

Town of Newmarket

Housing Needs and Inclusionary Zoning Assessment

Final Report

Revised May 2025



Acknowledgements

This Housing Needs and Inclusionary Zoning Assessment for Town of Newmarket, along with the completed Federal Housing Needs Assessment template, was undertaken on behalf of the Town of Newmarket by SHS Consulting.

This report is the result of a collaborative process and would not have been possible without the active involvement of Town staff. We would like to thank the Town of Newmarket team for their direction, input, and assistance throughout this study.

Town of Newmarket

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Executive Summary

The Housing Needs and Inclusionary Zoning Assessment report provides insights into the housing needs of the Town of Newmarket and assesses the impact of implementing inclusionary zoning in Newmarket.

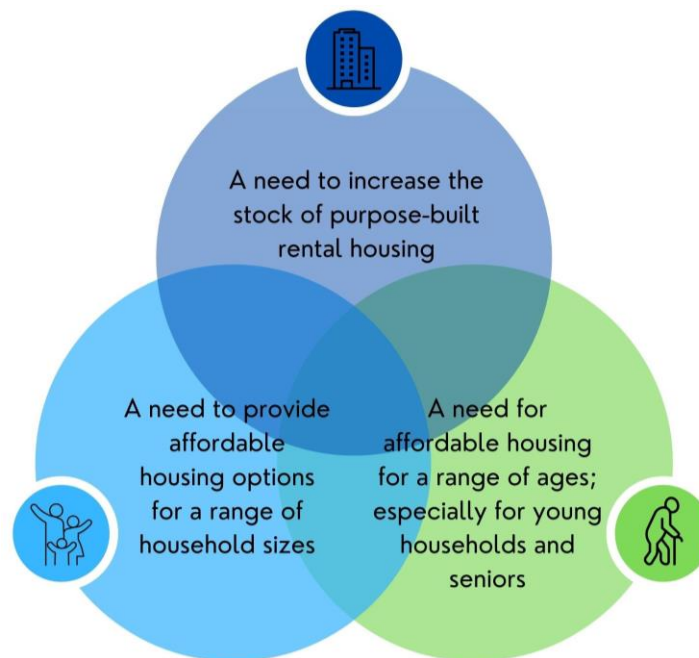
The report is organized into five (5) main sections:

- 1. Introduction and Context**
- 2. Housing Needs Assessment**
- 3. Inclusionary Zoning Impact Assessment**
- 4. Inclusionary Zoning Regulatory Requirements**
- 5. Draft Official Plan Policy for Inclusionary Zoning**

There is also an appendix that includes the policy framework review, a glossary of terms, and a definition of affordable housing that was completed prior to provincial legislation that defined this term.

Housing Needs Assessment Summary

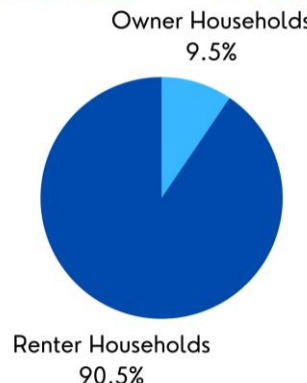
Within the Housing Needs Assessment, three (3) key housing gaps were identified.



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

The recent growth in renter households in the Town of Newmarket has not been met with growth in purpose-built rental units. This has led to higher rent prices and record low vacancy rates, despite an aging rental housing stock and higher rate of required repairs. The current rental market is not affordable to low-income households and finding suitable units may be difficult due to availability.

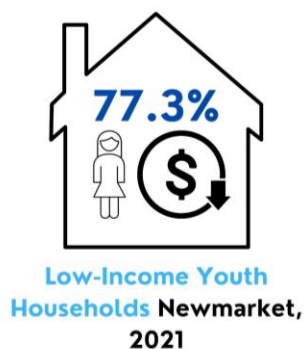
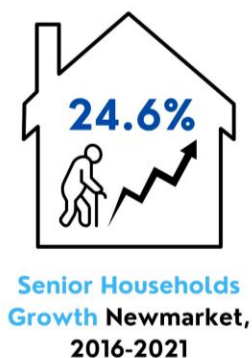
Total Household Growth in Newmarket from 2016-2021



2. There is a need for affordable housing for a range of ages, including housing options for young people looking to form households and seniors looking to age-in-place.

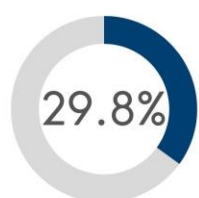
Recent trends indicate that the affordability of the housing market in Newmarket may be discouraging young people from forming households in the Town. The number of households with a primary maintainer under 25 decreased from 2016 to 2021 and these households were more likely to be low-income. The rising market prices for rental and ownership homes are resulting in a difficult environment for young people to form new households or move to Newmarket.

Senior households are the fastest growing age cohort in Newmarket. These households are most likely to be 'empty nesters' and low-income than households maintained by middle-aged persons. While these households often own a significant asset, such as their house, which gives them a high net worth without producing income, senior households who may be looking for smaller or more appropriate accommodations in the future will need available supply.

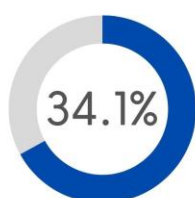


3. There is a need to diversify the housing stock to provide housing options for a range of household sizes, from one-person households to family-sized households.

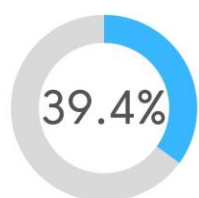
One-Person Household Affordability Statistics in Newmarket, 2021



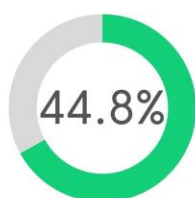
Face Affordability Issues



Face Deep Affordability Issues



Are in Core Housing Need



Are Considered Low-Income

While the average size of households in Newmarket (2.9 persons) was higher than Ontario (2.6 persons) and Greater Toronto Area (2.4 persons) in 2021, there are gaps in the affordable housing supply for households with a range of sizes. One- and two-person households accounted for 65.2% of the household growth from 2016-2021, while one-person households demonstrate the greatest need for affordable housing accommodations across all measures.

Larger households, such as lone-parent households, are also facing affordability issues disproportionately. There is a lack of three- or more-bedroom units available on the rental market and the ownership market is currently unaffordable to households with an income below \$246,250.

The current housing market in Newmarket requires a more diverse range of housing options to accommodate the existing demand for family-sized dwellings while considering the growing need for affordable housing for one- and two-person households.



\$1,235,440

The average price on the re-sale ownership market in 2022 was unaffordable to household incomes under

\$246,250



The number of 3+ bedroom apartments in Newmarket. Since 2004, the stock has declined by

20%

Inclusionary Zoning Summary

An analysis of the potential impact of inclusionary zoning in Newmarket's PMTSAs was performed and found that requiring 5% of new units to be affordable for 25 years at 80% of market value has a profit impact of between 0.3% and 0.4% for affordable ownership units and between 2.0% and 2.4% for affordable rental units. Comparing these profitability impacts to

common contingencies in residential construction projects, the potential IZ impact to project viability is fairly small; hard cost contingency amounts of 5% or more are common at this time, a soft cost contingency of 10% or more is advisable, and hard cost escalation of 6% or more per year are common.

