

# CITY COUNCIL AGENDA

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**DATE** November 12, 2009 at 6 p.m.; City Hall Meeting Room C

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

## **Information Session:- 2009 Affordable Housing Discussion Paper**

1. Opening Remarks
2. Presentation
3. Questions & Answers
4. Implementation Tools
5. Summary & Next Steps

## **ADJOURNMENT**

## **2009 Affordable Housing Discussion Paper -COUNCIL WORKSHOP-**



**Thursday, November 12th 2009  
6:30pm to 8:30pm  
City Hall, Meeting Room C**

## Overview

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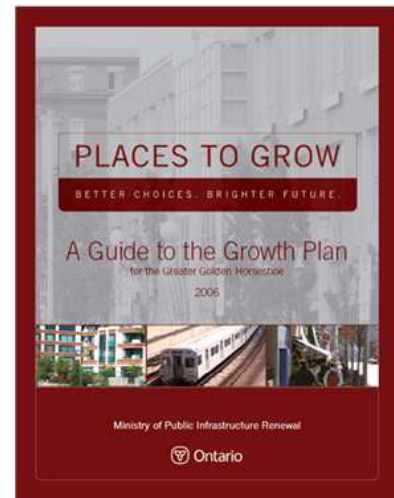
- Background
- Definition of Affordable Ownership and Rental Housing
- Methodology to determine Affordable Housing Targets
- Recommended Targets
- Implementation Tools
- Next Steps

## Provincial Requirements

### Provincial Growth Plan

#### **Section 3.2.6.(5)**

*“Municipalities will establish and implement minimum affordable housing targets in accordance with Policy 1.4.3 of the PPS 2005.”*



## Provincial Requirements

### Provincial Policy Statement (PPS) (2005)

#### **Section 1.4.3**

*“Planning authorities shall provide for an appropriate range of housing types and densities to meet projected requirements of current and future residents of the regional market area by establishing and implementing minimum targets for the provision of housing which is affordable to low and moderate income households...”*

2005

 Ontario

Provincial  
**Policy**  
Statement

## Definition of Affordable Ownership

### Ownership

The Growth Plan and the 2005 PPS defines affordable ownership housing as the least of:

- housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households; or
- b) housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area;

## Definition from Growth Plan & PPS

### Regional Market Area

*Refers to an area, generally broader than a lower-tier municipality, that has a high degree of social and economic interaction. In southern Ontario, the upper or **single-tier municipality will normally serve as the regional market area...***

## Affordable Ownership

Income Percentile	Average Household Income (2008)	Affordable Purchase Price (Does not exceed 30% of annual household income)	Average Resale Price (2008)	10% below the average Resale Price
10 <sup>th</sup> Percentile	\$21,958	\$40,100		
20 <sup>th</sup> Percentile	\$33,036	\$83,700		
30 <sup>th</sup> Percentile	\$46,003	\$127,000		
40 <sup>th</sup> Percentile	\$58,119	\$167,500		
50 <sup>th</sup> Percentile	\$70,693	\$209,600		
	\$78,900			\$237,088
60 <sup>th</sup> Percentile	\$84,344	\$255,200		
61 <sup>st</sup> Percentile	\$86,820		\$263,431	



## Definition of Affordable Rental

### Rental

The 2005 Provincial Policy Statement defines affordable rental housing as the least of:

