changed throughout the assessment.

Inclusionary Zoning Assumptions

The assumptions for inclusionary zoning were established in close collaboration with Richmond Hill staff. It was determined that:

- IZ should apply to the entire building.
- Affordable rental units resulting from any IZ policy should be priced at 100% of average market rent in the market area as per the Provincial Policy Statement. However, there is also the opportunity to price rents at 125% of average market rent although this only provides a shallower affordability.
- Affordable ownership units resulting from any IZ policy should be priced based on what is considered affordable to the 60th percentile of households in Richmond Hill (maximum).
- The duration of affordability for any units resulting from an IZ policy should be affordable for a minimum of 25 years and could be affordable in perpetuity.
- The City of Richmond Hill might consider additional incentives to achieve deeper levels of affordability or to enable purpose-built rental developments to achieve viability. Additional analysis was conducted in section 5.5 to analyze

the impact of increasing the affordable rents to 125% of average market rents and providing financial incentives for the rental scenarios.

- The viability threshold for IZ was set at 10%+ increase in land value on the estimated current value of the site, based on similar studies conducted in Markham and Toronto.

An overview of the IZ assumptions is provided in the table below:

Table 16: Financial Assumptions - IZ: 2020

IZ - Variables	Assumption
Application of IZ Policy	Entire building
Viability threshold	10%+ increase in land value on the base value of the site
Unit set-aside tested	Maximum Inclusion Rate
Level of affordability (rental)	100% AMR & 125% AMR
Level of affordability (ownership)	\$466,888
Duration of affordability	25 years & in perpetuity
Incentives	TBD

Limitations

While a residual land-value analysis is the approach most frequently used to assess the viability of IZ in Ontario, the analysis has a number of limitations outlined in this section below.

The primary limitation of this analysis is that a residual land-value analysis cannot assess historical and speculative land purchases. The analysis on land-values showed that much of the land in Richmond Hill has been inventoried with only 14 transactions occurring in the selected MTSAs in the past three years (2017-2019). As such, the viable rates of inclusion of affordable units might be significantly higher if it is assumed land-values have increased at a faster rate than inflation in the past 10 years. Insufficient data of land-transactions were available to mitigate for this limitation.

Second, the analysis isolates a development to a single phase. Land-value transactions in Richmond Hill showed large lots suitable for multi-residential development are generally accumulated over time. By comparing estimated current land-values with transactions from the past three years this limitation was mitigated to some extent.

Lastly, there might be instances where landowners or developers use assumptions in their valuations that are different from the ones used in this report. The following assumptions were made in our prototype analysis and may have implications on the findings of this report as compared with actual developments in Richmond Hill:

- This report assumes ‘typical’ developer costs and prototypical built form
- Site specific variables that are not accounted for in this analysis could affect cost or revenue
- Zoning assumptions in this analysis may not incorporate site-specific zoning
- Parkland dedication estimate in this analysis assumes no fees have been paid previously, which may overstate the fee
- The used cap rate in the pro-forma for rental housing assumes a higher risk than may be the case given the City’s role in setting zoning, heights and densities in MTSAs
- Impacts of COVID-19 have not been incorporated in the prototype

Because of these limitations, there may be a delay in the start of development in MTSAs when an IZ policy is in place. To mitigate for this limitation, the development

community was actively consulted to ensure the assumptions used in this analysis are as close as possible to the assumptions used by the development community.

It is important to note that this analysis only provides a high-level overview of the impact of an IZ policy in Richmond Hill. These results should be used to inform policy decisions as opposed to interpreted as exact outcomes of what will happen once an inclusionary zoning policy is in place.

5.5 Analysis

Financial pro-forma tests were developed to analyse the change in land value that occurs when inclusionary zoning requirements are applied to prototypical development scenarios. The pro-formas in this analysis test three different tenure types in four submarket areas in Richmond Hill. The following sections summarize the framework and specifications of each of the pro-forma tests and the results of the analysis. These results will help inform the City of Richmond Hill in developing an Inclusionary Zoning by-law.

The results from the pro-forma tests present the maximum sustainable rate of inclusion for inclusionary zoning units (affordable units) within a mid-rise or high-rise development. The ‘maximum inclusion rate’ is defined as the percentage of the total building gross floor area (GFA) that can be included at affordable rents and sale prices while maintaining land values which are more than 10% above the estimated existing land values. The maximum inclusion rate is the percentage of the total building gross floor area that is designated as affordable residential space in each development prototype test.

⁸⁹ [2019 Measuring and Monitoring Affordable Housing in York Region](#)

Building Tenure Type 1: Condominium Towers with Affordable Ownership Units

Prototypical developments that are condominium towers with inclusionary zoning units delivered as affordable ownership units were tested in the four submarket areas in Richmond Hill. Throughout the tests, it was assumed that the affordable ownership units would be sold at the affordability threshold defined in the Provincial Policy Statement and the Regional and Municipal Official Plans based on what is considered affordable to the 60th percentile of households in Richmond Hill. This sale price for affordable units in the prototypical developments is \$466,888 for all unit sizes⁸⁹.

The prototypical developments all included a unit mix of 60% one-bedroom units, 35% two-bedroom units, and 5% three-bedroom units. The inclusion of affordable units which have more than one bedroom will help to meet the need for an increased supply of larger units throughout Richmond Hill that are affordable and suitable to households with three or more persons.

The results from the pro-forma tests of the condominium tenure prototypical developments with affordable ownership units illustrate that in the different submarkets, a varying degree of inclusion can be supported. The maximum viable inclusion rate varies greatly between the market areas and building types (i.e. high-rise versus mid-rise towers.) In the Bernard scenarios, no inclusion is viable in the high-rise tower, while 30.0% is viable in the mid-rise tower. The density increases in the high-rise tower scenario tested in Bernard was insufficient to sustain any inclusionary zoning. The maximum viable inclusion of affordable units in the Major Mackenzie high-rise tower scenario is 28.0% and in the mid-rise tower scenario is 11.0%. The high-rise tower in the scenario in Richmond Hill Centre has a maximum viable inclusion rate of 30.0%. Finally, the high-rise tower scenario in Valleymede can support a 32.0% inclusion rate and the mid-rise tower scenario can support an 8.0% inclusion rate.

The high rates of inclusion in these scenarios are due to a developer's ability to realize profits in a relatively short timeframe when developing condominium units. A significant portion of the building (80% of units) must be sold before the developer will even receive financing. This reduces the risk associated with the development and allows developers to pay more for the land.

Additionally, the sale prices for the one-bedroom units sold at market rates are relatively comparable with the affordability threshold for the inclusionary zoning units (see Figure 83 for sale prices.) As 60% of units in the prototypical developments are one-bedroom units, this small deviation in the sale price between market and affordable prices results in high levels of inclusion being viable as the loss in revenues caused by the trade-off between selling affordable units rather than market units is small (approximately \$30,000).

The higher rates of inclusionary units while still achieving feasibility in these tests demonstrate that the affordability threshold could be decreased so that units are sold at prices that are even more affordable. By lowering the affordability threshold, the maximum rate of inclusion of affordable residential space would decrease throughout the buildings and less units would be available, however the policy would provide housing at much more affordable prices and meet the needs of households with lower incomes.

Owners of these units, however, must recognize that the trade-off for purchasing these affordable units is that at the time of resale of the units, they will not be able to benefit from the full market resale value. In other words, their unit sale value will have to continue to meet the affordable threshold value at the time of sale and this

would be prescribed in the IZ by-law. This ensures that future owners have access to these “affordable” units at an affordable price relative to the prevailing household incomes of the 60th household income percentile at that time.

in Richmond Hill are comprised of three or more persons. The approach of the inclusionary zoning policy should thus consider encouraging more development of larger-sized affordable units which would meet the affordability needs of these households.

Figure 83: Sale Prices for Condominiums by Unit Size: The City of Richmond Hill; 2020

	Affordable Sale Price	Market Sale Prices		
		1 Bedroom	2 Bedroom	3 Bedroom +
2020	\$466,888	\$492,250	\$600,000	\$829,500

Source: Urbanation Inc.; 2019.

Furthermore, the results of the condominium tenure prototypical developments with affordable ownership units identify an opportunity for the City to encourage the development of more large-sized affordable units (units which have more than one bedroom.) Most of the pro-forma tests have a high maximum viable inclusion rate when the unit mix is 60% one-bedrooms, 35% two-bedrooms, and 5% three-bedrooms therefore, land values could support the inclusion of a greater percentage of the gross floor area as larger-sized units while still maintaining viability. The majority of households

Table 17: Maximum Inclusion Rates for Building Tenure Type 1: Condominium Towers with Affordable Ownership Units

Pro-forma Results Condominium with Affordable Ownership										
			Richmond Hill Centre	Valleymede	Valleymede	Major Mackenzie	Major Mackenzie	Bernard	Bernard	
			High-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	
Residual Land Value	Step 1	Estimation of Existing Site Land Value	\$17,500,000	\$11,493,000	\$4,224,000	\$14,320,000	\$5,129,000	\$22,225,000	\$7,164,000	
		Price per square foot buildable	\$61.12	\$68.89	\$71.35	\$64.12	\$76.86	\$55.50	\$75.63	
		Current Density (FSI)	3.5	2.5	2.5	2.5	2	4	2	
		Units in Tower with Current Density	382	222	79	298	89	534	126	
	Step 2	Upzoned Land Value (0% inclusion)	\$23,612,000	\$14,731,000	\$4,919,000	\$18,885,000	\$5,802,000	\$24,520,000	\$9,318,000	
		Price per square foot buildable	\$44.41	\$52.56	\$64.91	\$52.85	\$62.10	\$48.99	\$65.58	
		Maximum Density (FSI)	6.5	4.2	3.2	4	2.8	5	3	
		Units in Tower with Maximum Density	709	373	101	476	124	667	189	
	Step 3	Upzoned Land Value with Maximum Inclusion Rate (Affordable Price \$466,888)	\$19,813,000	\$13,939,000	\$4,716,000	\$15,862,000	\$5,658,000	N/A	\$8,000,000	
		Price per square foot buildable	\$37.26	\$49.73	\$62.23	\$44.39	\$60.56	N/A	\$56.30	
			Maximum Inclusion Rate (% of GFA that is Affordable)	30.0%	32.0%	8.0%	28.0%	11.0%	No Inclusion	30.0%

Source: SHS Consulting; 2020.