When considering potential IZ policies, a future-looking lens must be used. The IZ policies will only be applicable if projects come forward, which will only happen if the base project is fundamentally viable. At this time, the overall residential development business is “upside down” where construction costs exceed reasonable expectations for project revenue; for both ownership and rental tenure projects. Should an IZ by-law be implemented, the development industry will understand that there is an additional 0.3% to 2.4% cost associated with the IZ units, and this will be priced into their financial analysis before bringing forward a new project.

Table 1: Summary of Inclusionary Zoning Recommendations

O.Reg 232/18, 3.(1) Policy Requirement	Proposed Policy Direction
1. Size of development (minimum unit threshold)	A minimum project size of 40 units which would achieve 2 or more units with the IZ set-aside at 5%.
2. Locations and areas of inclusionary zoning	All current PMTSAs.
3. Eligible household incomes	Use the income threshold for the 60th percentile renter household income, which is commonly referred to as the “moderate income” threshold.
4. Housing types and sizes of units	All housing types. The unit types (number of bedrooms) must be proportional to the building as a whole, and the unit sizes must be in keeping with the rest of the units in the building as a whole.
5. Required amount of affordable housing	<p>Affordable Housing Requirements in Ownership Buildings (Condominium): Affordable housing set-aside in ownership buildings (condominiums) is 5%.</p> <p>Affordable Housing Requirements in Purpose-Built Rental Projects: Affordable housing set-aside in purpose-built rental tenure buildings (purpose-built rental) is 5% of the GFA, with the caveat that each purpose-built rental project may request a waiver of the IZ requirements.</p>
6. Affordability period	25 years.
7. How measures and incentives are determined	No incentives provided to achieve IZ set asides, as the PMTSAs have been “pre-zoned” to provide additional development permissions and realize IZ contributions from future developments. The Town may provide incentives to deepen the affordability of the IZ units.

O.Reg 232/18, 3.(1) Policy Requirement	Proposed Policy Direction
8. Determination of Price Points for Affordable Units	<p>Rental: 80% of the city-wide average market rent, by number of bedrooms, as published annually by CMHC. (Corresponds to approximately the 4th renter household income decile.)</p> <p>Ownership: Unit price of 80% of average resale price in Newmarket. (Corresponds to the 9th or 10th household income decile)</p>
9. Approach to determine sharing of net proceeds	<p>0% of the net proceeds from any sale of an affordable unit will be distributed to the municipality.</p>
10. Offsite unit circumstances and conditions	<p>Offsite provision of IZ units is to be generally discouraged.</p> <p>Offsite units can be allowed by Council, where the residents of the IZ units would benefit from being in the alternative building due to social services being offered in the building, the units being more affordable due to a non-IZ mechanism, or where the units can be occupied significantly in advance of when they would otherwise be ready for occupancy.</p> <p>Sufficient financial assurance is provided by the development that is requesting offsite IZ units that the Town would be able to build the units with the funds, should the original project fail to be built.</p> <p>Offsite location complies with all applicable conditions in the Act.</p>

1.0 Introduction

This is a Housing Needs and Inclusionary Zoning Assessment Report developed to support the creation of an inclusionary zoning policy in the Town of Newmarket.

1.1 Background

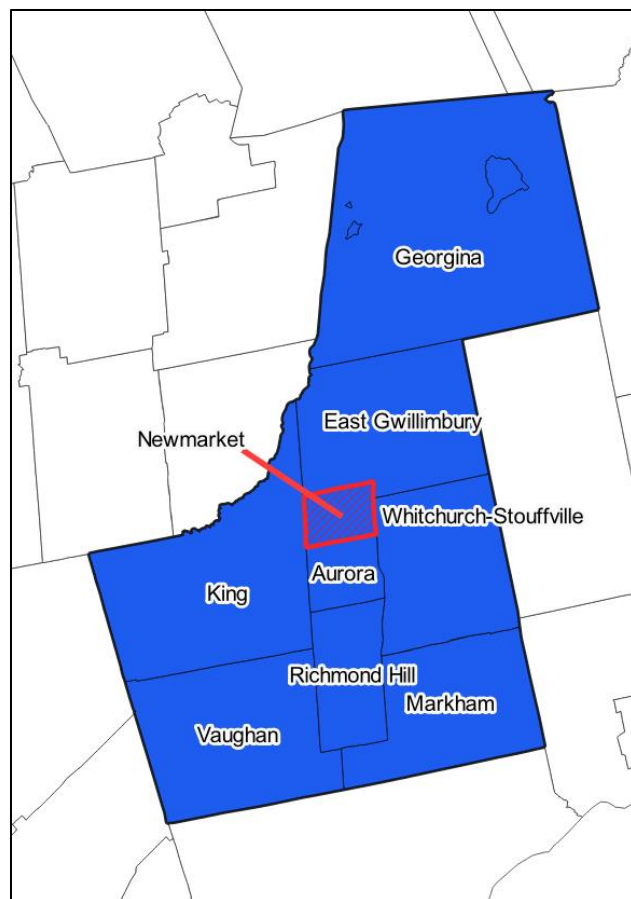
The Town of Newmarket (the Town) is a lower-tier municipality located within the Regional Municipality of York (the Region) in southern Ontario. Located north of the City of Toronto on the Barrie GO Train corridor, the entire Region has experienced rapid population growth in the last 15 years and the need to provide housing that is affordable to this growing population is an important consideration for the Region. However, the Town has its own distinct housing needs from the Region as well, and with the Newmarket Official Plan Review, the municipality has an opportunity to put in place policies to assist in achieving the Town's affordable housing targets.

Figure 2: General summary of Town of Newmarket and York Region, 2021

Quick Facts		
	Town of Newmarket	York Region
Population	87,942	1,173,334
Private Dwellings	31,239	405,863
Households	30,300	391,030
Population Density (Persons per square kilometre)	2,284	667
Land Area (Square kilometres)	38.5	1,758

Source: Statistics Canada Community Profiles, 2021

Figure 1: Map of study area (red)