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

## Affordable Rental

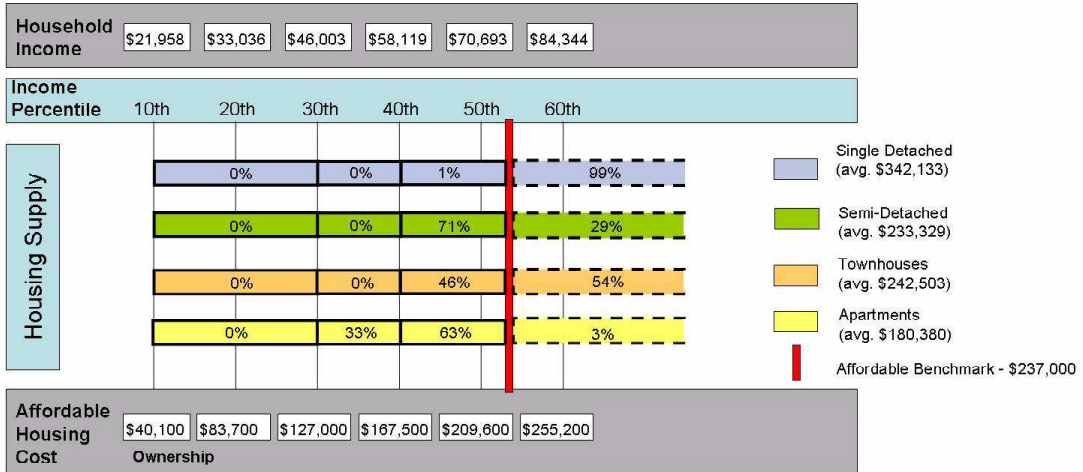
Income Percentile	Average Rental Household Income (2008)	Affordable Rental Price (Does not exceed 30% of annual household income)	Average Rental Price (2008)
10 <sup>th</sup> Percentile	\$12,020	\$300	
20 <sup>th</sup> Percentile	\$17,869	\$450	
30 <sup>th</sup> Percentile	\$23,083	\$580	
40 <sup>th</sup> Percentile	\$30,257	\$760	
	\$33,300		\$833
50 <sup>th</sup> Percentile	\$37,725	\$940	
60 <sup>th</sup> Percentile	\$46,143	\$1,150	

## Affordable Benchmark Price in 2008

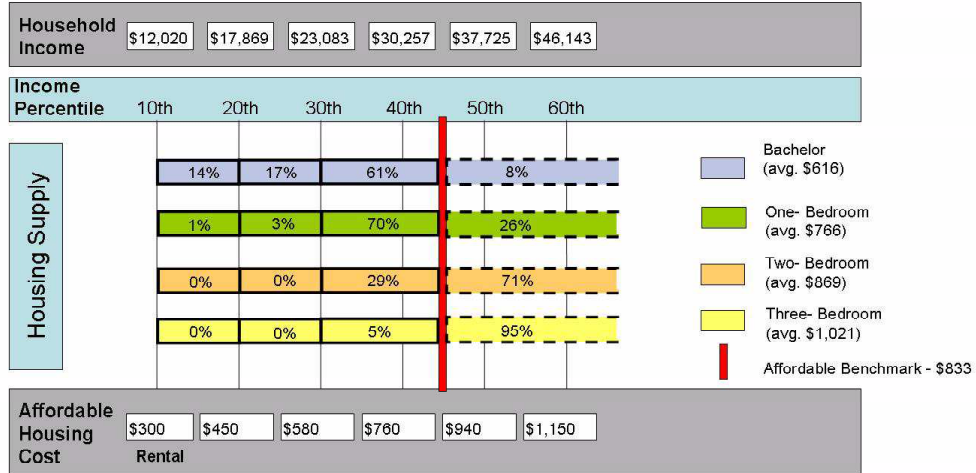
Understands that this benchmark price will change each year, but methodology will remain unchanged unless directed by the province.

	Definition	Affordable Benchmark Price (2008)
Ownership	Housing for which the purchase price is at least 10 % below the average purchase price of a resale unit in the regional market area;	\$237,000 (\$79,000 annual household income)
Rental	A unit for which the rent is at or below the average market rent of a unit in the regional market area.	\$833 (\$33,300 annual household income)

