



Staff Report for Council Meeting

Date of Meeting: June 23, 2021

Report Number: SRPI.21.052

Department: Planning and Infrastructure

Division: Policy Planning

Subject: **SRPI.21.052 Request for Endorsement –
Affordable Housing Strategy**

Purpose:

The purpose of this report is to receive Council endorsement of the Affordable Housing Strategy.

Recommendation(s):

- a) That Council receive staff report SRPI.21.052 regarding Request for Endorsement of Affordable Housing Strategy, and
- b) That Council endorse the Affordable Housing Strategy, attached as Appendix A to staff report SRPI.21.052.

Contact Person:

Chun Chu, Senior Planner, phone number 905-771-5493

Report Approval:

Submitted by: Kelvin Kwan, Commissioner of Planning and Infrastructure Department

Approved by: Mary-Anne Dempster, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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Executive Summary:

This staff report seeks Council endorsement for the Affordable Housing Strategy. Endorsement of the Strategy will not commit the City to the use of any specific tools at this time, rather, it will provide direction to staff to undertake the work necessary to identify the details associated with each tool, consult with the public and stakeholders, as appropriate, on those details, and seek Council's approval of the individual tools accordingly. Utilization of the tools identified in this Strategy will assist in addressing housing gaps in Richmond Hill and improve housing affordability for current and future residents.

The Strategy consists of seven categories of actions and proposes a total of 45 discrete actions. The seven categories are as follows: Implementation Oversight, Policy, Guidelines and Standards, Regulatory Tools, Financial Tools and Incentives, Land Inventory, and Capacity Building. Some of the actions identified in each category are predicated on a preceding action being completed and in effect; and other actions are exploratory and require further investigation before there is a commitment to undertake the action.

Endorsement of the Strategy provides staff with the necessary direction to pursue the research/consultation that is necessary to advance the City's goals related to the provision of affordable housing. The Oversight Committee will play an important role in determining timing of actions, consultation process for each, and their readiness to be brought to Council for adoption / approval of specific tools.

Background:

In February 2019, Council approved the business case for developing an Affordable Housing Strategy through its Capital Budget approval. Later that year, the City retained SHS Consulting to assist with the development of the Strategy. Since then, SHS Consulting, in collaboration with the City and various partners and stakeholders, has delivered a number of milestones, including:

- Seven stakeholder consultation meetings conducted in 2020 and 2021.
- A public open house held on November 5, 2020.
- The Affordable Housing Strategy Background Report made available to the public on March 16, 2021.
- Factsheets on Affordable Housing Tools and Incentives published on the City's website on April 22, 2021.
- A Special Council Education and Training Meeting held on May 4, 2021, where a draft Affordable Housing Strategy was shared and proposed tools of the Strategy were explained to Council and the public.

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Why an Affordable Housing Strategy Now?

Housing affordability is a growing concern in Ontario, but it is especially pronounced in the Greater Toronto and Hamilton Area.¹ The Region of York reiterated the housing crisis through its 2021 Report, emphasizing that the Region has not been able to achieve housing affordability targets in recent years.² Locally, according to Census 2016, Richmond Hill has the highest proportion of households experiencing housing unaffordability out of all of the local municipalities in the Region. More than half (56%) of all renter households and over one-third (34%) of owner households are spending 30% or more of their income on shelter costs. Housing affordability is a crisis that needs to be addressed at the national, provincial, regional, and local levels. More than ever, the City has a responsibility for tackling this important issue now.

Affordable housing is also necessary for supporting population growth. According to York Region, the lack of affordable housing contributed to the slower growth in the Region over the past decade. A slower than anticipated growth can adversely affect the recuperation of development charges and the timing of planned infrastructure.³ As the City embarks on its Official Plan Update, it is vital that we plan for affordable housing in order to attract more people and jobs to our City. An Affordable Housing Strategy will help bolster the local economy and fuel future growth.