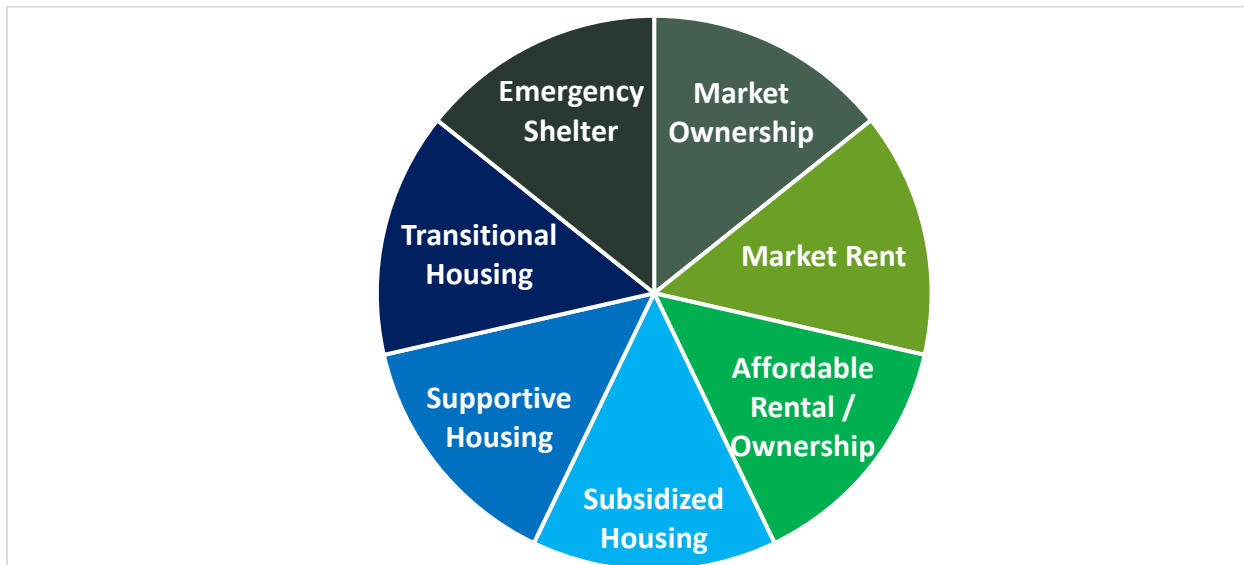
1.1.1 Housing Continuum

The Canada Mortgage and Housing Corporation (CMHC) defines the housing market as a continuum or system where housing supply responds to a range of housing need.¹

Due to demographic, social, economic, and geographic factors which impact housing need and demand, the private housing market does not always meet the full range of housing needs in a community. This is particularly true for individuals and families with low and moderate incomes or for people with unique housing and support needs.

While the housing continuum appears to be linear, it is not. People can move back and forth along the continuum through different stages of their lifetime. For example, a young couple may start in affordable rental housing when they settle in the geographical community, move to ownership housing as they expand their family, then downsize into a market rental unit during retirement, and move into supportive housing in their old age. As such, it is important for each geographical community to have an adequate supply of housing options within the housing system. The different elements of the housing system are described in the Glossary of the report (Section 7.0):

Figure 3: Elements of the Housing Continuum



Source: Canada Mortgage and Housing Corporation 2019²

1.1.2 Definition of Affordable Housing

The *Provincial Planning Statement, 2024 (PPS 2024)* amended the *Provincial Policy Statement 2020* Housing Policies so that planning authorities shall provide for an appropriate range and mix of housing options and densities by, among other things, permitting and facilitating all types

¹ Canada Mortgage and Housing Corporation (2018). About Affordable Housing in Canada. Accessed from: <https://www.cmhc-schl.gc.ca/en/developing-and-renovating/develop-new-affordable-housing/programs-and-information/about-affordable-housing-in-canada>

² This figure was adapted from the Wheelhouse Model developed by the City of Kelowna in 2017

of residential intensification. The term “affordable” housing has also been incorporated into the PPS 2024 definition of “housing options”. The definition for affordable in the PPS 2024 reads:

- a) in the case of ownership housing, the least expensive of:
 - 1. 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
 - 2. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the municipality;
- b) in the case of rental housing, the least expensive of:
 - 1. a unit for which the rent does not exceed 30 percent of gross annual household income for low- and moderate-income households; or
 - 2. a unit for which the rent is at or below the average market rent of a unit in the municipality.

These thresholds for Town of Newmarket are displayed below for 2024:

Table 2: Affordable Housing Thresholds in the Town of Newmarket, 2024

	Ownership Housing		Rental Housing	
Income-Based Approach (1)	\$591,000		\$2,334	
Market-Based Approach (2)	Single-Detached	\$1,171,400	Bachelor	-
	Semi-Detached	\$835,800	One-Bedroom	\$1,590
	Row House	\$873,500	Two-Bedroom	\$2,010
	Apartment	\$578,900	Three+ Bedroom	\$1,334

Noted: The cells shaded in light blue indicate the least expensive approach, and therefore the affordable housing threshold, for each tenure of housing

Source: Statistics Canada 2021 Community Profiles, CMHC Rental Market Survey, TRREB Market Watch Data, 2024

1.2 Purpose of the Study

The purpose of this report is to present a combined Housing Needs Assessment and Inclusionary Zoning (IZ) Assessment that provides an analysis on housing needs and housing affordability in the Town of Newmarket and the potential housing market impacts of the proposed inclusionary zoning policies. Key components of the Housing Needs Assessment portion of the report includes an analysis of household income spent on housing; core housing need metrics; identification of housing gaps in Newmarket; and an analysis of the effects (if any) of any related Federal and Provincial policies/taxes have on achieving Newmarket’s housing affordability goals. This report was updated with the passing of the Province of Ontario’s *Bill 23, More Homes Built Faster Act, 2022*. This legislation included regulations regarding inclusionary zoning requirements and was utilized to assess the viability of inclusionary zoning policies.

Altogether, this analysis will provide the Town with a better understanding of the housing needs of the community and the potential impacts to the financial viability of developments that IZ policies may have. This report will satisfy legislative requirements for IZ policies that the Town may pursue to achieve affordable housing targets.

1.3 Approach and Report Format

This report provides a technical summary of findings and observations based on a detailed review of data, reports, and ancillary information. Findings have been summarized using distinct sections on housing need, housing supply, and housing affordability. Using a series of key indicators, emerging issues, market gaps and contributing factors are highlighted to help situate priority areas for consideration. As a result, this report helps to establish a sound foundation on which to develop an assessment of potential impact of the proposed Inclusionary Zoning policies, the second part of the study assignment.

1.4 Sources of Information

Unless otherwise stated, the data used in this report is from the Statistics Canada Census of Population to create a social-economic profile of the Town. These robust statistics are gathered by Statistics Canada every 5 years and provide a wealth of information. Custom Census data tabulations for 2016 and 2021 were ordered from Statistics Canada for the Town and Region to supplement and enhance the publicly available data. Due to the COVID-19 pandemic, the 2021 Census of Population was tabulated using data that was impacted by the public health measures that were implemented to slow the spread of COVID-19. These measures impacted economic conditions and how the people of Ontario worked and lived. Data for the non-market housing market was provided by York Region.

Local TRREB (Toronto Regional Real Estate Board) and CMHC's market surveys, including the Rental Market Survey, Housing Starts and Completions Survey, and Market Absorption Survey were relied on for housing market data. Housing statistics from CMHC have been used extensively to help inform the assessment, due in large part to their reliability and reporting frequency. Most statistics from CMHC are reported no less than annually and there is typically only a modest lag in publishing of this reported information after the data collection year. As a result, these data sets provide a current snapshot and are reflective of trends in market conditions.

1.5 Community and Housing Partner Consultations

Throughout 2024, consultation was completed through two activities to gain insight into the housing conditions in the Town of Newmarket: a public focus group engagement through the Official Plan Review process and developer interviews for inclusionary zoning purposes.

1.5.1 Developer Consultation Summary

Through July to September 2024, the Town of Newmarket met with members of the development community in facilitated one-on-one sessions to gather current information about the residential development environment in Newmarket. A second objective of the consultations was to share key financial analysis variables and gather insight into how the standard benchmark data may need to be modified for the housing development realities in Newmarket.