As demonstrated by the results in the table above, there is an inverse relationship between the change in the price per square foot buildable and in land value as a whole. The price per buildable square foot decreases with the increase in density and also with the imposition of IZ. However, the overall land value is increasing. This illustrates that an inclusionary zoning policy plays a role in tempering land value and reducing the artificial increase in land value.

It should also be noted that the increase in land value associated with the inclusionary zoning policy will also temper cash-in-lieu of parkland requirements, as well as calculations for Community Benefit Charges, should the City choose to adopt such a by-law.

Building Tenure Type 2: Condominium Towers with Affordable Rental Units

In addition to testing the financial impacts of inclusionary zoning on condominium buildings with affordable ownership units, condominium tenure prototypical developments with affordable rental units were also tested. Affordable rental units in the prototypes are rented at 100% of the average market rent for Richmond

Hill in 2019 reported by CMHC and these units will be affordable for 25 years.

Figure 84: Average Rents by Unit Size: The City of Richmond Hill; 2019

	1 Bedroom	2 Bedroom	3 Bedroom +	All Unit Sizes
2019	\$1,213	\$1,394	\$1,617	\$1,320

Source: CMHC Information Portal; 2019.

These prototypical developments also included a unit mix with 60% one-bedroom units, 35% two-bedroom units, and 5% three-bedroom units.

It can be surmised from the results of these tests that condominium tenure prototypical developments with affordable rental units have generally lower maximum viable rates of inclusion than those with affordable ownership units, but some level of inclusion is still viable in almost all cases. Bernard is the sole market area of the four tested in this analysis where no inclusion is viable in the high-rise tower scenario. This is because the density increase was insufficient to sustain any inclusionary zoning. As part of this analysis, increasing rents to 125% of average market rent was tested to identify whether any level of inclusion could be viable in the Bernard scenario. However, the results identified that even when using these increased rents, less than one-percent of affordable

units were viable in the Bernard scenario. affordable housing would be However, the Bernard mid-rise building scenario could support the inclusion of 3.0% of the building GFA as affordable rental units. The high-rise tower in the Valleymede scenario was viable with a 7.0% inclusion rate and the mid-rise tower scenario can support a 3.0% inclusion rate. The maximum viable inclusion of affordable units in the Major Mackenzie high-rise tower scenario is 10.0% of the GFA and in the mid-rise tower scenario is 3.0% of the GFA. Finally, the scenario in Richmond Hill Centre has a maximum viable inclusion rate of 13.0% as determined by these tests.

The results of the pro-forma testing indicate that a condominium tower with units sold at market prices in Richmond Hill could still be a viable project with the inclusion of a portion of the units rented at affordable rates. Through inclusionary zoning, the increased demand for rental units which has occurred in Richmond Hill recently could be met through the provision of these affordable rental units within condominium developments. By providing a mix of condominium and rental units within the same development, inclusionary zoning also incites the diversification of the housing stock throughout the city.

In the submarkets where the maximum inclusion rate is on the higher range, such as in Richmond Hill Centre,

there is the opportunity to increase the affordability of the inclusionary zoning units in those locations. By deepening the affordability of the inclusionary zoning units, the policy can generate a new supply of rental housing that is affordable to households with lower incomes that are typically in the highest need.

Operation Approaches of Affordable Rental Units

The operation of the affordable rental units within a condominium tower could take on several forms. This section outlines some examples of the operation approaches available to housing providers interested in such a model, including:

- Partnerships between for-profit and not-for-profit groups
- For-profit owner operating the entire building, including the affordable rental units

Partnerships Between For-profit and Not-for-profit Groups

There is growing interest in using collaborative approaches between private and not-for-profit organizations to address the affordable housing needs of households. Both not-for-profit housing providers and private sector developers have significant assets and expertise to contribute to a development partnership.

Not-for-profit groups often have expertise in both building and managing affordable housing, they are often experienced in applying for funding from governments and other sources, and are good stewards of the affordable units, protecting the affordability in perpetuity. However, not-for-profit organizations often require additional capital to expand their portfolios. In contrast, for-profit developers, generally can offer significant financial capital and technical resources to a project. The ability of for-profit developers to cover the costs of acquiring land, as well as the upfront development costs, often allows them to move more quickly and efficiently than not-for-profit organizations⁹⁰.

Collaboration between not-for-profit housing organizations and private developers can take the form of a short term or project-specific collaboration. This partnership may end with the completion of the project or may continue until a specified or unspecified time (e.g., long-term lease of the units, management of the units etc.).

In contrast, longer-term partnerships between the sectors can involve the creation of a new organization to set and guide the inclusionary zoning policy. To enable a long-

term partnership between the sectors, a new program could be created to facilitate the ongoing development of the new affordable housing units created under inclusionary zoning. Examples of long-term partnerships include housing land trusts or agreements focused on a particular geographic area⁹¹.

In this partnership approach, it could be typical for the private developer to be responsible for the overall design and construction of the building. The not-for-profit housing provider would then own and operate the affordable rental units within the building upon its completion.

For-profit Owner Operating the Affordable Rental Units

An alternative approach to operating the affordable rental housing units within a condominium building would be for the for-profit developer to continue to own the units after the completion of the building. The private developer might consider engaging another organization to manage the operations and maintenance activities of the units.

⁹⁰ Harvard University. Should we Foster the Nonprofit Housing Sector as Developers and Owners of Subsidized Rental Housing? Rachel G. Bratt. (2007)

⁹¹ Evergreen. Scaling Up Joint Ventures Between Social Housing Providers and Private Sector Builders. (2017)

Table 18: Maximum Inclusion Rates for Building Tenure Type 2: Condominium Towers with Affordable Rental Units

			Pro-Forma Results						
			Richmond Hill Centre	Valleymede	Valleymede	Major Mackenzie	Major Mackenzie	Bernard	Bernard
			High-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise
Residual Land Value	Step 1	Estimation of Existing Site Land Value	\$17,500,000	\$11,493,000	\$4,224,000	\$14,320,000	\$5,129,000	\$22,225,000	\$7,164,000
		Price per square foot buildable	\$61.12	\$68.89	\$71.35	\$64.12	\$76.86	\$55.50	\$75.63
		Current Density (FSI)	3.5	2.5	2.5	2.5	2	4	2
		Units in Tower with Current Density	382	222	79	298	89	534	126
	Step 2	Upzoned Land Value (0% inclusion)	\$23,612,000	\$14,731,000	\$4,919,000	\$18,885,000	\$5,802,000	\$24,520,000	\$9,318,000
		Price per square foot buildable	\$44.41	\$52.56	\$64.91	\$52.85	\$62.10	\$48.99	\$65.58
		Maximum Density (FSI)	6.5	4.2	3.2	4	2.8	5	3
		Units in Tower with Maximum Density	709	373	101	476	124	667	189
	Step 3	Upzoned Land Value with Maximum Inclusion Rate (Affordable rents at 100% AMR)	\$19,339,000	\$13,237,000	\$4,701,000	\$15,869,000	\$5,681,000	N/A	\$7,956,000
		Price per square foot buildable	\$36.37	\$47.23	\$62.04	\$44.41	\$60.80	N/A	\$56.00
		Maximum Inclusion Rate (% of GFA that is Affordable)	13.0%	7.0%	3.0%	10.0%	3.0%	No Inclusion	3.0%

Source: SHS Consulting; 2020.

Affordability Period

In this assessment, condominium building scenarios with rental units with rents being provided at affordable prices in perpetuity (rather than for 25 years) were also analyzed.

The impacts to residual land values that are caused due to the inclusion of a portion of affordable units as a result of an inclusionary zoning policy are less significant when the affordability period is shorter. This is because rents are permitted to revert back to market rates after the period of affordability has elapsed. For many for-profit developers, a shorter period of affordability is likely desired for this reason, as the revenues they could collect would be greater overall. However, from an affordable housing policy perspective, a longer period of affordability is desired so these units can provide affordable housing to more households over the entire life cycle of the building.

The results from the pro-forma tests of this analysis demonstrate that in all submarkets, the impacts of requiring affordable rental housing units in perpetuity are very minor; 0% to 2% decrease in maximum inclusion rate based on the MTSA scenario. As such, it is recommended that the City pursue an inclusionary zoning policy requiring housing providers to offer these

affordable units in perpetuity to maximize the benefits to the community while also considering the financial implications for the development community.

Table 19: Affordability Period Test for Building Tenure Type 2: Condominium Towers with Affordable Rental Units

		Richmond Hill Centre	Valleymede	Valleymede	Major Mackenzie	Major Mackenzie	Bernard	Bernard
		High-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise
		Condominium with Affordable Rental Units - 25 Year Affordability Period						
Residual Land Value	Estimation of Existing Site Land Value	\$17,500,000	\$11,493,000	\$4,224,000	\$14,320,000	\$5,129,000	\$22,225,000	\$7,164,000
	Price per square foot buildable	\$61.12	\$68.89	\$71.35	\$64.12	\$76.86	\$55.50	\$75.63
	Upzoning (Current FSI / Maximum FSI)	3.5 / 6.5	2.5 / 4.2	2.5 / 3.2	2.5 / 4.0	2.0 / 2.8	4.0 / 5.0	2.0 / 3.0
	Current units / Maximum units	382 / 709	222 / 373	79 / 101	298 / 476	89 / 124	534 / 667	126 / 189
	Upzoned Land Value (0% inclusion)	\$23,612,000	\$14,731,000	\$4,919,000	\$18,885,000	\$5,802,000	\$24,520,000	\$9,318,000
	Price per square foot buildable	\$44.41	\$52.56	\$64.91	\$52.85	\$62.10	\$48.99	\$65.58
	Upzoned Land Value with Maximum Inclusion Rate (Affordable for 25 Years - rents at 100% AMR)	\$19,339,000	\$13,237,000	\$4,701,000	\$15,869,000	\$5,681,000	N/A	\$7,956,000
	Price per square foot buildable	\$36.37	\$47.23	\$62.04	\$44.41	\$60.80	N/A	\$56.00
Maximum Inclusion Rate (% of GFA that is Affordable)		13.00%	7.00%	3.00%	10.00%	3.00%	No Inclusion	3.00%
		Condominium with Affordable Rental Units - Affordable in Perpetuity						
Residual Land Value	Upzoned Land Value with Maximum Inclusion Rate (Affordable in Perpetuity - rents at 100% AMR)	\$19,328,000	\$13,009,000	\$4,670,000	\$16,085,000	\$5,715,000	N/A	\$7,897,000
	Price per square foot buildable	\$36.35	\$46.41	\$16.66	\$45.01	\$61.17	N/A	\$55.58
Maximum Inclusion Rate (% of GFA that is Affordable)		11.00%	7.00%	3.00%	8.00%	2.50%	No Inclusion	3.00%

Source: SHS Consulting; 2020.