Furthermore, during consultation on the Affordable Housing Strategy and during Phase 1 of the City's Official Plan Update process, many survey respondents voiced their concerns regarding the growing lack of affordable housing. The comments and concerns raised support the data and research that the consultants have prepared in support of the Affordable Housing Strategy. These comments and concerns demonstrate that developing and implementing this Strategy is a public interest in Richmond Hill.

What is Affordable Housing?

Based on Provincial Policy Statement (2020), housing is deemed to be affordable if moderate and low-income households pay no more than 30% of their annual income towards annual shelter costs.⁴ Moderate and low-income households make up 60% of the total number of households in the City. In other words, they are within the 60th percentile of the household income distribution (see Figure 1 below). According to Census 2016 data that is indexed to 2019 dollars, the annual income of the top earning moderate income ownership household is \$118,300. When this same calculation is undertaken for renter households only, the highest earning moderate income renter household has an annual income of \$56,000. Household income by percentile for all households and rental households is shown in the graph below. The threshold income

¹ Canada and Mortgage and Housing Corporation (2021), Housing Market Assessment, March 2021.

² Region of York (2021), Innovative Housing Options to Support Affordable Housing.

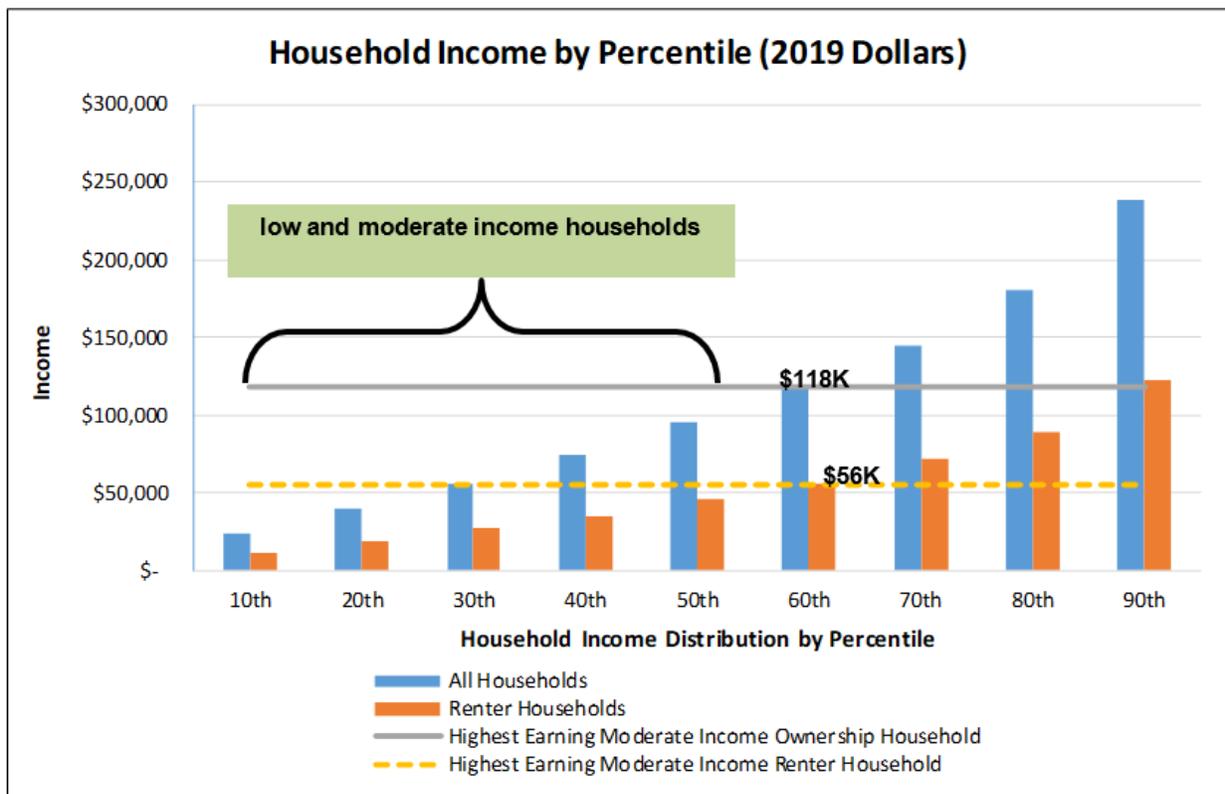
³ Region of York (2021), Regional Official Plan Update – Housing Challenges and Opportunities, January 14, 2021.