Feedback from the participants was collected on four discussion areas:

1. *Development challenges in Newmarket?*
2. *How can Newmarket's Housing Need be best addressed through inclusionary zoning?*
3. *Desired outcomes from an inclusionary zoning policy?*
4. *How can partnerships between the development industry and non-profit organizations best be used to enable inclusionary zoning?*

The key themes that came out of the discussion were on the role of the Town, partnerships, and feedback on the financial analysis assumptions. A summary of the key feedback messages is presented below:

Role of the Town:

- Stakeholders would like to see a concierge service for municipal approvals when affordable housing is proposed. This service should include set timelines to get zoning and planning application reviews completed.
- Newmarket does not have a municipal department to deal with the ongoing management of the IZ housing agreements – this should be considered.

Partnerships:

- Everyone has to put “skin in the game”. Developer and other home buyers are paying for the IZ units.
- Affordable housing can be built -with cooperation! (Between the Town and the development industry)
- There is a need for incentives to make affordable housing work in Newmarket.
- Not all developers have a rental management arm – need to consider who will own these units and ensure that the (IZ) rental stock remains affordable?

Financial Analysis Assumptions:

- Construction costs are unlikely to come down in the near future.
- Unit sizes were viewed as somewhat larger than what the industry expects to build in the near future. The suggestion was to reduce unit sizes by between 100 to 150 square feet for all types of units.
- Rental prices look a bit low for rents in new buildings.
- Though the Province has removed minimum parking requirements in major transit station areas in Bill 185, the feedback was that residential units in Newmarket require parking to be sellable.
- Land values in the regions outside of Toronto have declined, and the value of additional density has also declined due to the Provincial and Federal programs that increase base density near major transit locations.

The revised inclusionary zoning financial analysis incorporated the feedback in the following ways:

- Unit sizes were reduced by approximately 100 square feet.
- Rental prices were reviewed again, but currently advertised rents do not support substantial increases to the rental price assumptions.
- The parking amounts were retained, providing just over 1 parking stall per unit across the entire building.
- The land price data obtained by a land appraiser is out of date and has been replaced by an assumption that land would be approximately 10% of the project cost.
- And, the construction costs were lowered from the high end of the range to the middle of the range of values provided in the Altus Group Construction Cost Guide. This last adjustment makes the analysis somewhat optimistic, but should reflect the long term need for construction costs to be balanced with unit prices – currently construction costs are significantly higher than what either ownership or rental prices can support.

1.5.2 Official Plan Review – Knowledge Exchange Consultation

In October 2024, the Town of Newmarket hosted a public engagement centred around the Town of Newmarket Official Plan Review Knowledge Exchange. One of the topics for the knowledge exchange was this Housing Needs and Inclusionary Zoning Assessment report. The participants for the knowledge exchange included representatives from non-profit organizations, students, residents, and development planners.

Feedback from the participants was collected on three broad discussion questions:

- 1. How can diverse housing types and tenures, such as townhouses, mid-rise buildings, and innovative housing designs, help create more inclusive and complete communities in Newmarket?***
- 2. What measures should be taken to protect and enhance the existing housing stock in Newmarket, and how can policies promoting gentle density and shared occupancy benefit the community?***
- 3. Do you have any other ideas or feedback on the vision for affordable housing for the Town?***

Feedback from the consultation session included a range of potential benefits from creating a diverse range of affordable housing. Townhomes and tiny homes were provided as examples that participants had heard of from other communities that provided more people with an opportunity to get into the ownership market with a more affordable housing type. Participants noted the need for more multi-family housing to age-in-place, more dense and diverse communities that strengthens community bonding, and the need for housing accessible for those with physical or developmental disabilities.

Many participants provided feedback supporting more permissive zoning to allow for multi-unit dwellings, such as duplexes and triplexes, within existing low-density neighbourhoods to provide 'gentle density' and create more affordable options for residents.

Participants noted that there needs to be an effort to further embrace inclusive planning that would include considerations for those currently experiencing homelessness. It was noted that Newmarket should look to house the most vulnerable community members in the most humane way to try and address the needs of this crisis.

In terms of solutions, participants in the knowledge exchange mentioned incentives for developers to provide affordable housing, tenant protections within developments involving rehabilitation or demolition, and support for inclusionary zoning policies.

2.0 Newmarket Housing Needs Assessment

This section provides an overview of the population and household characteristics which impact the need for housing in the Town of Newmarket. This section also addresses the first five requirements of Section 2(1) of O. Reg 232/18 and includes the definition of affordable housing for use in inclusionary zoning policies.

2.1 Housing Demand

This section aims to identify population and household trends, analyze household incomes, and speak to the economic context of the Town of Newmarket. 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.

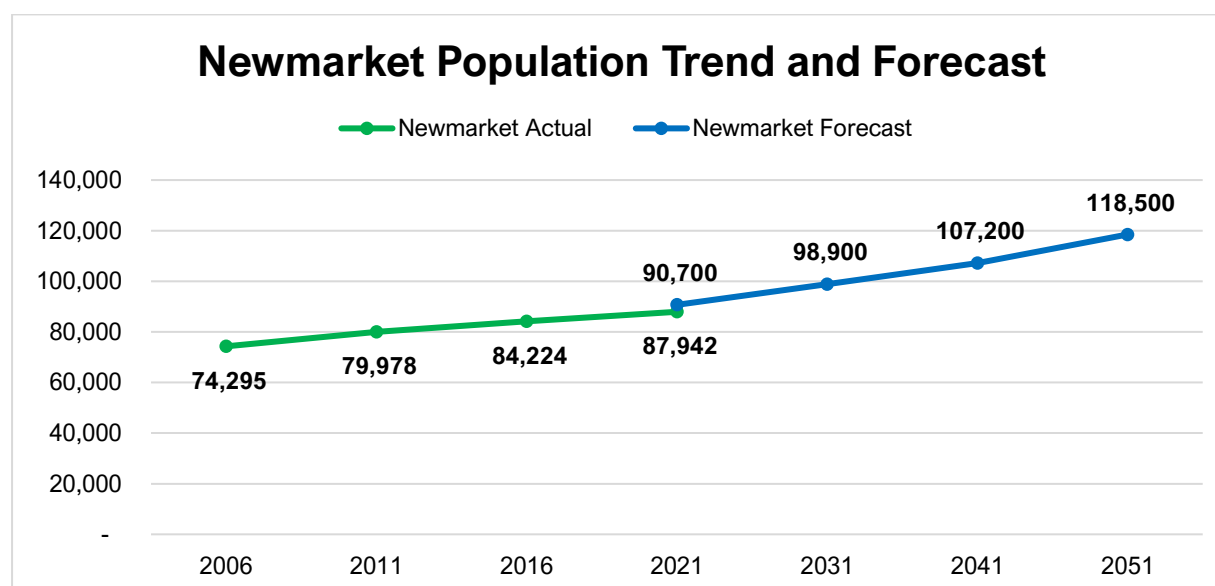
This information addresses the requirements of subsection 2(1)1 of O. Reg. 232/18 for an analysis of demographics and population in the municipality.

2.1.1 Population Trends and Projections

The Town of Newmarket had a population of 87,942 in 2021. This represented a growth of +3,718 or +4.4% from 2016 levels. This growth rate fell below the York Region growth during this period (+5.7%). In 2021, Newmarket had the fourth highest population of the nine municipalities in York Region. Although it is the smallest municipality by size in the Region, it is the most dense in terms of population with 2,284 persons per square kilometre.