Building Tenure Type 3: Purpose-Built Rental Towers with Affordable Rental Units

Finally, the following results show the change in land values as a result of the introduction of inclusionary zoning to rental tenure prototypical developments in Richmond Hill. The pro-forma results for rental developments tested demonstrate the challenges faced by developers seeking to build purpose-built rental in Richmond Hill. Under the specified market conditions, purpose-built rental prototype scenarios with additional density provided through the inclusionary zoning policy resulted in a lower land value than even the estimated existing land value at its highest and best use⁹². In all of the submarkets in Richmond Hill in this analysis, rental tenure prototypical developments were not viable under the test conditions and could not sustain any level of affordable inclusion.

The residual land values resulting from the proposed density uplift in the rental scenarios are not significant enough to attract developers to build a rental tower rather

than a condominium tower. As mentioned in previous sections of this report, condominium developments are much less risky to developers than are rental tenure developments. Condominium projects earn a quicker return on investment compared to rental apartment projects.

Applying inclusionary zoning to new purpose-built rental developments may further disincentivize the construction of rental buildings in Richmond Hill, as the policy adds additional costs which reduce the developer's ability to compete in the land market. Incentives would be required by the City to encourage developers to invest in rental housing in Richmond Hill. These incentives would reduce the equity requirement for rental buildings or increase the net operating income, increasing the total value of rental developments to equivalency with condominium developments.

Some of the additional financial incentives which may be provided by the City to effectively promote the development of rental construction in Richmond Hill include, but are not limited to:

⁹² The highest and best use of the existing land value is a condominium building.

- Development charges deferral for purpose-built rental buildings.** York Region currently offers a policy to developers of purpose-built rental (minimum of four (4) storeys) to defer development charges for up to 36 months, subject to the terms and conditions as set out in the policy⁹³. The goal of this policy is to help increase and achieve a sustained supply of rental housing which is much needed throughout the region. However, the Region will only enter into a Development Charges Deferral agreement with a developer if the local municipality has provided a similar, if not better deferral, or other incentives, for the proposed development. For developers to take advantage of this incentive, the City of Richmond Hill should instate its own development charges deferral policy or match the Regional incentive in monetary and/or non-monetary contributions (e.g., reduced parking or other means that yield similar value). This type of policy, if also instituted by the City, would enhance the feasibility of new rental development and subsequently address the housing challenges of households with moderate incomes through a new supply of rental housing.
- Tax Increment Equivalent Grants (TIEG).** During key stakeholder engagement sessions, developers

in Richmond Hill signalled that an annual Tax Increment Equivalent Grant would be an effective policy to incentivise the development of purpose-built rental housing in Richmond Hill. The TIEG is a grant provided to developers of purpose-built rental that would be equal to all or a portion of the property tax increase following the completion of a project that has resulted in an increase in the assessed value of the property. In York Region, a five-year TIEG with a grant for 80% of the tax increment in year one, reduced by 20% a year to full taxes paid in year five⁹⁴ was proposed to increase the financial feasibility of providing rental housing. The City may consider implementing a similar policy as that currently offered by York Region's TIEG policy. To reduce the financial burden of providing rental housing and encourage developers to build this tenure type, the City of Richmond Hill could also consider providing an even stronger incentive for developers by implementing a 10-year TIEG to ameliorate development conditions for purpose-built rental and increase competition in the land market between condominium developments.

Reduced parking requirements. Parking construction is a significant cost factor to developers. As such, lowering the parking

⁹³ [Development Charges Deferral for Purpose-Built Rental Buildings; York Region, 2019](#)

⁹⁴ [Draft Rental Housing Incentives Guideline and Community Improvement Plan; York Region, 2019](#)

requirements of purpose-built rental buildings may effectively reduce construction costs and increase viability of future projects. Reduced parking requirements could be a useful tool to improve viability of inclusionary zoning specifically, as IZ only applies in MTSA regions close to transit stations. Convenient access to public transit provides alternative transportation methods to residents and decreases the reliance on personal vehicles that require a parking space. The City may consider reviewing parking requirements for purpose-built rental buildings, particularly those in MTSA, to determine whether current minimums can be diminished to attract developers while conjointly remaining realistic about the needs of residents.

Providing incentives on their own may be effective in ensuring start-up rents are meeting affordable thresholds however, applying these incentives in conjunction with an IZ policy ensures (a) stabilizing and tempering land values to increase the potency of the incentive program, and (b) that the rent rate for the IZ units remain at or below the affordable threshold for the duration of the IZ policy.

Table 20: Maximum Inclusion Rates for Building Tenure Type 3: Purpose-Built Rental Towers with Affordable Rental Units

			Pro-Forma Results						
			Richmond Hill Centre	Valleymede	Valleymede	Major Mackenzie	Major Mackenzie	Bernard	Bernard
			High-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise
Residual Land Value	Step 1	Estimation of Existing Site Land Value (based on highest and best use condominium tower)	\$17,500,000	\$11,493,000	\$4,224,000	\$14,320,000	\$5,129,000	\$22,225,000	\$7,164,000
		Price per square foot buildable	\$61.12	\$68.89	\$71.35	\$64.12	\$76.86	\$55.50	\$75.63
		Current Density (FSI)	3.5	2.5	2.5	2.5	2	4	2
		Units in Tower with Current Density	382	222	79	298	89	534	126
	Step 2	Upzoned Land Value (0% inclusion)	\$9,012,000	\$2,598,000	\$1,079,000	\$3,629,000	\$1,106,000	\$5,287,000	\$2,054,000
		Price per square foot buildable	\$16.95	\$9.27	\$14.24	\$10.15	\$11.84	\$10.56	\$14.46
		Maximum Density (FSI)	6.5	4.2	3.2	4	2.8	5	3
		Units in Tower with Maximum Density	709	373	101	476	124	667	189
	Step 3	Maximum Inclusion Rate (% of GFA that is Affordable)	No Inclusion	No Inclusion	No Inclusion	No Inclusion	No Inclusion	No Inclusion	No Inclusion
		% Change in residual land value from Estimation of Existing Site to residual land value of Upzoned Site	-48.5%	-77.4%	-74.5%	-74.7%	-78.40%	-76.2%	-71.3%

Source: SHS Consulting; 2020.

Incentives for Rental Development

Further testing was performed to identify the incentives that would be most effective and sustainable to incite the development of purpose-built rental housing in Richmond Hill while limiting the financial burden for the City. This analysis explored the magnitude of required incentives to support a limited amount (up to 5%) of inclusionary zoning units in purpose-built rental developments.

As shown in the previous table, the purpose-built rental buildings are not viable in all MTSA scenarios. As such, a number of different incentives were explored to achieve viability in purpose-built rental buildings in these scenarios.

Modified Assumption for Rental Viability Analysis

This analysis initially tested the required incentives needed to achieve viability in the purpose-built rental buildings with no inclusionary zoning applied. Then, a 5% set aside of affordable units was implemented in each of the MTSA scenarios to identify the additional incentives needed to achieve viability with such an inclusionary zoning policy.

In the scenarios with 5% affordable units, the following assumptions were used: affordable rents were equal to

125% of average market rents, and the affordability period was 25 years.

As shown in the previous table, the upzoned residual land values for purpose-built rental projects were substantially lower than the residual land values based on the highest and best use (condominium buildings). To model a viable project, the residual land value of the purpose-built rental building was used as the cost to purchase the land. This results in land transfer taxes, and any other costs that are calculated based on land cost or total project cost, such as parkland dedication fees, to be lower in the purpose-built rental scenarios than in the condominium scenarios.

In this analysis project viability was achieved when the residual land value with incentives was at least 10% above the highest and best use residual land value.

In the tables below, two incentive models are presented. The first model demonstrates the **capital** incentives needed to achieve a viable purpose-built rental building with 5% affordable units. The second model demonstrates the annual **operating** incentives needed for 25 years to achieve a viable purpose-built rental building with 5% affordable units and no capital incentives.

In these tables, the amount of different municipal fees and charges in each scenario is provided as a reference point to understand the magnitude of the capital incentives required for viability. Waiving municipal fees and charges is a potential incentive source that the City has available. The total cost associated with the payments of annual property taxes in each scenario is presented to assess the magnitude of the operating incentives required for viability. Property tax exemption (or deferral) is another tool at the City's disposal to incentivize the development of purpose-built rental.

It should be noted that the capital incentives are rounded to \$500,000 increments.

Capital Incentives in Purpose-Built Rental with 0% IZ

The results of these incentive tests are best discussed on a per unit basis, as the magnitude of the incentive is correlated with the number of units. To begin, tests to identify the capital incentive needed to achieve a viable purpose-built rental building with 0% inclusionary zoning were performed. The results of this analysis demonstrated that the lowest per unit capital incentive required was in the Richmond Hill Centre scenario. The capital incentive required was \$5,600 per unit or a total capital incentive of \$4,000,000. The Major Mackenzie high-rise scenario required \$10,500 (or \$5,000,000 total

capital incentive). In the Valleymede high-rise scenario, the per unit capital incentive was \$10,700 (or \$4,000,000 total capital incentive). Finally, the Bernard high-rise scenario required \$12,000 per unit (or \$8,000,000 total) in capital incentives to achieve viability.