⁴ For renter households, shelter costs are rents. For owner households, shelter costs are mortgages, property taxes, utilities and if applicable, condominium fees.

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for all households and renter households is based on the maximum income for households in the 60th percentile. As noted in the graph, this level of affordability is not likely to serve the needs of low-income households given the exponential growth in household income moving up from one percentile to the other.

Figure 1: Household Income by Percentile⁵



Affordable Housing in the Housing Continuum

The housing continuum in Ontario considers a spectrum of housing from homelessness to ownership housing, as illustrated in Figure 2 below. The Region of York is primarily responsible for addressing households with deep core need; the Region owns or manages emergency shelters, transitional housing, and social housing. The City of Richmond Hill, on the other hand, has a supporting role to the Region and other stakeholders in creating more housing options. To that end, the City's focus through the Affordable Housing Strategy will be to foster development of housing options that will be suitable for moderate income households and the higher end of low-income households, who are not generally served by the Region's programs.

⁵ Source: SHS Consulting, City of Richmond Hill Affordable Housing Strategy, Background Report

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Figure 2: Housing Continuum⁶



The Affordable Housing Strategy:

The Affordable Housing Strategy provides Goals and Targets related to the provision of affordable housing. These were shared with Council during the May 4, 2021 Council Education session. The Strategy also provides a list of tools and actions within seven categories, which are noted below. Many of the tools provided in the Strategy were explained during the Council Education Session.

Housing Targets

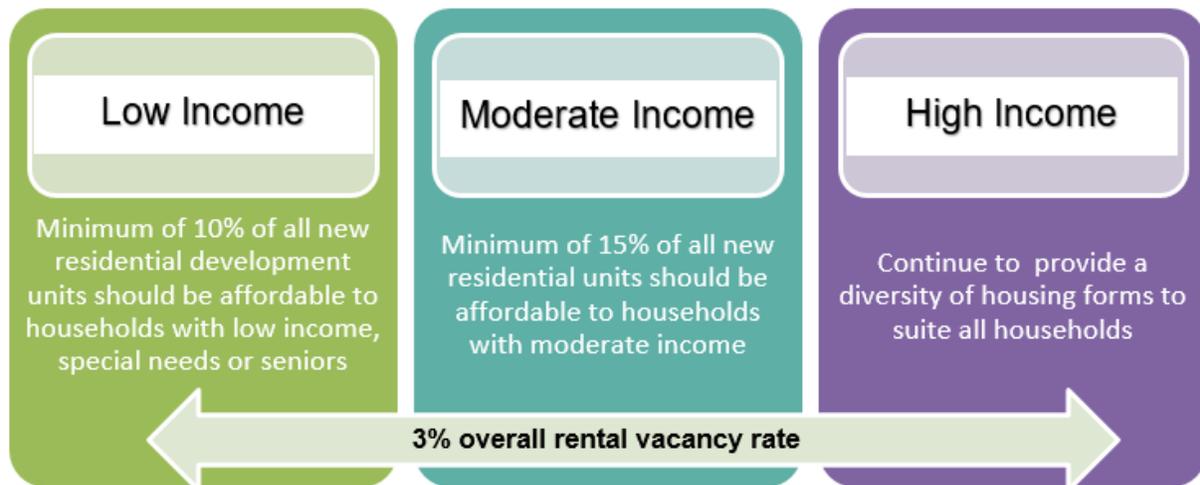
The current 2010 Official Plan promotes a wide range of housing forms, and it sets a city-wide target of 25% of all new residential units to be affordable (Policy 3.1.5(3)). Within the City's Regional Centre and Key Development Areas, the affordability target is 35% (Policy 3.1.5(2)). In addition, the Official Plan directs that secondary plans for the Richmond Hill Centre, Key Development Areas and Local Centres should provide for larger sized family units within each housing type (Policy 5.1(5)(r)).

