

PH16.6: Proposed Official Plan Amendment of Affordable and Mid-range Rent Definitions

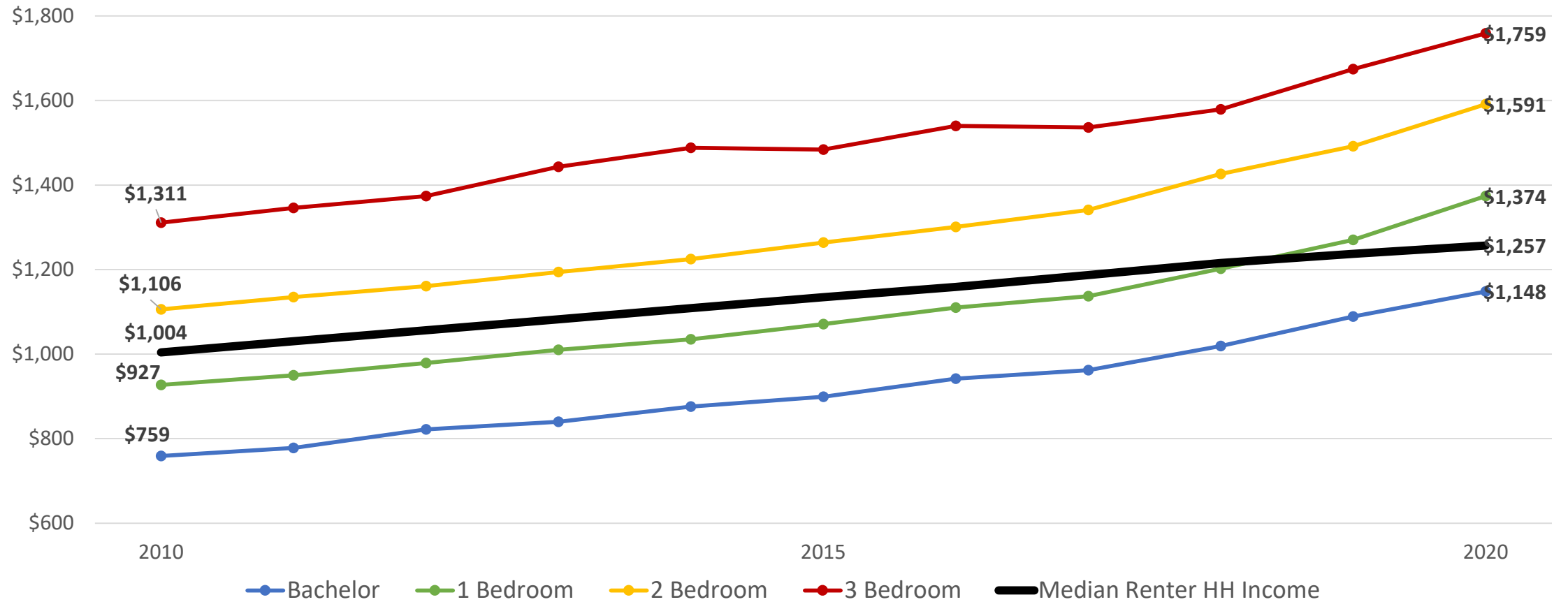
Planning and Housing Committee
September 22, 2020



Highlights

- Existing definition uses average market rents, as reported by CMHC annually
- Definition within the Official Plan and Municipal Capital Facilities By-law (By-law 124-16)
- Proposing to add an income based approach by using the least expensive of average market rents by bedroom type or income percentile ranges by household sizes
- Better responds to housing needs of low- and moderate-income households
- Addresses stakeholder concerns raised through HousingTO and Inclusionary Zoning consultations