In the mid-rise buildings, the Bernard scenario needed the least per unit capital incentive to achieve viability with \$13,200 per unit (\$2,000,000 for the total building). This was followed by the Valleymede scenario where the capital incentive required was \$13,900 per unit or \$4,000,000 in total. Finally, the Major Mackenzie scenario required the highest per unit capital incentive of the mid-rise buildings needing \$16,100 per unit, or \$2,000,000 in total to become viable.

Incentive Model 1: Capital Incentives in Purpose-Built Rental with 5% IZ

Subsequently, modelling was performed to identify the capital incentive required to include 5% affordable units in the purpose-built rental buildings. This analysis is described as Incentive Model 1 in the tables below.

The results in Incentive Model 1 with 5% affordable units are similar to those found in the scenarios with 0% affordable units. Only two scenarios required additional incentive to achieve viability with 5% inclusion of

affordable units. These two sites were the Richmond Hill Centre high-rise scenario and the Bernard high-rise scenario. In Richmond Hill Centre, the per unit capital incentive required increased from \$5,600 (\$4,000,000 total) to \$6,300 (\$4,500,00 total). In addition, in the Bernard high-rise scenario, the incentive increased from \$12,000 per unit (\$8,000,000 total) to \$17,200 per unit (\$11,500,000 total). All other scenarios required the same level of capital incentive when there was 0% affordable units and 5% affordable units. The small difference between the capital incentive required with 0% inclusion versus with 5% inclusion is primarily due to the affordable rents being set at 125% of average market rent which are comparable to the market rates and thus does not produce a large difference in the project's viability when the 5% affordable units are included.

As mentioned previously, the amount of municipal fees and charges in each scenario is also presented in this table to demonstrate the magnitude of the capital incentive required for viability. Waiving municipal fees and charges is a potential incentive source that the City has available to it. In all scenarios, waiving a portion of the municipal fees and charges would be a sufficient capital incentive to achieve viability in a purpose-built rental building with 5% affordable units.

Incentive Model 2: Operating Incentives in Purpose-Built Rental with 5% IZ

The second Incentive Model tested the amount of annual operating incentives required to achieve viability with 5% inclusionary zoning units in the purpose-built rental scenarios over the 25-year affordability period.

In the Richmond Hill Centre high-rise scenario, the operating incentive needed to achieve viability was \$265,000 annually, or \$400 per unit annually for 25 years. The Valleymede high-rise scenario required \$700 per unit (\$251,000 in total) annually for 25 years. Major Mackenzie high-rise scenario required an operating incentive of \$700 per unit (\$321,000 total) annually for 25 years. In addition, the Bernard high-rise scenario needed an annual operating incentive of \$1,000 per unit or \$699,000 for 25 years to achieve viability.

The mid-rise buildings required similar per unit operating incentives for the scenarios to achieve viability. The Valleymede mid-rise scenario would require an annual operating incentive of \$800 per unit or \$76,000 total for 25 years to be viable. In the Major Mackenzie scenario, \$1,000 per unit or \$121,000 total is required in operating incentives annually for 25 years. Finally, the Bernard scenario required \$800 per unit annually (\$156,000 total) for 25 years to become viable.

In comparison with the annual property taxes collected in each scenario, the incentive required is less than what is expected to be collected by the City in all MTSA scenarios. Exempting developers of affordable housing units in purpose-built rental buildings from paying a portion of property taxes is a tool the City may wish to pursue. However, the magnitude of the exemption is quite substantial.

Incentives for Rental Viability Conclusions

As mentioned in other sections of this report, there are a number of ways in which a municipality can incentivize residential development for developers of purpose-built rental. For example, capital grants in lieu of development charges, parkland dedication waivers, etc. or an operating grant to reduce property taxes are incentive tools the City might choose to implement.

The analysis conducted in this section of the report provides insight into the magnitude of the upfront capital incentives, or the ongoing operating incentives required should the City choose to implement one or more incentive programs to stimulate purpose-built rental development. By offsetting capital and/or operating costs, the proponent not only saves in actual costs but also interest costs, meaning that a capital incentive or an

operating incentive is actually worth much more than its face value.

In conclusion, the value of providing these types of incentives appears to be to incentivize developers to build purpose-built rental projects more generally, as the impacts to the amount of the incentives does not increase significantly with the addition of 5% of inclusionary zoning units (from a viable scenario with 0% affordable units). If these results are viewed on a per affordable unit basis, rather than on a per total unit basis, the incentive required per unit becomes much greater. If the City were to pursue one or many of these incentive programs, it should be taken into consideration that the majority of the incentive required is to achieve viability for a purpose-built rental building with 0% inclusion, first and foremost, with comparatively minute increases in incentives with the addition of affordable units.

Table 21: Purpose-Built Rental Buildings with Capital Incentives (Incentive Model 1)

		Pro-Forma Results						
		Richmond Hill Centre	Valleymede	Valleymede	Major Mackenzie	Major Mackenzie	Bernard	Bernard
		High-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise
	Site Characteristics (Sq. Ft)	81,806	66,763	23,681	89,340	33,368	100,104	47,361
	Purpose-Built Rental Upzoned Residual Land Value No incentives, 0% inclusion (See Table 20)	\$9,012,000	\$2,598,000	\$1,079,000	\$3,629,000	\$1,106,000	\$5,287,000	\$2,054,000
	Old FSI / New Upzoned FSI	3.5 / 6.5	2.5 / 4.2	2.5 / 3.2	2.5 / 4.0	2.0 / 2.8	4.0 / 5.0	2.0 / 3.0
	Old units / New Upzoned units	382 / 709	222 / 373	79 / 101	298 / 476	89 / 124	534 / 667	126 / 189
	Number of Affordable Units (5% inclusion)	35	19	5	24	6	33	9
	Upzoned Residual Land Value 10% above Estimation of Existing Site Land Value (based on highest and best use condominium tower)	\$19,250,000	\$12,642,300	\$4,646,400	\$15,752,000	\$5,641,900	\$24,447,500	\$7,880,400
	Price per square foot buildable	\$36	\$45	\$61	\$44	\$60	\$49	\$55
Incentive Model 1	Total Capital Incentive (0% affordable units)	\$4,000,000	\$4,000,000	\$1,400,000	\$5,000,000	\$2,000,000	\$8,000,000	\$2,500,000
	Capital Incentive per unit	\$5,600	\$10,700	\$13,900	\$10,500	\$16,100	\$12,000	\$13,200
	Total Capital Incentive (5% affordable units)	\$4,500,000	\$4,000,000	\$1,400,000	\$5,000,000	\$2,000,000	\$11,500,000	\$2,500,000
	Capital Incentive per unit	\$6,300	\$10,700	\$13,900	\$10,500	\$16,100	\$17,200	\$13,200
	Capital Incentive per <u>affordable</u> unit	\$129,000	\$211,000	\$280,000	\$208,000	\$333,000	\$349,000	\$278,000
Municipal Fees and Charges Amount		\$45,563,000	\$18,147,000	\$5,125,000	\$23,357,000	\$5,913,000	\$34,325,000	\$9,404,000

Source: SHS Consulting; 2020.

Table 22: Purpose-Built Rental Buildings with Operations Incentives (Incentive Model 2)

		Pro-Forma Results						
		Richmond Hill Centre	Valleymede	Valleymede	Major Mackenzie	Major Mackenzie	Bernard	Bernard
		High-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise
	Site Characteristics (Sq. Ft)	81,806	66,763	23,681	89,340	33,368	100,104	47,361
	Purpose-Built Rental Upzoned Residual Land Value No incentives, 0% inclusion (See Table 20)	\$9,012,000	\$2,598,000	\$1,079,000	\$3,629,000	\$1,106,000	\$5,287,000	\$2,054,000
	Old FSI / New Upzoned FSI	3.5 / 6.5	2.5 / 4.2	2.5 / 3.2	2.5 / 4.0	2.0 / 2.8	4.0 / 5.0	2.0 / 3.0
	Old units / New Upzoned units	382 / 709	222 / 373	79 / 101	298 / 476	89 / 124	534 / 667	126 / 189
	Number of Affordable Units (5% inclusion)	35	19	5	24	6	33	9
	Upzoned Residual Land Value 10% above Estimation of Existing Site Land Value (based on highest and best use condominium tower)	\$19,250,000	\$12,642,300	\$4,646,400	\$15,752,000	\$5,641,900	\$24,447,500	\$7,880,400
	Price per square foot buildable	\$36	\$45	\$61	\$44	\$60	\$49	\$55
Incentive Model 2	Total Annual Operating Incentive (for 25 years)	\$265,000	\$251,000	\$76,000	\$321,000	\$121,000	\$699,000	\$156,000
	Annual Operating Incentive per unit (for 25 years)	\$400	\$700	\$800	\$700	\$1,000	\$1,000	\$800
	Annual Operating Incentive per <u>affordable</u> unit (for 25 years)	\$7,600	\$13,200	\$15,200	\$13,375	\$20,167	\$21,182	\$17,333
Annual Property Tax Payments		\$1,060,500	\$558,000	\$151,500	\$714,000	\$186,000	\$999,000	\$283,500

Source: SHS Consulting; 2020.

Impact of Added Density

A main feature that affects the success of the inclusionary zoning approach throughout this analysis is the ability to provide added density above the as-of-right zoning to developers through the policy. Additional density above the current zoning is imperative to adopting IZ policy to offset the cost of providing affordable housing.