The Affordable Housing Strategy continues to support the goal of requiring 25% of all new residential units to be affordable on a city-wide basis, but the Strategy further refines this target by allocating the target by certain households in the income distribution. More specifically, 10% of all new residential units should be affordable to households with low incomes, including those with special needs and seniors housing. The remaining 15% of new residential units should be affordable to households with moderate incomes. Lastly, the city-wide vacancy rate for rental housing should be 3%, which is widely accepted as a "healthy" market rate. Additionally, there is also a recognition that the provision of new housing should expand the diversity of housing types within Richmond Hill, with no specific target provided at this time.

⁶ Ministry of Municipal Affairs and Housing (2011), Municipal Tools for Affordable Housing; Retrieved from [Municipal Affairs and Housing web link](#).

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Figure 3: Housing Targets in the Strategy



Who Will Benefit from an Affordable Housing Strategy?

People of all age groups and background at some point or another in their lifetime will likely need affordable housing. The [Affordable Housing Strategy Background Study](#) found that millennials aged 25 to 44 years old need more affordable rental or ownership options. This particular age group is delaying household formation by living with their parents, or they are leaving the City to settle elsewhere. The Background Report also found that older adults and seniors need affordable housing to be able to age in place and remain within their neighbourhoods. In addition, new residents to Richmond Hill who are recent immigrants also tend to need affordable housing. From an economic development perspective, the research also found that the majority of individuals employed in industries with moderate incomes commuted from another municipality to work in Richmond Hill. This suggests they are unable to find affordable housing in the City.

An affordable Housing Strategy will serve the millennials, the seniors, recent immigrants, and people who work in Richmond Hill. Essentially, the Strategy will help to accommodate a wide range of people and at the same time, support a robust labour force. Ensuring that these households have suitable and affordable accommodation benefits all residents in Richmond Hill. Having access to affordable housing means that people are commuting less and have more income that can be used towards other essential / non-essential local purchases. Providing affordable housing attracts business investment when employers know that their employees can settle locally. Furthermore, these households are more likely to have positive health outcomes, which would reduce their reliance on social services to assist with their daily lives.

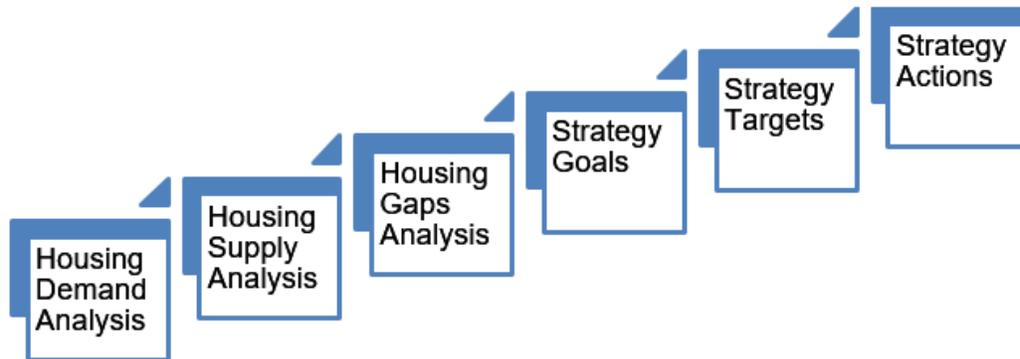
How Was the Strategy Developed?

The Affordable Housing Strategy was developed through a holistic approach that spread over three phases. The first phase was the completion a background research.