According to the *York Region Official Plan 2022*, the Town is expected to add an additional +30,558 people by 2051 (Figure 4), among the lowest absolute growth for a municipality in York Region and the lowest growth rate during this period of all member municipalities. According to the 2021 Census of Population, Newmarket's population in 2021 came in below the projection of 90,700 from this forecast. Newmarket contains one of the Region's regional centres (Newmarket Urban Centre) where intensification is planned to take place. Newmarket was designated as one of the Region's four Urban Growth Areas in 2015 for the *2041 Intensification Strategy*, however the population growth planned by 2031 (+4,200 people) was much lower than the other Urban Growth Areas of Markham (+22,600 people), Richmond Hill/Langstaff (+10,300 people), and Vaughan (+17,000 people).

Figure 4: Projected population forecast for the Town of Newmarket, 2021 to 2051, with historical trends

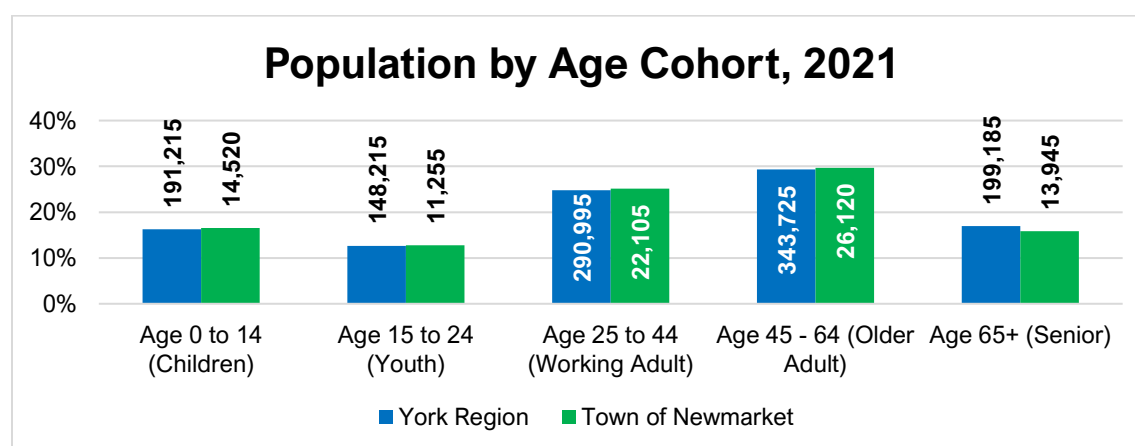


Source: Statistics Canada Community Profiles, 2006-2021; York Region Official Plan 2022 (June 2023 Office Consolidation)

Population Age

The average and median age of the Town's population in 2021 were 41.0 and 41.6 years, respectively. These were slightly lower than the Region's average and median age (41.4 and 42.0 years, respectively). This was, in part, due to a slightly lower proportion of seniors (aged 65 and up) in the Town relative to the Region (Figure 5).

Figure 5: Distribution of population by age cohorts; York Region and Town of Newmarket, 2021

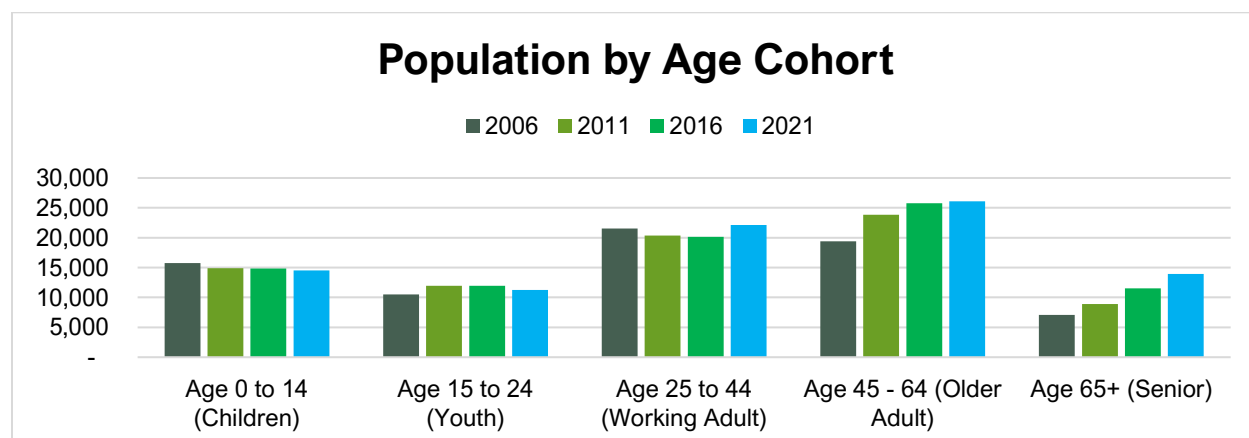


Source: Statistics Canada Community Profiles, 2021

However, Newmarket's population is aging along with the rest of the York Region. Seniors made up the fastest growing age cohort in the Town, adding +2,400 seniors from 2016 to 2021 (+20.8%). While this growth was lower than York Region's growth of the senior population

(+23.0%), it represented a trend towards an older population. Additionally, in 2021 the Town contained less children (-315 people) and youth (aged 15 to 24) (-680 people) compared to 2016 (Figure 6).

Figure 6: Distribution of population by age cohort over time; Town of Newmarket, 2006-2021



Source: Statistics Canada Community Profiles, 2006-2021

Indigenous Population

In 2021, 1.2% of Newmarket's population, or 1,015 persons, identified as Indigenous. This was lower than the proportion in 2016 (1.6%), but higher than the rate in York Region (0.5%). Of this population, 52.2% identified as First Nations members, 38.9% identified as Métis, and 2.0% identified as Inuk or Inuit. Additionally, 3.4% identify with multiple Indigenous ancestries and 3.9% chose not to respond. While Indigenous peoples make up only a very small proportion of the total population in Newmarket, it should be noted that these individuals may have unique needs, such as culturally appropriate housing and support services.

Visible Minority and Immigrant Population

Visible minorities accounted for 34.9% of the Newmarket population in 2021. This was much higher than 2016 levels, when 25.8% of the population identified as a visible minority. The most common visible minority in Newmarket was Chinese, making up 10.0% of the total population, followed by West Asian (6.5%). These two minorities were the fastest growing between 2016 and 2021, with the Town adding +3,655 people (+187.0%) who identify as West Asian and +3,045 people (+54.5%) who identify as Chinese.

In 2021, 33.4% of the population of Newmarket were immigrants. The number of immigrants in the Town increased by +5,710 (+24.6%) from 2016 to 2021. This growth rate was much higher than the York Region average (+8.1%) during this period. Of these immigrant population, over half (53.4%) immigrated between 2001 and 2021, higher than the York Region rate (43.7%) and a higher proportion compared to any municipality within the Region. These trends indicate an increasing rate of immigration to Newmarket, whose housing needs the Town will have to consider.