In market areas where the additional density provided through inclusionary zoning is greater, the maximum rate of sustainable inclusion is higher. The FSI in the high-rise tower prototype in Richmond Hill Centre increased the most significantly of all the scenarios - increasing by 85.7% from the as-of-right zoning to the potential increased density through inclusionary zoning. Richmond Hill Centre was subsequently able to support higher rates of inclusion. In contrast, the inclusionary zoning approach in the Bernard high-rise tower only added a 25.0% increase in FSI from the existing density to the potential upzoned density. This inferior increase in FSI resulted in challenging economic results in Bernard where no inclusion was possible in the tests across tenure types. This illustrates the importance of the added density to cover the decreased revenues incurred from the provision of affordable units and that increasing density in advance of adopting the IZ by-law reduces the overall

impact of permitting that level of density from a housing affordability perspective.

The analysis also illustrates that the inclusionary zoning approach is more successful at creating affordable housing in the denser high-rise towers in most market areas, rather than in the mid-rise towers which can support lower maximum inclusion rates. Although a low level of inclusion is viable in most of the mid-rise prototypes, the City should be cautious in implementing an inclusionary zoning policy for these building types so as not to discourage new developments.

Table 23: Percentage Change in FSI from Existing As-of-right Zoning to Potential Upzoned Density

		Richmond Hill Centre	Valley mede	Valley mede	Major Mackenzie	Major Mackenzie	Bernard	Bernard
		High-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise	High-Rise	Mid-Rise
FSI	Existing Site	3.5	2.5	2.5	2.5	2.0	4.0	2.0
	Upzoned	6.5	4.2	3.2	4.0	2.8	5.0	3.0
	% Change in FSI	85.7%	68.0%	28.0%	60.0%	40.0%	25.0%	50.0%

Source: City of Richmond Hill; 2020.

5.6 Conclusions

The analysis found that the proposed density increases are strongly correlated with the viability of Inclusionary Zoning. In general, density increases in Richmond Hill were found to be sufficient to facilitate inclusion rates of affordable units in condominium developments.

Condominium Apartments with Affordable Ownership Units

High-rise condominiums with affordable ownership units show potential for inclusion rates of up to 30% in MTSAAs with higher and moderate density increases (Richmond Hill Centre, Major Mackenzie and Valleymede). Density increases in high-rise buildings in Bernard were not sufficient to support affordable ownership units. Mid-rise buildings could support the inclusion of affordable ownership units of approximately 10%. The high rates of viable inclusion of affordable ownership units in this analysis can primarily be explained by the high proportion of one-bedroom units. The difference between the affordable ownership price and the market price for a one-bedroom unit in Richmond Hill are small (\$466,888 compared to \$492,250). This suggests the City could consider requiring a higher proportion of two- and- three-bedroom units to accommodate larger families in

condominium developments with affordable ownership units.

Condominium Apartments with Affordable Rental Units

High-rise condominiums with affordable rental units show the potential for inclusion rates of up to 10% in areas with high density increases (Richmond Hill Centre and Major Mackenzie) and between 5% and 10% in areas with moderate density increases (Valleymede). Density increases in Bernard were not sufficient to support Inclusionary Zoning. Similarly, density increases in mid-rise buildings were also insufficient to support a significant proportion of affordable units in new developments (less than 5%).

Purpose-Built Rental Apartments

Furthermore, the analysis showed that purpose-built rental developments are at a significant disadvantage compared to condominium buildings. Density increases and average market rents are not sufficient to make the development of this tenure viable without additional incentives, even though demand for these units is strong as was shown in the needs assessment conducted as part of the background report. This suggests requiring market and affordable rental units in condominium

developments might be the most efficient way for the City to create rental housing in Richmond Hill if no financial incentives are being considered.

In addition, it is important to note that construction costs per square foot have increased significantly from \$225 in 2019 to \$250 in 2020 (11.1% increase). This increase was higher than inflation and annual rent/condominium price increases. If construction costs continue to increase at the current rate, it might be hard to sustain the viable rates of inclusion of affordable units found in this analysis.

Lastly, the study found that the zoning in most MTSAAs were out of date. There are few land transactions in

MTSAAs in Richmond Hill suggesting most land is inventoried, and no development is occurring. However, based on Urbanation data, land prices in the four MTSAAs appear to be higher than what the current zoning allow for. This suggests land purchasers are speculating on future increases in density and inflation when purchasing land. It is important that the City acknowledges this finding when developing an IZ policy that will still allow for viable development to occur in the near term. Hence, it would be important for the City to clearly signal any IZ policy it might implement to ensure speculative land purchasing can adjust to the new reality.

6.0 Sub-Report 5: What We Heard Report

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6.1 Introduction

This City of Richmond Hill Affordable Housing Strategy (“the Strategy”) is a plan that aims to provide quality and affordable housing options for residents in Richmond Hill at all their stages in life. The Strategy will help create support and partnerships from the development industry, as well as other levels of government and the not-for-profit sector to achieve the City’s housing goals.

The purpose of this project is to:

Develop a “Made in Richmond Hill Housing Strategy” to identify what the City can do to provide housing that is affordable to households with moderate incomes in the City.

Provide a framework for the City to deliver housing through partnerships with other levels of government, non-profit housing providers, developers, landowners, and residents.

Understanding that the issue of delivering affordable housing is multi-faceted, the aim of the Strategy is to work with a wide range of stakeholders representing residents, municipal partners and the for-profit and not-for-profit sectors to understand the current and planned

supply and the present and future need for market and affordable housing in the City of Richmond Hill, the current challenges, barriers, and opportunities to the provision of affordable housing, and eventually design a set of potential ways forward in the form of tools, policy initiatives and / or financial incentives.

Reading this Document

This What We Heard Report captures key findings from the engagements with housing stakeholders in Richmond Hill that took place throughout the development of the Strategy. The document begins by outlining the Methodology and the engagement approach used, including an overview of the engagement activities and events that took place.

The Current State section synthesizes the initial findings. It outlines the key housing needs, emerging trends, and the initial framing of the barriers and challenges to the development of affordable housing currently in Richmond Hill.

Drawing from collaborative exercises with stakeholders from the whole housing system as well as residents of Richmond Hill, the Tools and Policy Initiatives section introduces some of the potential capabilities and tools available to the City of Richmond Hill to address the identified housing needs in the city. A public open house was conducted to involve residents of Richmond Hill in the process of developing the Strategy. A summary of the findings from this open house is presented in this section as well.

Defining Key Terms

The following terms will be used throughout this What We Heard Report:

- The “**Strategy**” refers to the City of Richmond Hill Affordable Housing Strategy study and activities related to it
- The “**Strategy team**” refers to the team of researchers and consultants who are carrying out the Strategy
- “**Engagement participants**” refer to people who informed and contributed to the Strategy, including all those who participated in an engagement event
- “**Engagement events**” refer to any information-gathering or consultation activity that took place

between the Strategy team and Engagement participants

6.2 Consultation Methodology

This section outlines the overall approach for the City of Richmond Hill Affordable Housing Strategy with a detailed description of the engagement methodology used. The study phases, engagement participant groups, and an overview of the engagement events and approach are described here.

Study Phases

This study is being undertaken in three phases. The first phase of work included the development of the Background Report. The second phase of the project included a number of stakeholder consultations to validate the findings in the background report. The third phase of work involves developing a Housing Strategy to address the identified housing needs and gaps.

Figure 85: Project Phases



This What We Heard Report is a part of phase two. It summarizes the findings from a series of engagement activities with residents, municipal partners and key stakeholders that occurred in phases one and two to obtain information and input that will guide the development of the Strategy to help the City to ensure more affordable housing that meets the needs of residents is developed in the community.

This What We Heard Report is a summary of the feedback we have heard from the consultations to date.

Engagement Participants

The following categories of stakeholders were engaged and consulted with over the course of the study.

Richmond Hill Staff and the Technical Advisory Committee (TAC)

The Technical Advisory Committee is a multidisciplinary team of City staff and key stakeholders including CMHC, the Province of Ontario and the Region of York with subject matter expertise and interests related to affordable housing. This committee was established to advise and guide the development of the Strategy by providing input, technical advice, guidance, and resources, where applicable.

City staff, together with other key stakeholders are responsible for the implementation of the Strategy. City staff are often intimately aware of social and economic challenges related to housing in municipalities. Therefore, it was important to involve City staff frequently during the development of the Strategy. While the Project Team and TAC include a number of City staff from various departments, some engagements benefited from a wider representation of City staff to ensure all perspectives were heard. This included representatives from the Policy Planning, Development Planning, Community Standards, Transportation, Regulatory Services, and Financial Services to name a few.

Residents of Richmond Hill

The residents of Richmond Hill will be the eventual beneficiaries of the Strategy's outcomes. As such, it was important to engage them during the Strategy's development. Residents were engaged to validate preliminary findings from the data, understand their concerns related to affordable housing in Richmond Hill, and to provide them with information which could help build the community support to develop the Strategy.

The Private Sector

A key factor to the success of the Strategy will be derived from having support for the Strategy from the private sector industries that are involved in the development of housing in Richmond Hill. These stakeholders include developers, builders, and property managers, as well as other parties with an interest in the development and availability of housing. These parties, for example, include: realtors, local businesses, and financial institutions and architects. These partners and stakeholders were engaged to learn about their needs and experiences, to obtain ideas for potential actions, and receive feedback on the proposed Strategy.

The Non-Profit Sector

In addition to the for-profit sector (or private sector), there are a number of non-profit organizations active in

Richmond Hill that have an interest in the creation of affordable housing. These organizations can play a crucial role in making the Strategy a success. These stakeholders include non-profit housing providers, developers or co-operatives, as well as community agencies such as support service providers, healthcare providers and representatives of priority groups like seniors, the LGBTQ2S community, youth and cultural groups representing immigrant communities in the area. Similar to the private sector mentioned above, these stakeholders were engaged to learn from their experiences and needs, obtain ideas for potential actions, and receive feedback on the proposed Strategy.

Engagement Events

The methodology and engagement approach for this Strategy included fourteen (14) key engagement events where engagement participants provided their input, experience, and expertise to help develop a deep understanding of how the Strategy will affect residents and key housing stakeholders in Richmond Hill.

The following Engagement Event Glossary identifies the name for which each event conducted throughout this Strategy will be referred to throughout this What We Heard Report. The purpose of each event is also described.