Rising market rents



Rising market rents

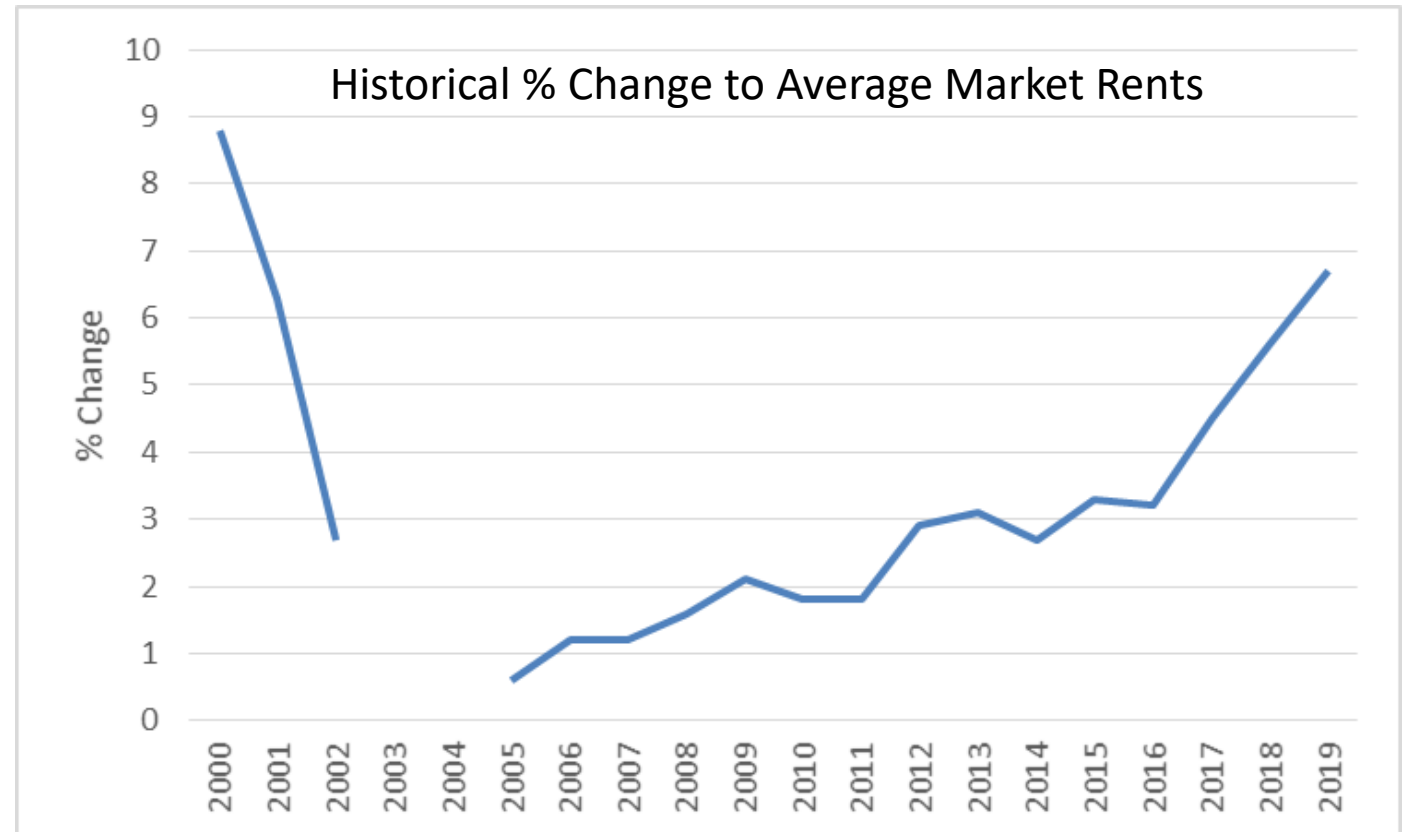
4.6% 

Annual increase to average market rents from 2015-2019

6.7% 

2019 year over year increase to average market rents

Over last 20 years, 1.7% income growth vs 3.3% market rent growth



Proposed affordable rental definition

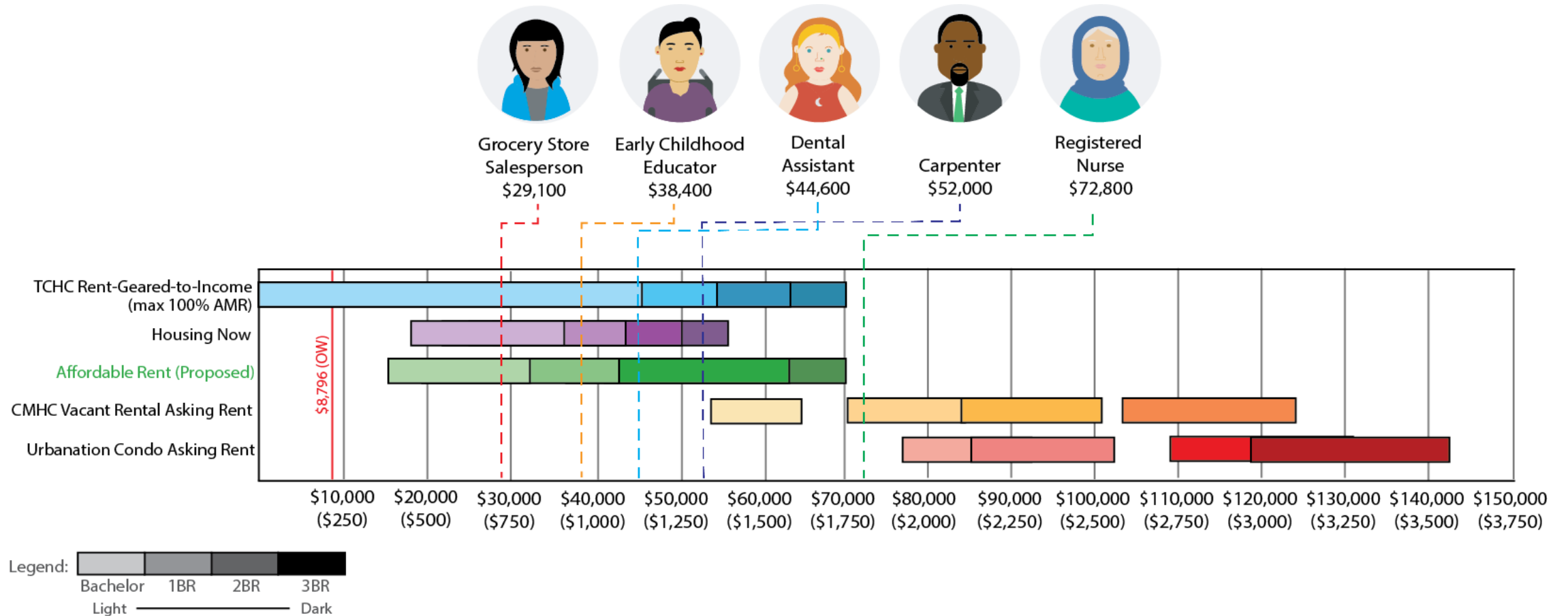
Affordable rental housing and affordable rents refers to housing that is intended to cost less than 30% of households' before-tax income in the City of Toronto, and where the total monthly shelter cost (inclusive of utilities) is the least expensive of 100% of Average Market Rent by unit type, and which is affordable to:

- (1) for bachelor units, households earning between the 20th and 50th percentile income for one-person renter households;
- (2) for one-bedroom units, households earning between the 30th and 60th percentile income for one-person renter households;
- (3) for two-bedroom units, households earning between the 30th and 60th percentile income for two-person renter households;
- (4) for three-bedroom units, households earning between the 30th and 60th percentile income for three-person renter households.

Incomes and rents (2020)

Unit Type	Current Definition	Min Household Income (Affordable Rent)	Max Household Income (Affordable Rent)
Bachelor	\$45,920 (\$1,148)	\$15,269 (\$382)	\$32,232 (\$806)
1-bedroom	\$54,960 (\$1,374)	\$19,649 (\$491)	\$43,244 (\$1,081)
2-bedroom	\$63,640 (\$1,591)	\$36,871 (\$922)	\$63,640 (\$1,591)
3-bedroom	\$70,360 (\$1,759)	\$41,542 (\$1,038)	\$70,360 (\$1,759)

Rents across housing spectrum



Provincial Policy Statement

- The **Provincial Policy Statement, 2020** defines affordable rental housing as the least expensive 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 average market rent of a unit in the regional market area.