# New Affordable Homeownership Sales (MPAC 2008)



## Average Rental Prices (2008 CMHC)



## The Full Range of Housing

### Planning Act

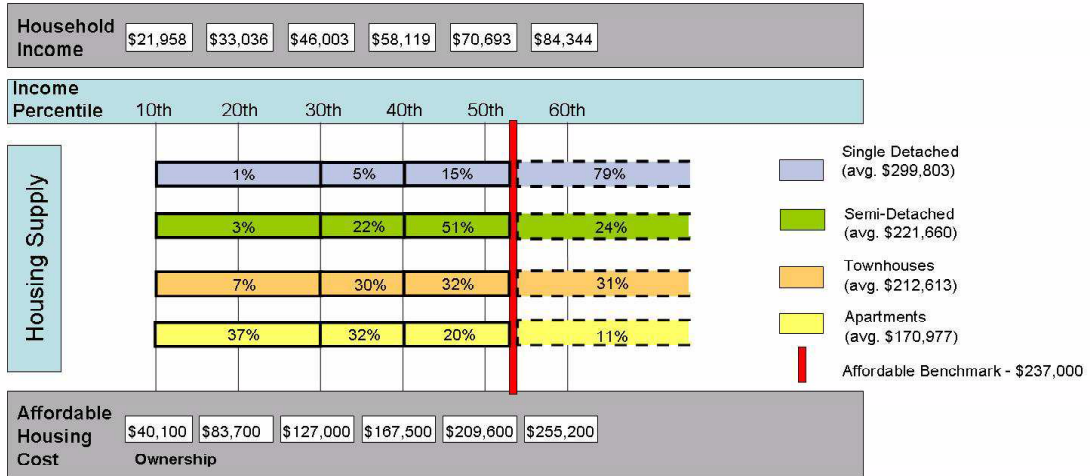
**Section 2.** The Minister, the council of a municipality, a local board, a planning board and the Municipal Board, in carrying out their responsibilities under this Act, shall have regard to, among other matters, matters of provincial interest such as,

(j) the adequate provision of a full range of housing;

### Provincial Policy Statement (2005) - Section 1.4.3

*“Planning authorities shall provide for an appropriate range of housing types and densities to meet projected requirements of current and future residents of the regional market area ...*

# Resale Affordable Homeownership Sales (Guelph & District Association of Realtors 2008)



## Accessory Apartments

Accessory Apartments within single and semi-detached dwellings make an important contribution to affordable housing.

	2005	2006	2007	2008	4 Year Average (2005-2008)
No. of Accessory Apartment permits	104 permits	88 permits	92 permits	89 permits	93 permits

Source: City of Guelph's Building Permit Records (2009)

- A separate target for accessory apartments is required.
- Irregular life span of an accessory apartments.



## Affordable Housing Target

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- It is also important to mention that neither the growth plan nor the PPS have provided clear directions or guidelines to calculate the affordable housing target.
  
- Best Practice Review: Two accepted housing consultants
  - SHS Consulting; City of Brantford and Peel Region
  - Lapointe Consulting Inc; City of Windsor and published housing reports for CMHC – “Where’s Home?”
  
- The methodology was peer reviewed by Lapointe Consulting Inc.

## Overview of the Methodology Used

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- Start with the projected number of households to 2031 by housing type from the City's Growth Management Implication Report.
- Identify the City's average tenure share for the new growth. Based on a 10 year review (1996-2006) from Statistics Canada.
- Determine the number of households in ownership and rental for each housing type for the projected 26,600 households.
- Identify the number of affordable housing units required by tenure and housing type over 25 year period.
- Determine the total number of affordable housing units required over the 25 year period by tenure and housing type.
- Determine the affordable housing target over 25 years as a percentage of new projected growth.
- Translate the Target into the average annual units by Tenure and Housing type.

## Methodology to Determine the Affordable Housing Target

### Step 1:

- Start with the projected number of households to 2031 by housing type from the City's Growth Management Implication Report.

<i>Growth Management Implications Report</i>	Low Density	Medium Density	High Density	Total
<i># of Households</i>	7,900	8,800	9,900	26,600
<i>% of Households</i>	30%	33%	37%	100%

## Methodology to Determine the Affordable Housing Target

### Step 2:

- Identify the City's average tenure share for the new growth.  
Based on a 10 year review (1996-2006) from Statistics Canada.

Tenure	Low Density	Medium Density	High Density
<i>% Owned</i>	<b>98%</b>	<b>80%</b>	<b>51%</b>
<i>% Rented</i>	<b>2%</b>	<b>20%</b>	<b>49%</b>

## Methodology to Determine the Affordable Housing Target

### Step 3:

- Determine the number of households in ownership and rental for each housing type for the projected 26,600 households based on projected housing type from Step 1.