Engagement Event Glossary

Phase	#	Engagement Event
Phase One	1	Project Start-up Meetings <ul style="list-style-type: none"> ○ Introduce the project to the project team & TAC ○ Present preliminary findings on housing need
	2	Monthly Progress Meetings
	3	Key Stakeholder Workshop #1: Trends in the System <ul style="list-style-type: none"> ○ Introduce the project to key housing stakeholders ○ Present preliminary findings on housing need in Richmond Hill ○ Identify trends and patterns affecting the system
	4	Key Informant Interviews <ul style="list-style-type: none"> ○ Fill any information gaps through interviews with key informants or subject matter experts
	5	Inclusionary Zoning Focus Groups <ul style="list-style-type: none"> ○ Introduce the project to the development community ○ Create awareness and support for inclusionary zoning ○ Establish assumptions made and results identified in pro forma scenarios that assess the impact of inclusionary zoning
Phase Two	6	Public Open House <ul style="list-style-type: none"> ○ Bring awareness to the public about housing affordability issues ○ Discuss potential policy initiatives with residents of Richmond Hill

Phase	#	Engagement Event
		<ul style="list-style-type: none"> ○ Gather information through surveys currently underway in the City
	7	TAC Workshop #1: Key Housing Gaps & Tools <ul style="list-style-type: none"> ○ Present the findings of the Background Report ○ Refine the tools and policy initiatives to be included in the Strategy
	8	Key Stakeholder Workshops #2: Key Housing Gaps & Tools <ul style="list-style-type: none"> ○ Present the key findings from the background report ○ Gather feedback on tools, policy initiatives and financial incentives considered in the Strategy
	9	Key Informant Interviews <ul style="list-style-type: none"> ○ Fill any information gaps through interviews with key informants or subject matter experts
Phase Three	10	TAC Workshop #2: Draft Strategy & Developer's Guide <ul style="list-style-type: none"> ○ Review and discuss the draft Developer's Guide and draft actions for consideration in the Strategy ○ Confirm how these actions might be implemented ○ Finalize the division of roles for each action
	11	Key Stakeholder Workshop #3: Draft Strategy & Developer's Guide <ul style="list-style-type: none"> ○ Review and discuss the draft Developer's Guide and revised draft actions for consideration in the Strategy ○ Confirm how these actions might be implemented ○ Finalize the division of roles for each action
	12	TAC Workshop #3: Final Strategy & Developer's Guide <ul style="list-style-type: none"> ○ Present the final Strategy and the Developer's Guide

Phase	#	Engagement Event
	13	<p>Council Education Session</p> <ul style="list-style-type: none"> ○ Present the final Strategy and the Developer's Guide ○ Collect feedback from Council on the Strategy and Developer's Guide
	14	<p>Richmond Hill City Council Presentation</p> <ul style="list-style-type: none"> ○ Present the final Strategy and the Developer's Guide in collaboration with City staff

Engagement Phases and Timelines

The table below provides a schematic overview of the events intended for each participant group. The engagement events are sorted by the three phases of the project, namely:

- Phase 1: Develop a Background Report (Winter 2019 to Spring 2020)
- Phase 2: Community Consultation (Summer 2020 to Fall 2020)
- Phase 3: Develop an Affordable Housing Strategy⁹⁵ (Winter 2020 to Spring 2021)

Engagement Participants	Engagement Event														
	Phase 1					Phase 2				Phase 3					Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	13
1. Richmond Hill Affordable Housing Strategy Project Team	x	x	x				x	x		x	x	x			8
2. Richmond Hill Affordable Housing Strategy – Technical Advisory Committee (TAC)	x						x	x		x		x			5
3. Richmond Hill Official Plan Update Committee (OPUC)													x		1
4. Richmond Hill City Council														x	1
5. City of Richmond Hill Staff (Planning, Social Services, Finance)				x				x		x		x			4
6. Residents of the City of Richmond Hill						x									1
7. Key Housing Stakeholders															
a. York Region Staff (Housing, Planning, Social Services, Finance, etc.)				x				x		x		x			4

⁹⁵ It should be noted that all engagement events which occurred in phase three of this project were conducted post-development of this What We Heard Report and as such the findings from those events are not included in this document.

Engagement Participants	Engagement Event														
	Phase 1					Phase 2				Phase 3					Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	13
b. Social/Non-profit housing developers/providers			x	x				x			x				4
c. For-profit residential developers/housing providers/architects			x	x	x			x			x				5
d. Realtors/real estate board			x	x				x			x				4
e. Community Agencies, Non-Profits and Healthcare Providers			x	x				x			x				4
f. Local businesses			x	x				x			x				4
g. Financial institutions			x	x				x			x				4
h. Provincial/Federal Representatives (e.g. CMHC etc.)				x				x		x		x			4

Lines of Inquiry

Each engagement, in part, helped to answer one or more of the following lines of inquiry:

- What are the current and emerging housing needs in the City of Richmond Hill?
- What impacts are economic trends and technological innovations (e.g. short-term rentals, ride hailing) having on the housing needs in the community?
- What are the current barriers and challenges to creating affordable housing in Richmond Hill?
- What policy tools at the City's disposal are the most effective to address the identified housing needs in the municipality (including, but not limited to inclusionary zoning)?
- What are the barriers and challenges to implementing the identified tools and policies?
- How might the City of Richmond Hill prioritize the identified tools and develop achievable and impactful policy solutions that achieve the desired outcomes?

Methods of Engagement

Diverse methods of engagement were put to use to consult with the public and key stakeholders throughout this Strategy. These engagements were conducted both

virtually and in-person. The engagement methods used include:

- One-on-one interviews by telephone
- Workshops with select stakeholder groups with break-out groups by mix of sectors
- Meetings with select stakeholder groups by non-profit and for-profit sectors
- Public Open House for all residents and stakeholders
- Focus groups

6.3 The Current State

As described in the Methodology section of this report, the approach to the engagement events in phase one intended to reveal the current state of housing and the emerging housing needs in the City of Richmond Hill. This section provides an overview of the findings from the engagement events which highlighted the key housing gaps for households living in Richmond Hill, as well as the current barriers and challenges to creating affordable housing supply in the city.

Housing Continuum

The Richmond Hill Affordable Housing Strategy seeks to provide quality and affordable housing options for residents in Richmond Hill across the housing continuum.

Demographic, social, economic, and geographic factors impact housing need and demand. Although the private housing market provides a good supply of housing, it does not always meet the full range of housing need in a community. This is particularly true for individuals and families with low and moderate incomes or for persons with unique housing and support needs who access housing through government subsidized housing forms.

The findings from the engagement events summarized in this What We Heard Report demonstrate that housing need in Richmond Hill is complex, spanning across the housing continuum. Several key housing gaps facing residents were identified to emphasize this need.

Key Housing Gaps

An analysis of housing demand, housing supply and housing affordability in Richmond Hill was conducted to determine the key housing gaps along the Housing Continuum. The key findings of the analysis were then verified with residents, TAC, and other key housing

stakeholders in the City of Richmond Hill such as for-profit and not-for-profit housing developers and providers.

Key statements provided by engagement participants illustrated the housing need in Richmond Hill along the continuum. The conversations revolved around five key housing gaps, where participants validated and described dynamics affecting housing affordability for residents in Richmond Hill.

The key housing gaps are described below and are accompanied by insights expressed by TAC members, key housing stakeholders, and residents on the housing needs. These insights were heard during the Project Start-up Meeting with TAC (event 1), Key Stakeholder Workshop #1: Trends in the System (event 3), and Public Open House (event 6).

Key Housing Gaps	Insights from Engagement Participants
<p>Key Housing Gap 1 There is a need to continue to diversify the housing stock, including smaller dwellings, as well as family sized dwellings, to attract younger households (aged 25 to 44 years) while allowing seniors (aged 65+ years) to age in place.</p>	<ul style="list-style-type: none"> Seniors are often “over-housed” in large single-detached dwellings while these households typically are comprised of only one or two persons. There are currently insufficient suitable options for seniors to downsize in Richmond Hill. There is demand for more housing in higher-density developments around Viva nodes. Transit-oriented development is suitable for households with low and moderate incomes who do not own cars. Larger rental units which can accommodate families are required in Richmond Hill as increased costs associated with homeownership have resulted in more families living in rental housing. There is also a need for more diverse housing options suitable and affordable to younger households and families who would like to purchase their first home.
<p>Key Housing Gap 2 There is a need to increase the number of rental housing options that are in a good state of repair and affordable to households with moderate and low incomes in Richmond Hill.</p>	<ul style="list-style-type: none"> If housing is unaffordable in Richmond Hill, talented workers who cannot afford housing in Richmond Hill will have to endure long commutes or will choose to work and live elsewhere. Housing affordability then also becomes a talent-acquisition issue due to the lack of housing in the city that is affordable to these households who earn low and moderate incomes. There has been recent growth in the number of households working in the gig economy in Richmond Hill who are not on fixed incomes (likely earning low or moderate incomes). More housing options that are affordable to these households with low or moderate incomes, are needed to better meet the needs of the shifting labour force.
<p>Key Housing Gap 3 There is a need to increase the supply of accessible and supportive housing options for households with a disability or mental health issue by collaborating with York Region and local stakeholders.</p>	<ul style="list-style-type: none"> The condition of certain supportive housing units (formerly called domiciliary hostels) provided by the Region is not adequate. Advocacy to the Region for these housing units with supports to be restored and improved is required. Supportive and Community housing should be integrated into the local neighbourhoods and community to foster inclusivity and develop more complete neighbourhoods. Programs targeted at enabling housing stability through supports are needed in Richmond Hill.