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Phase two was consultation with key stakeholders and housing experts. And lastly, phase three was the preparation of the draft Strategy through collaboration with key stakeholders and partners.

Figure 4: Approach for Developing a Strategy



The background research examined housing supply and housing demand. It looked at current and future socio-demographic trends that will impact housing need. It dove deep into the different segments of the population and the workforce in Richmond Hill to identify what housing forms and what affordability levels are needed. On the supply side, the research looked at current and past construction trends as well as development applications in the pipeline. When the supply and demand are reconciled against each other, the net output are the housing gaps, which ultimately led to the formulation of housing goals for the Strategy.

The second part of the background research was a review of the current housing development environment and to identify barriers for building affordable housing. In addition, the research looked at existing and emerging programs, tools, and opportunities for creating affordable housing. The study included a jurisdictional scan to identify best practices employed by other municipalities and organizations. Information gathered through this review helped the City to better assess what tools and measures are most appropriate and practical for Richmond Hill.

Consultation with key stakeholders and partners is vital because housing development is complex and there are many players in the sector. It was imperative that the City engender “buy-in” from our stakeholders so that collectively, we share the same goals, and we can deliver affordable housing more efficiently and expeditiously. For that reason, the City involved our partners and housing experts since the start of the project.

The development of an Affordable Housing Strategy also took into consideration provincial and regional requirements. These are summarized below.

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Provincial Framework

The Provincial Policy Statement (2020) and the Provincial Plan - A Place to Grow, Growth Plan for the Greater Golden Horseshoe requires municipalities to plan for housing in accordance with regional Housing and Homelessness Plans (Policy 2.2.6(c)). In this regard, the City worked closely with the Region to develop the Strategy, and consequently, the actions and targets of the Strategy aligns with York Region's Housing and Homelessness Plan.

Regional Framework

The Strategy conforms with the Region's definition of affordable housing⁷ and it aligns with the Regional Housing and Homelessness Plan (2019 to 2023). In particular, the Strategy supports the objectives of the Regional Plan by contributing to a full mix and range of housing types. Additionally, the Strategy targets the same groups of low and moderate income households. And lastly, the Strategy includes tools and incentives that will help spur an increase in the supply of affordable housing.

The Region, through its municipal comprehensive review, is considering setting a new target specific for increasing the supply of rental housing. The City will monitor the progress of this work and the Strategy will be updated accordingly when such a target becomes finalized.

Proposed Tools and Measures in the Strategy:

The recommended actions in the Strategy are grouped into seven categories and are further described in the table below. More details can be found in the proposed Strategy as attached in Appendix A.

| Action | Description |
|--------------------------|--|
| Implementation Oversight | Establish a committee for overseeing and monitoring the implementation of the Strategy. Also, the committee will advocate to other levels of government for support. |

⁷ The definition is explained in the Region of York, Affordable Housing Measuring and Monitoring Guidelines, 2018.

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| Action | Description |
|--------------|--|
| Policy Tools | <p>Adopt policies in the Official Plan to enable tools for building complete communities and increasing affordable housing. These polices include:</p> <ul style="list-style-type: none"> • Identifying Protected Major Transit Station Areas (PMTSA) in accordance with the York Region Official Plan • Enabling the use of Inclusionary Zoning that will require a portion of market housing to be affordable units over the long term • Enabling the use of Community Planning Permit System that combines zoning, site plan, and minor variances into one streamlined process and to impose conditions of development including the provision of affordable housing • Enabling gentle density in existing Neighbourhoods through additional residential units and creation of multiple units within existing building envelopes • Prohibiting the demolition and conversion of rental housing when vacancy rates are less than 3% to protect existing purpose built rental housing • Requiring larger sized units (3+ bedrooms) in multi-residential buildings with 20 units or more • Prioritizing the use of public surplus lands for affordable housing • Directing for the development of complete communities by designating areas for a mix of land uses and transit-oriented development • Permitting more inclusive and innovative housing forms • Adopting a Community Improvement Plan to provide land, grants or loans to incentivize provision of affordable housing. • Adopting a Corporate policy regarding the disposition of surplus City lands that prioritizes the sale to providers of affordable housing. <p>Once these policies are adopted, the City will need to undertake further work to enact zoning and municipal by-laws to implement those policies. In the update of policies and zoning by-laws, the City will also need to conduct public consultation in accordance with the <i>Planning Act</i> and other legislation related to developing policies.</p> |