Tenure	Low Density	Medium Density	High Density	Total
<i>% Owned</i>	(98% x 7,900)= <b>7,742 units</b>	(80% x 8,800)= <b>7,040 units</b>	(51% x 9,900)= <b>5,049 units</b>	(7,742 + 7,040 + 5,049)= 19,831 units
<i>% Rented</i>	(2% x 7,900)= <b>158 units</b>	(20% x 8,800)= <b>1,760 units</b>	(49% x 9,900)= <b>4,851 units</b>	(158 + 1,760 + 4,851) = 6,769 units

## Methodology to Determine the Affordable Housing Target

### Step 4:

- Identify the number of affordable housing units required by tenure and housing type over 25 year period.

Tenure	Low Density	Medium Density	High Density
<i>% Owned</i>	$(15\% \times 7,742) =$ <b>1,161 units</b>	$(40\% \times 7,040) =$ <b>2,816 units</b>	$(61\% \times 5,049) =$ <b>3,080 units</b>
<i>% Rented</i>	$(0\% \times 158) =$ <b>0 units</b>	$(16\% \times 1,760) =$ <b>282 units</b>	$(45\% \times 4,851) =$ <b>2,183 units</b>

## Methodology to Determine the Affordable Housing Target

### Step 4 a) : Estimation for Affordable Ownership Calculation

- There are no appropriate Census data for the number of households by housing type and household income in 2008. Therefore, the 2006 census data from Statistics Canada was used. The 2006 affordable benchmark price was also used in order to ensure consistency of data sets.
- The 2006 affordable ownership benchmark price is \$205,500
- The 2006 affordable ownership household income is \$69,500

## Methodology to Determine the Affordable Housing Target

### Step 4 a) : Estimation for Affordable Ownership Calculation

Value of Dwellings	Low Density	Medium Density	High Density
	% of Households	% of Households	% of Households
Under \$199,999	<b>15%</b>	<b>40%</b>	<b>61%</b>
\$200,000 to \$249,999	27%	30%	20%
\$250,000 or more	58%	30%	19%
Total	100%	100%	100%

Source: Statistics Canada Custom Tabulation (2006)

Based on 2006 Census, 15% of low density housing, 40% of medium density housing, and 61% of high density housing was below the 2006 affordability benchmark price (\$205,500). It is reasonable to apply these percentages as the projected target for affordable housing under each ownership housing type. 23



## Methodology to Determine the Affordable Housing Target

Step 4 a) : Calculate the number of new units required over the 25 year period (2031)

Take the % of ownership units valued below the 2006 affordable ownership benchmark price (\$205,500) and applied it to the projected number of ownership units (from step 3).

	Low density	Medium Density	High Density
	Single/Semi Detached	Townhouses	Apartment
% of ownership units valued below the 2006 affordable ownership benchmark price (\$205,500)	<b>15%</b>	<b>40%</b>	<b>61%</b>
No. of Affordable units (25 yr average)	(15% * 7,742)= <b>1,161</b>	(40% * 7,040)= <b>2,816</b>	(61% * 5,049)= <b>3,080</b>

## Methodology to Determine the Affordable Housing Target

### Step 4 b) : Estimation for Affordable Rental Calculation

- There are appropriate CMHC rental data for the number of households by housing type and household income in 2008. Therefore, the 2008 census data from Statistics Canada was used. The 2008 affordable benchmark price was also used in order to ensure consistency of data sets.
- The 2008 affordable rental benchmark price is \$833
- The 2008 affordable rental household income is \$33,300
- CMHC does not have rental data on single/ semi detached dwellings.
- No low density rental dwellings were found with rent below \$833

## Methodology to Determine the Affordable Housing Target

### Step 4 b) : Estimation for Affordable Rental Calculation

Rent Price Range	Medium Density	High Density
	% of Households	% of Households
Under \$819	<b>16%</b>	<b>45%</b>
\$820 - \$899	0.4%	28%
\$900 - \$999 or more	15%	22%
\$1000+	68%	6%
Total	100%	100%

Source: CMHC (2008)

Based on 2008 CMHC rental data, 16% of medium density housing and 45% of high density housing were below the 2008 affordability rental benchmark price (\$833). It is reasonable to apply these percentages as the projected target for affordable housing under each rental housing type.