- The PPS further defines low and moderate income renter households as households with incomes in the lowest 60 percent of the income distribution for renter households for the regional market area.

Policy and program impacts

Inclusionary Zoning: Tested 80% of AMR as a proxy for new definition. Provided most rents set at the maximum, no impact is anticipated. Further analysis will be undertaken to ensure financial viability.

Rental Replacement: Some units may now be categorized as mid-range instead of affordable. New mid-range rent bands would be used to secure similar rents as what existed

Section 37/ Community Benefit Charge: Lower rents could reduce the total number of units able to be secured within the same contribution envelope

Open Door Funding: Deeper affordability has been prioritized in current RFP. Further analysis of impacts is underway.

Housing Now: No impact on current projects. Based on further analysis, updated affordability benchmarks could be considered by Council for future Housing Now projects.

Proposed Mid-range rent definition

Removing the the existing **Mid-Range Rents** definition from section 3.2.1 of the Official Plan and adding the following as new definitions:

"**Mid-range tier 1 rents** are the total monthly shelter costs that exceed affordable rents but fall at or below 100% of the average City of Toronto rent, by unit type, as reported annually by Canada Mortgage and Housing Corporation.

Mid-range tier 2 rents are the total monthly shelter costs that are between 101% and 150% of the average City of Toronto rent, by unit type, as reported annually by Canada Mortgage and Housing Corporation."

This change is proposed to allow the City to continue to replace rental units at a similar price.

Proposed affordable ownership prices (2020)

Unit Type	Income	Price	Percentile (all households)
Bachelor	\$43,509	\$193,000	30
1-bedroom	\$56,921	\$252,500	40
2-bedroom	\$71,905	\$318,500	50
3-bedroom	\$89,467	\$397,000	60

Project timeline