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| Action | Description |
|--------------------------|---|
| Guidelines and Standards | <p>Update development standards and design guidelines to reduce construction costs. These include:</p> <ul style="list-style-type: none"> • Parking requirements • Stratification of parks or public spaces • Urban design standards <p>These alternative standards should be considered in accordance with recommendations resulting from associated studies. For example, the Parking and Transportation Demand Management Study, as well as the Stratification and Public Easement Study will help determine the appropriate alternative standards, if warranted.</p> |
| Regulatory Tools | <p>Subject to approval of policies listed above, develop, consult on and adopt the following by-laws, as appropriate:</p> <ul style="list-style-type: none"> • Inclusionary Zoning By-law • Community Planning Permit System By-law • Comprehensive Zoning By-law, including provisions related to: <ul style="list-style-type: none"> ○ minimum and maximum density and height within PMTSAs; ○ no barriers to shared housing ○ permissions for innovative housing design, modular housing, tiny homes, etc. • Demolition and Conversion By-law that prohibits demolition or conversion of purpose built rental housing when the vacancy rate is below 3%. • Community Benefits Charge By-law that collects fees to support affordable housing financial programs or receives “in kind” benefit in the form of affordable housing. • Parkland Dedication By-law that permits rebates/discounts for qualified affordable housing. • Development Charges By-law that allows for deferral or grants back all or a portion of charge relative to the provision of qualified affordable housing. |

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| Action | Description |
|-------------------|---|
| Financial Tools | <p>Update or create programs and grants that help incent affordable housing, and where appropriate, develop revenue generating programs to fund affordable housing financial incentive programs.</p> <p><u>Potential financial incentives</u> to create affordable housing:</p> <ul style="list-style-type: none"> • Grants or loans administered under a Community Improvement Plan (CIP) to support affordable housing projects • Tax increment equivalent grant administered under a Community Improvement Plan to help reduce property taxes of the newly constructed affordable housing • Reduction in, deferral to, or grant-in-lieu of fees relating to development applications and associated municipal charges <p>The aforementioned financial tools will need to be drawn from <u>potential revenue sources</u>, which could include:</p> <ul style="list-style-type: none"> • Community Benefits Charge, which limits a charge up to 4% of the land value. Prior to passing a by-law for this tool, as noted above, a community benefits charge strategy must be prepared • Vacant Homes Tax on residential units that are unoccupied for a certain period of time during the year, subject to further investigation in terms of the quantity and duration of vacant homes • Property Tax Levy that would be administered over a number of years, subject to further investigation of other viable means of funding CIP programs <p>All of the potential financial incentives and revenue sources listed here will require further investigation into their merits and how they may be implemented and also subject to public consultation.</p> |
| Land Inventory | Review existing City real estate to determine opportunities for contributing land towards affordable housing projects. |
| Capacity Building | Create resources and guides to help the development sector navigate through various affordable housing programs. At the same time, build capacity within City departments to improve the approval process for affordable housing. Lastly, facilitate partnerships between the non-profit and for-profit housing sectors. |

It should be noted that four of the actions identified in the Strategy were also motions passed at the Regional Council meeting on February 25, 2021. Namely, Regional Council resolved to:

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- Request Regional and local staff to review the Regional Official Plan and Local Official Plans to help facilitate rental development and more affordable housing in strategic growth areas
- Prioritize and fast-track approvals for rental and affordable housing
- Request all lower-tier municipalities to amend parkland dedication by-laws to exempt Housing York Inc. from being required to pay parkland fees
- Request lower-tier municipalities to pass a resolution, in principle, of providing two acres of land over the next five years for affordable housing

While it is acknowledged that the Strategy aligns with the Regional Council resolutions, it would be prudent to further investigate into these actions following City Council endorsement of the Strategy before a City resolution is provided to the Region.