Population Mobility

Populations move their place of residence for a variety of reasons. Among the factors that may influence the movement of populations, the affordability and availability of housing are key drivers of the location where people decide to live. The Census of Population includes questions that ask for respondents to indicate whether they have moved in the last year and/or the last five (5) years. This includes movement within a municipality, from another municipality, from another province, and from outside of Canada.

In 2021, 10.4% of population that lived in Newmarket had moved their place of residence within a year of the 2021 Census. This rate was slightly higher the Region proportion (9.7%) and was among the highest rates in the Region. Of these movers, 37.0% moved within Newmarket, 55.2% came from another municipality in Ontario, 1.4% moved from another province, and 6.4% immigrated to Newmarket from another country.

These trends are largely consistent with the proportions of the population who have moved in the last five (5) years previous to the 2021 Census. There were 30,900 people, or 37.4% of the Town's population, that met this criterion. Of these movers, 24.5% moved within Newmarket, 62.4% came from another municipality in Ontario, 3.2% moved from another province, and 9.9% immigrated to Newmarket from another country.

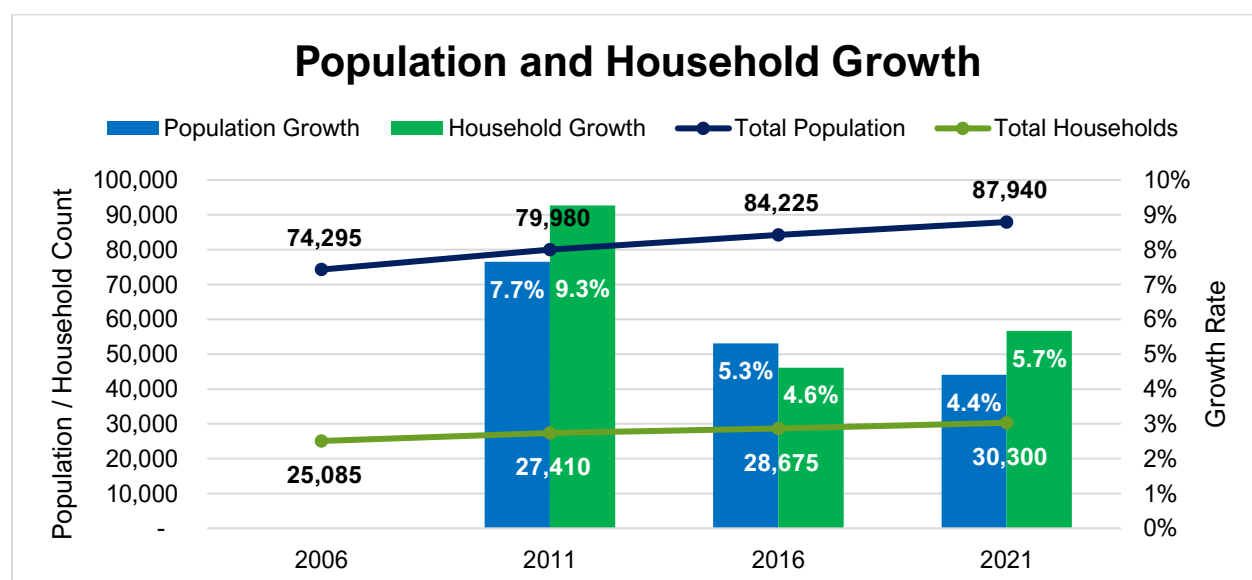
These trends point to an increase of interprovincial and international households to the Town. These households, potentially looking for more space to start a family or find more affordable housing accommodations than would be offered within larger city-centres, will need to be considered in Newmarket.

2.1.2 Household Trends

In 2021, there were 30,300 private households in the Town of Newmarket. This represented an increase of +1,630 households, or a growth rate of +5.7%, from the 2016 count. This growth rate was lower than the average for York Region (+9.5%) during this period and the lowest growth rate of households in York Region.

The growth rate of households has historically been slightly higher than the population growth rate in Newmarket (Figure 7). The number of households has grown +20.8% (+5,210 households) since 2006 as the population grew by +18.4% (+13,650 people). This may indicate households are diversifying and getting slightly smaller, although this trend has not impacted the average household size in Newmarket as it has remained 2.9 persons per household since 2006.

Figure 7: Population and household counts and growth rates; Town of Newmarket, 2006-2021



Source: Statistics Canada Community Profiles, 2006-2021

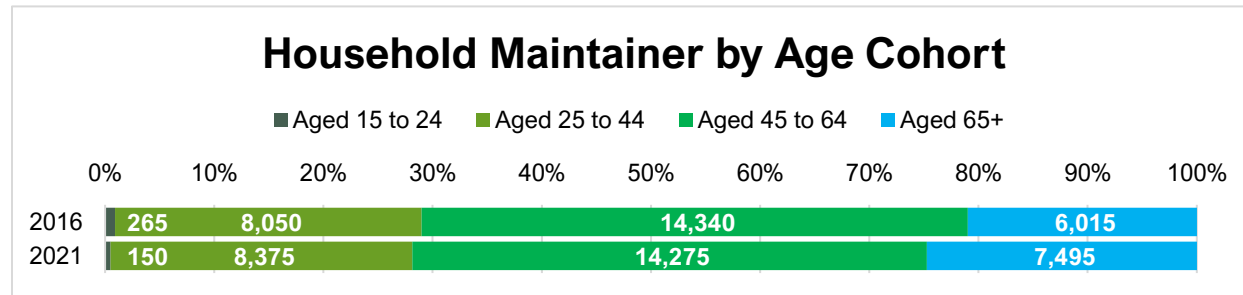
Note: Growth rates indicate the percentage growth since the last Census count.

Age of Household Maintainers

Currently, only 150 households are primarily maintained by someone between the ages of 15 and 24 years (Figure 8). This accounts for 0.5% of the households in the Town, among the lowest rates in the Region and lower than the York Region figure (0.9% of all households). The most common age cohort of household maintainers was between 45 and 64 years (47.1%). This was consistent with York Region (46.3%). Although the growth was modest, households with a primary maintainer aged between 25 and 44 grew by +4.0% from 2016 to 2021. This age cohort would typically be considered the most likely to have children and may be a contributing factor to the stability of a high average household size of the Town (2.9 persons), as discussed in Section 2.1.2 of this report.

However, the age of household maintainers continues to increase as the population grows older in the Town. The number of households in the Town grew by +1,630 households in 2021 compared to 2016 totals. Of those 1,630 new households, 1,480 were senior households. Further, the number of household maintainers aged 15 to 24 dropped from 265 in 2016 to 150 in 2021 (-43.4%). The Town was one of only two municipalities in York Region to experience a decline in this age of household maintainer. This is likely suggesting the current market in Newmarket is not affordable for young people trying to enter the housing market. The need for affordable housing options for these households should be considered.