## Methodology to Determine the Affordable Housing Target

Step 4 a) : Calculate the number of new units required over the 25 year period (2031)

Take the % of rental units rented below the 2008 affordable ownership benchmark price (\$833) and applied it to the projected number of rental units (from step 3).

	Low density	Medium Density	High Density
	Single/Semi Detached	Townhouses	Apartment
% of rental units rented below the 2008 affordable rental benchmark price (\$833)	<b>0%</b>	<b>16%</b>	<b>45%</b>
No. of Affordable units (25 yr average)	(0% x 158)= <b>0</b>	(16% x 1,760)= <b>282</b>	(45% x 4,851)= <b>2,183</b>

## Methodology to Determine the Affordable Housing Target

### Step 4:

- Identify the number of affordable housing units required by tenure and housing type over 25 year period.

Tenure	Low Density	Medium Density	High Density
<i>% Owned</i>	$(15\% \times 7,742) =$ <b>1,161 units</b>	$(40\% \times 7,040) =$ <b>2,816 units</b>	$(61\% \times 5,049) =$ <b>3,080 units</b>
<i>% Rented</i>	$(0\% \times 158) =$ <b>0 units</b>	$(16\% \times 1,760) =$ <b>282 units</b>	$(45\% \times 4,851) =$ <b>2,183 units</b>

## Methodology to Determine the Affordable Housing Target

### Step 5:

- Determine the total number of affordable housing units required over the 25 year period by tenure and housing type.

Tenure	Calculation (low + med+ high)	Total Affordable Units
<i>Ownership</i>	(1,161 + 2,816 + 3,080)	7,057 units
<i>Rental</i>	(282 + 2,183)	2,465 units
	Total	9,522 units over 25 years

## Methodology to Determine the Affordable Housing Target

### Step 6:

- Determine the affordable housing target over 25 years as a percentage of new projected growth.

	Total % Affordable Units Required over 25 years period
<i>Total Affordable Units</i>	9,522 units
<i>Total New Growth Units</i>	26,600 units
Total % of affordable housing required	$(9,522 / 26,600) = 36\%$

## Methodology to Determine the Affordable Housing Target

### Step 7:

- Translate the Target into the average annual units by Tenure and Housing Type.

Tenure	Low Density	Medium Density	High Density	Total
<i>Ownership</i>	(1,161 / 25 years) = 46 units	(2,816 / 25 years) = 113 units	(3,080 / 25 years) = 123 units	<i>282 units</i>
Rental	-	(282 / 25 years) = 11 units	(2,183 / 25 years) = 87 units	98 units
Total Average Annual Affordable Units Required				380 units



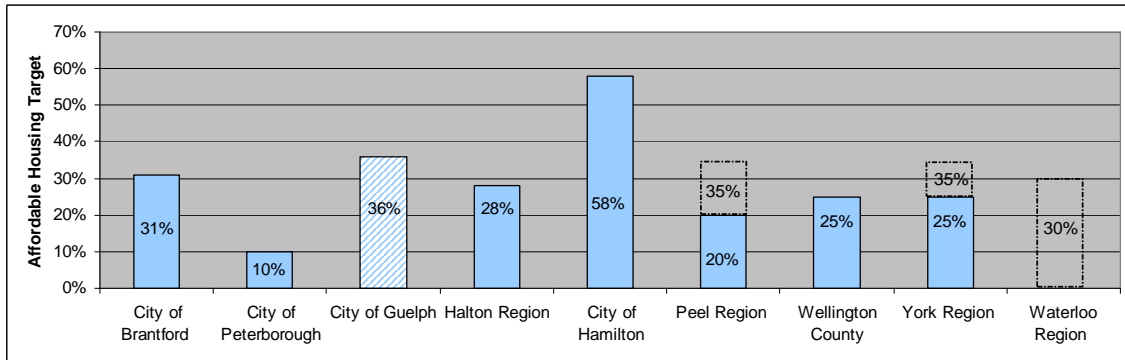
## Recommended Housing Targets

- Therefore the recommended affordable housing target will be 36% of the new growth to 2031.
- On an annual average, 380 affordable units.
- Based on a historical annual supply, and the importance of accessory apartments as part of the affordable housing stock, a target of 90 units per year is recommended.