How Will the Strategy Be Implemented?

If endorsed by Council, the Affordable Housing Strategy tools will be developed over the next three years; its implementation will occur from now and beyond until the targets of the plan are consistently being met. This timeline accounts for the timing of other city-led projects that are currently underway. These parallel streams of work are excellent opportunities for integrated planning. As an example, the Parking and Transportation Demand Masterplan will consider alternative parking standards for affordable housing. If such standards are warranted and viable, they will then be incorporated into the Official Plan Update and the Comprehensive Zoning By-law Review.

There are three main ingredients for a successful implementation of the Strategy: oversight, partnerships, and capacity building. These are elaborated below:

Oversight

An implementation committee will coordinate and oversee the implementation of the Strategy. The committee would be responsible for monitoring and measuring the success of the Strategy and help provide priority and directions for the proposed actions. Establishing such a committee will give rise to accountability and transparency for the Affordable Housing Strategy. Following endorsement of the Strategy, staff will report back to Council with a Terms of Reference for this Committee.

Partners

The Strategy relies on partnerships between different levels of government, the non-profit sector, and the development sector. Woven throughout the Strategy are actions that facilitate the building of relationships with different sectors, whether it is through advocacy, networking and information sharing opportunities, or through program frameworks that encourage the partnering of non-profit and for-profit housing providers.

Capacity Building

Capacity building is crucial if the City and its partners are to increase the supply of affordable housing. Internally, City staff will need training to learn about new tools and

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incentives, as well as any accepted alternative development standards. Externally, the Strategy and its actions will be promoted through our communication channels with the Region and with the non-profit housing providers as well as the development sector. The provision of a Handbook for Affordable Housing Development will also help educate our partners on the various available affordable programs and incentives, provide contact information to enable partnerships, and also provide a simple tool for them to demonstrate how their development proposal (i.e. site plan or plan of subdivision application) is addressing the City's Official Plan policies related to affordable housing.

Public Consultation:

The Strategy was developed in partnership with City departments and external stakeholders and housing experts. The City involved the following organizations:

- For profit housing developers and property managers,
- Ontario Association of Architects
- Real Estate Board
- Financial Institutions
- Local Business Association and Board
- Land Economists and other advisors
- Canada Mortgage and Housing Corporation (CMHC)
- Ministry of Municipal Affairs and Housing
- Region of York
- Social/ co-op/ non-profit housing developers and operators
- Community agencies, other non-profits, and health care providers
- Housing advocate groups

A total of seven workshops and focus group meetings, as well as two key informant interviews were conducted with key stakeholders and housing experts. The City worked with the above listed organizations to validate the findings of the background report, review proposed tools and incentives, and deliberate on actions to implement the Strategy.

The City involved the stakeholders early and often so that City staff can understand how the Strategy will affect residents, businesses, and key players in the housing sector. And perhaps just as important, the workshops brought together the non-profit and for-profit sectors so that new relationships can be formed as we find synergy to create housing solutions together. For a more detailed overview of the consultation, please see Section 6 of the [Background Report](#).

In addition to stakeholder workshops, a public open house was held on November 5, 2020 with over 75 participants. The public was also engaged through an online survey that inquired about affordable housing in general and about secondary suites. Over 120 people responded to the survey (select results from the survey are found in Appendix C to this staff report). Survey respondents indicated that the greatest issues renters in

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Richmond Hill face is a low supply of rental housing options to meet the needs of different households. For first-time homebuyers, the greatest issue is the high level of mortgage debt and having little income lefts for other expenses. When asked about what the City could do to facilitate affordable housing, most survey respondents suggested requiring affordable units as a part of market housing developments near Major Transit Station Areas, followed by giving incentives to housing developers, and prioritizing surplus public lands for affordable housing. Respondents also indicated that it was important to have stricter rules for safety and property maintenance to protect tenants from substandard living conditions.