Key Housing Gaps	Insights from Engagement Participants
<p>Key Housing Gap 4 There is a need to increase the stock of purpose-built rental housing in the primary rental market in Richmond Hill.</p>	<ul style="list-style-type: none"> • Younger households are choosing to rent rather than own because renting provides them with more mobility and flexibility, in addition to lower housing costs. • NIMBYism in Richmond Hill may be contributing to delays to the development of rental housing in existing neighbourhoods. NIMBYism also applies to the introduction of secondary suites which provide another form of rental housing.
<p>Key Housing Gap 5 There is a need to develop ownership options that are affordable to households with moderate incomes and that are appropriate for larger households.</p>	<ul style="list-style-type: none"> • Homeownership in Richmond Hill has become unaffordable to many. • Residents are turning to innovative strategies to make their homes more affordable, such as, households will renovate their units to incorporate a second suite, or two households will purchase one home together. • inclusionary zoning might be a policy tool that can be leveraged to improve ownership affordability beyond the first sale of the unit.

Trends and Patterns Affecting the System

Through conversations with key housing stakeholders that occurred in the Key Stakeholder Workshop #1: Trends in the System (event 3), engagement participants identified trends and patterns that might be affecting the current housing system, and explain its dynamics and the outcomes being experienced by stakeholders in Richmond Hill.

These societal, technological, environmental, economic, political, and values trends are summarized here. These trends are supported by quotes heard from key housing stakeholders that participated in this engagement event.

Social Trends How are demographic and societal changes impacting the need for housing?

“
Engagement Participant Quote
The population in Richmond Hill is continuing to grow, suggesting there will be a continued need for new housing options to be built.

“
Engagement Participant Quote
Not all young people are aspiring to homeownership. There is a need for more rental housing for these households, including larger units for families with children.

“
Engagement Participant Quote
There is chronic homelessness in Richmond Hill and York Region. There is a need for more supportive housing for these people.

“
Engagement Participant Quote
We need more housing for seniors. There is a need for more options for seniors to age in place and for seniors to downsize.

“
Engagement Participant Quote
A lot of growth in the GTA comes from immigration. With the COVID-19 pandemic, it is unclear how demand for housing will be impacted by shifts and a slowdown of migration trends.

Technology Trends How are emerging technologies shaping the need for, and affordability of, housing?

Four callout boxes, each with a quote icon in a green circle at the top left. Each box is titled "Engagement Participant Quote".

- Quote 1: "In neighbourhoods where transit is accessible, reduce parking requirements to improve affordability. This can encourage transit-oriented development."
- Quote 2: "There is the potential to leverage AirBnB as a tool to improve affordability for homeowners with secondary suites or extra bedrooms."
- Quote 3: "It is unclear whether construction technologies such as modular construction can improve affordability."
- Quote 4: "Some emerging construction techniques are more efficient. European trends like prefabrication, mass production and automation should be capitalized on to save costs."

Environment Trends How are changes in the natural environment affecting the need for, and the affordability of housing? (e.g. impact of climate change and related policies on housing or construction cost)

Two callout boxes, each with a quote icon in a green circle at the top left. Each box is titled "Engagement Participant Quote".

- Quote 1: "If construction costs rise due to environmentally sustainable construction requirements, costs should be offset by lower parking standards or municipal fees to keep housing prices affordable."
- Quote 2: "Environmentally sustainable construction can be less costly from an operational perspective. These keep household costs down over the long term."

Economy Trends Which economic trends are affecting the incomes of households and their ability to afford housing?

“
Engagement Participant
Quote

COVID-19 highlights that basic income for everyone is necessary and that it will help move the economy forward.

“
Engagement Participant
Quote

Governments have taken on increased burden and debt to support residents through the COVID-19 pandemic. Government funding for affordable housing might be limited in the future because of this.

“
Engagement Participant
Quote

Job loss as a result of the economic shutdown related to the COVID-19 pandemic has negatively impacted household incomes and has incited challenges for these households in affording housing costs.

Politics Trends How are changes in political ideology and/or policy impacting the ability of households to access housing?

“
Engagement Participant
Quote

The City of Richmond Hill is far behind on implementing a secondary suites policy.

“
Engagement Participant
Quote

The approvals process is too long and uncertain.

“
Engagement Participant
Quote

Financial tools and incentives for affordable housing should be provided at all levels of government.

Values Trends How are changes in personal values shaping the need for housing (attitudes to working life, demands for mobility, preference for spending free time etc.)?

“
Engagement Participant Quote
COVID-19 may change people’s preferences away from multi-family residential development to low-density housing. We [developers] are rethinking the size of balconies to allow for more outdoor space.

“
Engagement Participant Quote
Need to integrate supportive and community housing into neighbourhoods and the community overall.

“
Engagement Participant Quote
Affordable housing is not easy to achieve, but the opportunity is now; it is a priority now.

“
Engagement Participant Quote
Housing that is suitably large to accommodate teleworking might be in demand post-COVID-19 as more people have become accustomed to working from home.

Existing Barriers to the Delivery of Affordable Housing

The Strategy team gathered perspectives from non-profit housing developers/providers, for-profit residential developers/providers, realtors and the real estate board, financial institutions, residents of Richmond Hill, community agencies, and staff of the City of Richmond Hill on what they see as existing barriers to the delivery of affordable housing in Richmond Hill. These discussions took place during the Key Stakeholder Workshop #1: Trends in the System (event 3), and Inclusionary Zoning Focus Groups (event 5).

The barriers to the delivery of affordable housing that were described by housing stakeholders during these engagement events were...

Barrier 1: Construction costs are increasing dramatically. Increasing construction costs put pressure on house prices making it difficult to develop new housing that is affordable.

Barrier 2: Land prices in Richmond Hill have been rising over the years. Developers seeking to provide affordable housing are often priced out of the land market.

Barrier 3: Zoning in many areas of the City is out of date and generally favours low-rise single-family development. In addition, it was mentioned that the City is behind on policies that enable gentle density in established neighbourhoods as well as policies that support second units like basement apartments and coach houses.

Barrier 4: Applications and approval processes for permits are lengthy. In addition, key stakeholders felt the high costs associated with municipal fees such as development charges and parkland dedication fees limit their ability to develop affordable housing.

Barrier 5: Developers are not aware of all the funding sources from higher levels of government that are available to them to support the development of affordable housing.

Barrier 6: Governments have incurred high debt loads to provide support to households and businesses throughout the COVID-19 pandemic. Existing government debt creates uncertainty around the viability of other funding programs and therefore, government funding cannot be relied upon solely as a means for developing affordable housing.

Barrier 7: “Not-In-My-BackYard” (NIMBY) opposition results in resistance in the community towards the development of affordable housing.

6.4 Tools and Policy Initiatives

The engagement events conducted as part of phase two of the Strategy centered around conversations about the goals and anticipated housing outcomes of the Strategy, as well as the recommended actions and tools that could be implemented to meet these goals.

This Tools and Policy Initiatives section of this Report describes the findings from those conversations.

Public Open House

A Public Open House was conducted as part of phase two of the Strategy development. This was the main engagement event where the general public in Richmond Hill was invited to participate. Residents of Richmond Hill will be the eventual beneficiaries of the Strategy’s outcomes. Residents also tend to have different concerns than other stakeholders in the community. As such, it was

important to engage them during the Strategy development.

The purpose of the Public Open House was for residents to validate preliminary findings from the data, understand their concerns related to affordable housing in Richmond Hill, and to provide them with information which could help build the community support to develop the Strategy. The presentation also included a discussion on the tools and initiatives under consideration for inclusion in the Strategy that were identified as promising to create more affordable housing.

Housing Needs and Concerns of Richmond Hill Residents

Participants of the Public Open House were asked what their main concern related to housing in Richmond Hill was. Some of these concerns included, but were not limited to:

“The inability of a young person to purchase a home, including condominium or townhouse, as market prices have shot up greatly, but salaries have not kept pace.”

“There is a need to support individuals experiencing homelessness and complex mental health challenges within the housing system.”

“There is a lack of affordable housing options in a variety of built forms and tenure types.”

“There is a lack of available rental supply and of the supply that exists, rents are very high.”

“How can the development sector work in partnership with the City and the Region to increase housing supply and affordability in Richmond Hill.”

“Sustainability is an increasing concern as climate change occurs.”

“Seniors need more accessible and affordable housing options, not only single-detached dwellings.”

The most common response to this question was related to affordability. This discussion validated the conclusion that there is a need for more affordable housing in Richmond Hill among a diverse housing supply that meets the needs of all residents.

How Change Might Happen

Once the key housing needs and barriers to the development of affordable housing in Richmond Hill (as summarized above) were identified and validated, engagement participants were once again engaged to collaborate with the Strategy team to develop a plan that would meet the housing needs of residents of Richmond Hill.

The following table presents an overview of each of the tools considered for inclusion in the Richmond Hill Affordable Housing Strategy. These were discussed during the Public Open House (event 6), TAC Workshop #1: Key Housing Gaps & Tools (event 7), and Key Stakeholder Workshops #2: Key Housing Gaps & Tools (event 8). In this exercise participants discussed each tool/incentive and identified a priority level to each tool.

Tools & Incentives	What We Heard
Municipal Regulatory and Process Tools	
Reducing Length of Approvals	
<p>1. Fast-Tracking Development Approval Process for affordable developments – reducing time it takes to process a development application which reduces overall cost and risk.</p>	<ul style="list-style-type: none"> • Through an update of the zoning by-law, the development application process can be simplified and streamlined which will also minimize costs, timelines and risks to the developer. • Need to be specific and transparent about the timing; what level of increased speed can be expected. • A concierge system could help move affordable housing applications through the system. • Slow and uncertain development and building approvals contribute to increased developer cost and risk, resulting in less new housing supply, higher housing prices, and reduced affordability.
<p>2. Community Planning Permit System – integrates zoning, site-plan and minor variance into one application and approval process.</p>	<ul style="list-style-type: none"> • Community planning permit systems (CPPS) can help to fast-track approvals. • Lengthy and cumbersome application and approval processes for permits should be reduced to create an environment where more affordable housing can be built in less time. • Delegated authority should be part of the Community Planning Permit System. • Given that the City is undertaking its Comprehensive Zoning By-law, this is a good time for the City to consider a CPPS which can include conditions associated with the approval of a development permit.
<p>3. Alternative Development Standards – flexible planning or engineering standards such as parking reductions.</p>	<ul style="list-style-type: none"> • Developments that occur within Major Transit Station Areas which are close to public transit could likely sustain significantly lower ratios of parking spots to units as residents can access public transit easily and might not rely on a personal vehicle to get around. • Removing parking could create barriers for people who need cars, such as people who need vehicles to drive to work. • Cars help reduce social isolation for seniors, so these households typically need parking. • Demand for parking is quite high in buildings in Richmond Hill currently. There may not be enough public transportation options available at this point in time in Richmond Hill. Often households have more than one car. • Reduced parking will limit organizations who support individuals with developmental disabilities. • Different building materials, design standards, and practices such as modular and prefabricated housing, and cross-laminated timber might be able to bring down construction costs for multi-residential buildings.