Figure 8: Town of Newmarket households by age cohort of household maintainer, 2016-2021

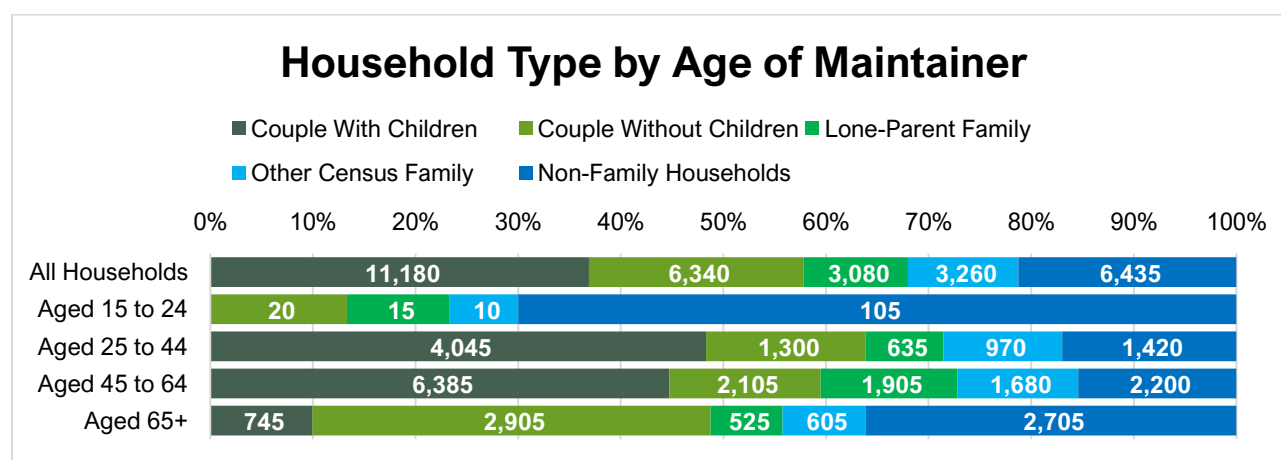


Source: Statistics Canada Community Profiles, 2016-2021

By assessing the age cohorts of primary household maintainers by household types, trends can emerge regarding household formation and senior households (Figure 9). Households with a primary maintainer aged between 15 and 24 were more likely to be non-family households. This would include one-person households or two- or more-person households who are not family. While the total number of households who fit this categorization is low (105 in 2021) and may not be a long-term trend, this may indicate housing in Newmarket is unaffordable to young families.

In terms of senior households, or those with a primary maintainer over the age of 65, these households tend to be 'empty nesters'. This would include couples without children (38.8%) and non-family (one-person) households (36.1%).

Figure 9: Household type by age cohort for primary household maintainer; Town of Newmarket, 2021



Source: Statistics Canada Community Profiles, 2021

Note: Other Census Families includes multiple family households, multi-generational households, and family households with additional persons.

Household Tenure

In 2021, 75.8% of the households in Newmarket were owner households. This was lower than the York Region rate (82.2%). The proportion of renter households increased from 20.5% in 2016 to 24.2% in 2021. This occurred as the number of owner households in the Town grew by +155 owner households and +1,470 renter households during this period. This growth in the

number of renter households (+25.0%) ranked among the highest in York Region, although fell below the growth of renter households Region-wide (+37.8%).

As discussed in Section 2.2.2 of this report, the Town has lacked new purpose-built rental construction in recent years. Between 2016 and 2021, the Town has recorded 247 rental completions. This lack of rental completions means that the increase in renter households has occurred almost entirely in the secondary rental market.

Household Size and Type

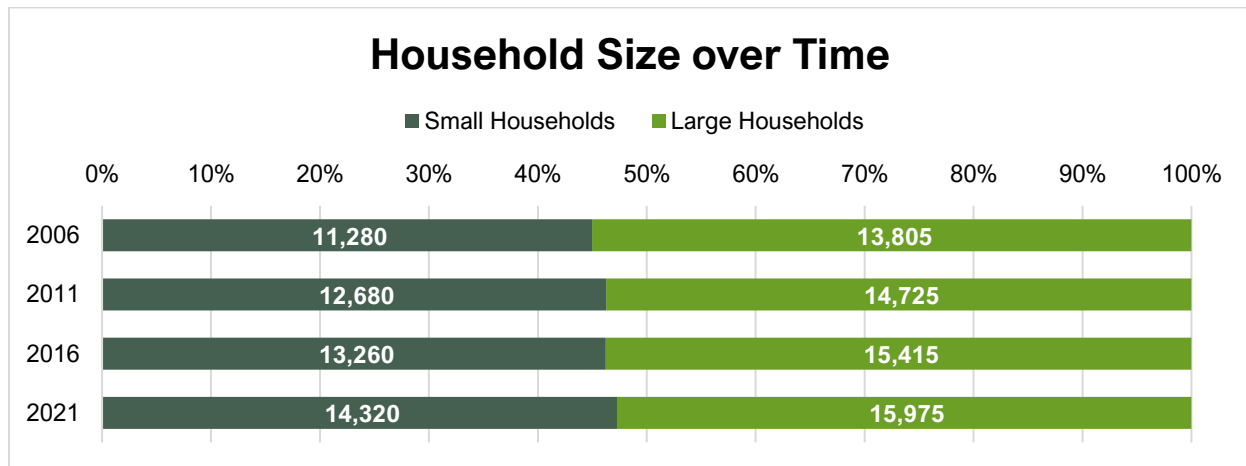
The most common household size in Newmarket in 2021 was households with four- or more-persons (33.1% of all households). Two-person households were the second most common (29.0%), followed by three-person (19.7%) and one-person (18.3%) households. The average household size in 2021 was 2.9 persons per household. This was slightly lower than the Region's 3.0 persons per households, but higher than Ontario (2.6 persons) and Greater Toronto Area (2.4 persons) averages.

From 2016 to 2021, there was a trend of growth in small households across York Region and Newmarket was no exception. As the number of one- and two-person households increased by +18.2% in York Region, these small households increased by +8.0% in Newmarket. During the same period, households with three- or more-persons increased by +3.6% in the Town (+3.5% in York Region). While the proportion of small households has increased over time in Newmarket, there is a sustained demand for larger units (Figure 10), demonstrated by the growth of three-person households (+6.9%) during this period.

The most common household type in the Town in 2021 was couples with children (36.7%), followed by couples without children (20.9%), one-person households (18.2%), and lone-parent family households (10.2%). One-person households were the most common household type for renter households, accounting for 33.9% of renter households in 2021, while couples without children (42.8%) was the most common household type for owner households.

When assessing household type by tenure, households with family units (couples with children, couples without children, lone parent households, and other Census family households) were more likely to be owner households, while non-family household types (one-person households and two- or more-person households) were more likely to be renter households (Figure 11).