Next Steps:

After Council endorses the Affordable Housing Strategy, City Staff will begin in earnest to implement the Strategy. Some of the immediate steps are to promote the Strategy and to establish the Affordable Housing Committee. The Handbook for Affordable Housing Development will also be made publicly available in July. In the near term, the Official Plan Update and the Comprehensive Zoning By-law Review will consider actions in the Strategy and update relevant policies and provisions to support affordable housing. Some of the other actions in the Strategy will require further exploration and their implementation may occur over a longer term.

Financial/Staffing/Other Implications:

This staff report will not result in any immediate financial impacts, but, the proposed Affordable Housing Strategy contains a number of tools and incentives that may involve the City's resources. However, it should be noted that many of the actions in the Strategy are already a part of current City initiatives that are underway. These include: the Official Plan Update, the Comprehensive Zoning Review, the Parking and Transportation Demand Management Study, Stratification and Public Easement Study, the Community Benefits Charge Strategy, the Parks Plan and related update to the Parkland Dedication By-law, and the Development Charges (DC) Background Study and related update to the DC charges. Consequently, the actions considered in each of the City initiatives to support affordable housing will be absorbed into each respective project budgets.

For actions that will require further exploration, such as the development of potential financial incentives and funding sources, the degree of fiscal impact will depend on how and if the such tools will be implemented. As City staff makes progress with these investigations, Council will be presented with future staff reports with more details, including any requests for budgetary approval.

Relationship to Council's Strategic Priorities 2020-2022:

The draft Affordable Housing Strategy supports Council's Strategic Priority for "A Strong Sense of Belonging" by providing more housing options and creating diverse and inclusive communities.

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Climate Change Considerations:

The proposed Affordable Housing Strategy has tools and programs that may impact built form and the natural environment. Some of these tools will also support climate change mitigation. Specifically, the Strategy promotes complete communities by encouraging mixed use and transit-oriented development. These types of development will create compact built forms and reduce automobile dependency while lowering greenhouse gas emissions. Furthermore, the Strategy also recognizes that development that applies sustainable design measures may also have a positive impact on housing affordability as well as provide climate change mitigation over the long term.

Conclusion:

The City is fulfilling its 2019 commitment to developing an Affordable Housing Strategy that will provide our present and future residents with sufficient choice in housing form and tenure. The implementation of the Strategy will help develop the tools and actions needed to accommodate the millennials, the seniors, recent immigrants, and workers in Richmond Hill. Moreover, it will support the City's growth aspirations and bolster the local economy by attracting talent and labour.

The Affordable Housing Strategy is a multi-phased and multi-pronged Strategy involving a range of partners. Council's endorsement of this Strategy will enable City staff to begin implementing and exploring the proposed tools and incentives in order to address the housing gaps in Richmond Hill.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Appendix A Affordable Housing Strategy
- Appendix B Select Results from the Survey on Affordable Housing and Additional Residential Units

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Report Approval Details

| | |
|----------------------|--|
| Document Title: | SRPI.21.052 Request for Endorsement - Affordable Housing Strategy.docx |
| Attachments: | - SRPI.21.052-Appendix A-Affordable Housing Strategy.pdf - SRPI.21.052-Appendix B-Affordable Housing Survey Responses.pdf |
| Final Approval Date: | Jun 3, 2021 |

This report and all of its attachments were approved and signed as outlined below:

Patrick Lee - Jun 2, 2021 - 4:53 PM

Kelvin Kwan - Jun 3, 2021 - 8:54 AM

MaryAnne Dempster - Jun 3, 2021 - 11:13 AM