Tools & Incentives	What We Heard
	<ul style="list-style-type: none"> • Developers are already exploring the alternative construction methods, however regulatory staff need to assess whether design and development requirements can be reduced so facilitate these methods. • Increasing floor plate size standards could have an impact. • There should be a balance between engineering standards and sustainable design; the sustainability metric is quite lengthy.
Creating New Opportunities	
<p>4. Encouraging shared housing – Allow multiple households to share the same home to reduce housing costs</p>	<ul style="list-style-type: none"> • While seniors need independence, they also experience a lot of loneliness and shared housing can be a solution for this isolation. A system to help match-up seniors would be useful. Additional supports should be included. • Richmond Hill has a large population of immigrants who are in support of multiple generations living together (grandparents, parents, children, etc.) Therefore, having a multifamily unit would be encouraged. • Ensuring design compliments the neighbourhood would be an important aspect. • There is NIMBYism regarding some forms of shared housing such as “group homes”.
<p>5. Inclusionary Zoning – Some proportion of new residential development is required to be affordable.</p>	<ul style="list-style-type: none"> • Developers suggested that as part of the Official Plan Update, an inclusionary zoning policy should be developed and implemented in the Official Plan as well as an inclusionary zoning by-law for Major Transit Station Areas in Richmond Hill. • Density increases are strongly correlated with the viability of inclusionary zoning and the feasibility of including affordable housing units in developments. • For purpose-built rental housing to be built, there could be a need for further incentives, higher density, or partnerships – especially between for-profit developers and non-profit housing providers. • Inclusionary Zoning should be applied broadly across all MTSA to create a level playing field. Municipalities might also consider using a sliding scale when addressing areas of the MTSA (e.g., central versus peripheral.) • Not-for-profit developers are the preferred choice for providing affordable options in perpetuity. • Some municipalities may be more competitive because they don’t have IZ requirements. • Monitoring the implementation of inclusionary zoning is important.

Tools & Incentives	What We Heard
<p>6. Implement policies to support second units – Review policies and processes to better enable the creation of second units.</p>	<ul style="list-style-type: none"> • A secondary suites policy can provide an entry point into ownership for many young households. These owners can occupy a small portion of a larger unit and rent out other portions. An arrangement like this will not only increase ownership affordability, but it also increases the rental supply that is so needed in Richmond Hill. • Secondary suites can also benefit households by providing housing to an aging family member who would like to live independently but who requires light supports, to adult children, or to a caregiver for an individual with a disability. • Secondary suites should not only be permitted in the existing stock, but also in new residential developments. • Above grade secondary suites should be encouraged. • Secondary units must be safe for renters. Illegal units can be in unsafe conditions. Legalization can standardize building code and be safer for renters.
<p>7. Introduce multi-tach zoning – Allow, as of right, in low density zones, multi-unit buildings that fit within the existing envelope.</p>	<ul style="list-style-type: none"> • Landowners should be encouraged and incentivized to develop their properties to their full capacity in order to maximize the provision of more residential intensification. • Multi-tach is useful because it is a cheaper way for the City to use existing infrastructure to get more density. Intensification also fuels demand for transit and reduces transit costs. • NIMBYism is the greatest challenge here. Education and political support/will is required.
<p>8. Prohibit Downzoning – Prohibit the reduction of density allowed on a property.</p>	<ul style="list-style-type: none"> • This is not a major priority since the current Official Plan already prohibits some downzoning.
<p>Retaining the Existing Rental Stock</p>	
<p>9. Demolition and Conversion Control – By-laws to protect the demolition and conversion of rental properties into another tenure.</p>	<ul style="list-style-type: none"> • Renovictions are becoming more common place in Richmond Hill. • This would not discourage developers from pursuing development opportunities for purpose-built rental housing. • Units should be replaced by similar or greater unit counts and sizes.

Tools & Incentives	What We Heard
Enabling Legislation	
<p>10. Municipal Capital Facilities By-law – passing a by-law is required prior to entering into a municipal capital facilities agreement to provide affordable housing.</p>	<ul style="list-style-type: none"> • Municipal capital facilities by-law and other tools are just enabling tools, they are not incentives on their own. However, they are a primary step in creating the environment to provide incentives for affordable housing. • This tool is quite flexible and should be explored.
<p>11. Community Improvement Plan – tool used to direct funds and implement policy initiatives in defined project area. Intended to encourage rehabilitation and/or stimulate development.</p>	<ul style="list-style-type: none"> • Community Improvement Plans are not as flexible as municipal capital facilities by-law, but they are dealt with more broadly across large areas as municipal capital facilities by-law are created on a site-by-site basis. • The City of Richmond Hill does have a CIP in the downtown area to improve facades, and for office buildings. CIP should be expanded to rental housing.
Land Based Tools	
<p>12. Providing Land at Reduced Costs through a Housing First Policy for Surplus Land – surplus land by all levels of government and public sector agencies such as the school boards to be used for affordable housing.</p>	<ul style="list-style-type: none"> • The provision of land at reduced prices is critical. The condominium boom in Richmond Hill has skyrocketed land prices and competing for land in the marketplace is a non-starter for many affordable housing projects. The City of Toronto’s Housing Now initiative is an example of City-owned land being released to non-profit housing groups to kickstart their affordable housing projects. • These lands could be provided through long-term leases for nominal costs. • The City should also identify land currently occupied for a municipal function such as a library, community centre, municipal parking lots, etc. that could accommodate affordable housing on additional top floors. • School boards have disposition policies that usually includes giving other organizations the right of first refusal. A challenge is that school boards usually ask full market value for land.
<p>13. Land Banking – a municipality could acquire land prior to expanding urbanization and hold this land for affordable housing</p>	<ul style="list-style-type: none"> • The limited land supply has been a contributing factor to the rapid increases in land prices and house prices subsequently. Maintaining a minimum supply of land designated for housing through intensification and redevelopment could result in more affordable housing being developed in Richmond Hill.

Tools & Incentives	What We Heard
	<ul style="list-style-type: none"> • That would be really pro-active, although there might not be very many opportunities here.
Financial Incentives	
Investments in Reduced Capital Costs	
14. Reduce or provide exemptions for Development Charges, Municipal Planning, and Building Fees – waiving or reduce municipal fees and charges.	<ul style="list-style-type: none"> • Municipal fees such as development charges and parkland dedication fees can be onerous. Incentives applicable to affordable and purpose-built rental buildings could reduce the costs of construction and increase affordability of new units. • If a municipal incentive program is put into place it should align with other programs provided by higher levels of government. For example, prospective applicants who may consider CMHC financing programs for projects developed in Richmond Hill will likely also be looking to obtain municipal incentives. Should these not align, it could have an impact on the financial viability of the entire project to offer truly affordable units. For incentive programs to provide the greatest amount of financial support to developers building affordable housing, government programs should be easy to understand and should be coordinated at all levels.
15. Capital Loans and Grants – capital funding in the way of grants, forgivable loans or repayable loans.	<ul style="list-style-type: none"> • Capital loans and grants makes sense for projects where depth of affordability is too high to get construction financing with too high of a debt coverage ratio. This is a good incentive for non-profits.
Investments in Reduced Operating Costs	
16. Property Tax Exemptions for New Rental Construction – Reduce, defer or waive the municipal tax rate for the multi-residential class (rentals) for a number of years.	<ul style="list-style-type: none"> • Property tax exemptions and deferrals for new rental construction are not technically an out-of-pocket cost for the City since these taxes would not have existed without the new development occurring. This is therefore a tool that should be explored by the City.
17. Tax Increment Financing – difference between future tax payable and current tax	<ul style="list-style-type: none"> • Tax Increment Financing is not very popular in Canada. • Tax Increment Financing does not work very well in a low interest rate environment.

Tools & Incentives	What We Heard
payable often used in brownfield redevelopment.	
18. Tax Increment Equivalent Grants – grants or rebates to property owners to offset a portion of the property tax increase the owners will face as a result of a redevelopment.	<ul style="list-style-type: none"> • Tax Increment Equivalent Grants can be powerful. • The City of Richmond Hill currently uses Tax Increment Equivalent Grants for office development. This program should be extended to affordable and purpose-built rental housing. • This incentive should apply primarily to developers who are building affordable housing for the long-term rather than in cases where only a small percentage of affordable units are provided for a limited number of years.
Mechanisms to Create a Capital Fund to Provide Incentives	
19. Community Benefits Charge – Implement a CBC up to 4% of the land value to fund affordable housing development.	<ul style="list-style-type: none"> • A Community Benefits Charge can be penalizing to those developers not providing affordable housing, rather than incentivizing for those that are.
20. Levy on Property Tax for Affordable Housing – Development levy that can be applied to residential and non-residential development.	<ul style="list-style-type: none"> • There is general opposition from the development community towards additional taxes. • If this tax levy was implemented on new developments, it could scare away new developers. These are punitive measures that scare away development.
21. Implement an Empty Homes Tax – Charge an extra fee for residents who leave their home empty for a significant part of the year.	<ul style="list-style-type: none"> • Empty home taxes might chase away new residential development. These taxes do not generate a significant amount of revenue so might not be worth it to implement. • These funds collected through this tax must be dedicated towards housing development.
22. Land Value Capture – Capturing land value increases from public infrastructure investments.	<ul style="list-style-type: none"> • Land value capture is based on investment in infrastructure, similar to Tax Increment Financing. • It would be beneficial for the City to explore this option.