## Recommended Housing Targets

- There were 20,065 households out of 48,530 (41%) living below the affordable benchmark in 2006. Therefore the recommended housing target of 36% is an appropriate target to address the City's current needs.

## Comparison of Affordable Housing Target with other Municipalities



- According to the Region of Peel's affordability discussion paper (August, 2009), the draft affordable housing target is divided into three parts. 17% for social rental housing, 3% affordable rental and 35% market rental and affordable ownership.
- York Region's overall target is 25%, however a target of 35% is applied to the Regional Centres and Regional Corridors.
- The Region of Waterloo's council adopted Official Plan (2009), requires a minimum of 30% of new residential units to be planned in forms other than single-detached and semi-detached units. Not directly an affordable housing target. In the Region's housing strategy, there is a commitment of 500 affordable units over 5 years, ~100 affordable unit/year for the region.

## Current Official Plan Housing Requirement vs. New Affordable Housing Target

*Current Official Plan - Section 7.2.2 c)*

*“Encouraging the provision of **affordable housing** in plans of subdivision that are designed for moderate and lower income households, and, more particularly, **for large subdivisions requiring** this housing form to be **provided to a minimum 25%** of the total potential units.”*

- The existing housing target in the City’s current official plan refers to large subdivisions and does not mention applicability on a City-wide basis.
- The 25% requirement does not appear to have applied any local housing situations in their methodology.
- Therefore, the new affordable housing target of 36% should not be compared to the 25% target downloaded from the 1989 Provincial Housing Policy

## Implementation Tools

### Planning Tools

- City-wide affordable housing target for affordable ownership and affordable rental housing by housing type as part of Official Plan policy.
- As part of a complete application
- Set maximum unit size in the zoning by-law for affordable housing units
- Allow development permit system in certain areas of the City
- Revisit the recommendation of the Housing First Policy from the 1990 Municipal Housing Statement

## Implementation Tools

### Planning Tools

6. Review the list of development standards such as (parking requirements and setbacks) to possibly reduce barriers to affordable housing construction.
7. Strengthen the existing policies for Demolition Permits and rental conversions.
8. Review the possibility of allowing accessory apartments in townhouses located in transit supported neighbourhoods.
9. Explore the feasibility of a density bonusing system
10. Update and monitor the affordable housing target by housing type annually.

## Implementation Tools

### Financial Tools

- Establish an annual contribution to maintain the Affordable Housing Reserve fund to support additional affordable housing construction.
- 2. To establish a formal review criteria for any municipal contribution and incentives for affordable and social housing projects.
- 3. Investigate if Tax Incremental Financing (TIF) is an appropriate tool to encourage the creation of affordable housing.
- 4. Continue to apply a lower tax rate for affordable multi-residential rental housing at the residential/farm rate.
- 5. Revisit the “Add a unit Program”, up-front grant to renovate an existing upper storey or basement for affordable housing.

## Implementation Tools

### Communication Tools

- Make a strong effort to promote any affordable housing programs provided at all levels of government to the public in order to encourage implementation.
  - Undertake social marketing to educate and communicate to the public on the benefits of affordable housing with a view to minimize NIMBYism.
  - Continue dialogue with the federal and provincial government for more legislative tools to require applicants to provide a portion of their development for affordable housing.
4. To encourage opportunities for working with the University of Guelph and Conestoga College to establish special programs that combines affordable housing and education for students in need.



## Next Steps

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- Circulate the Discussion Paper to the public, local stakeholders (i.e. Wellington Guelph Housing Committee, the County of Wellington, housing providers, businesses, the builders and development associations and Planners) and other City departments for review and comment.
- Scheduled open house meeting will be established in November 2009 to provide stakeholder and public input.
- 3. The feedback from the Discussion Paper and public meetings will be addressed through the Official Plan Update.