Figure 10: Number of households categorized as Small Households and Large Households; Town of Newmarket, 2006-2021

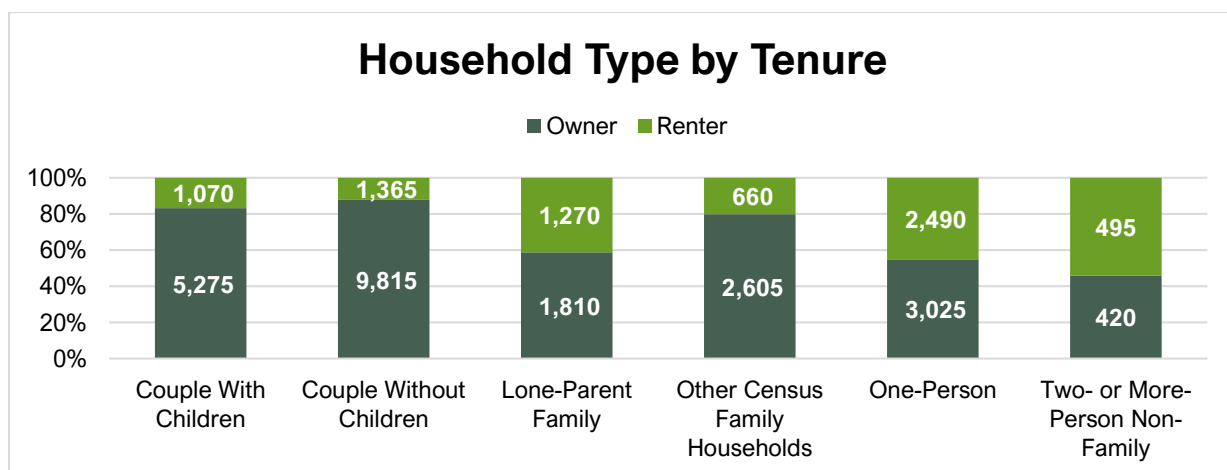


Source: Statistics Canada Community Profiles, 2006-2021

Note: households with one- or two-persons are considered Small households, while Households with three- or more-persons are considered large households

The fastest growing household type between 2016 and 2021 was two- or more-person non-family households (+22.8%). Couples without children were the fastest growing household type for renter households (+44.4%, +420 households) while two- or more-person non-family households was the fastest growing household type for owner households (+15.1%, +55 households).

Figure 11: Breakdown of households in Town of Newmarket by household type and tenure, 2021



Source: Statistics Canada Census of Population Custom Data Tabulation, 2021

Households with a Member with a Disability

In 2021, 25.1% of households in Newmarket identified that they contained at least one person with any disability (Table 3). This was an increase from 2016 levels (20.5%) and higher than the York Region rate in 2021 (21.1%). Households that contained at least one member with a disability were more common among renter households than owner households. The number of households with at least one member with a disability increased by +22.5% from 2016 and 2021, much higher than the increase in total households (+5.7%) during this period. The impact of the increase in households with a member with a disability and the supply of non-market housing will be assessed in more in-depth in Section 3.2.4 of this report.

Table 3: Breakdown of households with at least one member with a disability

	All Households		Owner Households		Renter Households	
Total Households	30,300	100.0%	22,955	75.8%	7,345	24.2%
Any Households Member with a Sensory Disability	1,640	5.4%	1,215	5.3%	430	5.9%
<i>Any Households Member with Difficulty Hearing</i>	795	2.6%	600	2.6%	195	2.7%
<i>Any Households Member with Difficulty Seeing</i>	845	2.8%	615	2.7%	235	3.2%
Any Household Member with Difficulty Walking	1,455	4.8%	970	4.2%	480	6.5%
Any Household Member with Difficulty Learning, Remembering, or Concentrating	1,520	5.0%	935	4.1%	580	7.9%
Any Household Member with Emotional, Psychological, or Mental Health Conditions	1,775	5.9%	1,125	4.9%	645	8.8%
Any Household Member with other Health Problems or Long-Term Conditions	1,205	4.0%	850	3.7%	355	4.8%

Source: Statistics Canada Census of Population Custom Data Tabulation, 2021

2.1.3 Economic Context

Changing economic conditions influence the demand for housing in a community in terms of the number of housing units required, the type and tenure of housing units, and the ability of households to afford housing. Employment and earnings influence a household income, and thus the housing choices that are affordable to households. The labour force of a municipality refers to the adult population in the labour market at a certain time. This is defined by Statistics Canada as the non-institutional population 15 years of age or older.

Labour Force Characteristics

In 2021, the population of people eligible for the labour force (aged 15 and over) in the Town consisted of 72,100 people, an increase of +4,195 (+6.2%) from 2016. This growth was slightly lower than the Region's labour force growth rate during this period (+7.6%) and ranked sixth in the Region in absolute terms. However, the number of persons in the labour force, including both employed and unemployed workers, decreased from 48,105 in 2016 to 48,060 in 2021.

This may be an impact of the COVID-19 pandemic. Newmarket was one of only two municipalities in the Region to experience a decline in the number labour force population.

The participation rate in Newmarket was 66.7% while the unemployment rate was 12.3%, both consistent with the Region's levels (Figure 12). The Town's participant rate, a measurement of the share of the working-age population that is either working or looking for work, was the third highest of the nine municipalities in York Region, while the unemployment rate was sixth lowest. These trends indicate there may be workers in the Town that are not able to attain employment. While the unemployment rate almost doubled from 2016 to 2021, this increase was consistent with the Ontario rate (12.2% in 2021) and was the result of the COVID-19 pandemic.

Figure 12: Labour force characteristics for Town of Newmarket and York Region, 2016-2021

Economic Indicator	Town of Newmarket		York Region	
	2021	2016	2021	2016
Population Aged 15+	72,100	67,905	974,535	905,545
Labour Force	48,060	48,105	622,430	604,200
Participation Rate	66.7%	70.8%	63.9%	66.7%
Unemployment Rate	12.3%	6.6%	12.7%	6.4%

Source: Statistics Canada Community Profiles, 2016-2021

Since the Census was taken in 2021, economic conditions in the province have improved considerably, with the provincial unemployment rate decreasing to 5.2% as of January 2023.³ From the 2022 York Region *Employment and Industry Report*, York Region has experienced a recovery since the COVID pandemic (Table 4). From 2019 to 2022, the employment growth rate in York Region was 5%. The Region's employment was estimated to be 615,760 jobs, not accounting for home-based jobs. This was an increase of 251,000 jobs since 2002 for an annual growth rate of 2.7%. This aligns closely with the Region's population growth during this period (+3.0% annually). It is anticipated that the labour market of Newmarket contributed to some of the employment growth in the Region and that the Regional labour market will continue to rebound to pre-pandemic activity.

Table 4: Annual employment growth rates, Canada, Ontario, Region; 2019-2022

	2019 to 2020	2020 to 2021	2021 to 2022	2019 to 2022
Canada	-9%	+8%	+5%	+3%
Ontario	-10%	+8%	+6%	+3%
York Region	-4%	+6%	+3%	+5%

Source: Statistics Canada *Employment by industry, monthly, seasonally unadjusted (x1,000)*; the Conference Board of Canada and York Region Planning and Economic Development Branch, 2022 *Employment Survey*

³ Government of Ontario (2023). *Labour Market Report, January 2023*. Retrieved from: <https://www.ontario.ca/page/labour-market-report-january-2023>

Commuting Patterns

The COVID-19 pandemic brought large-scale changes to the way that people around the world travelled. This included commuting to work, where the labour force across the country saw an increasing tendency to work from home. In Newmarket, the number of workers who worked from home in 2021 was 13,675 – an increase of +9,755 (+248.9%) from 2016 levels. This was consistent across York Region. This change in commuting pattern, from working in an office to working from home, appeared to most impact workers with long commutes. Commuters who reported to have worked in a different province (-45.9%), a different country (-34.2%), and a different municipality in York Region (-33.6%) all saw dramatic drops from 2016 counts. Roughly one-fifth of the labour force in Newmarket commuted within the Town (21.8%) and to another municipality in York Region (20.8%).

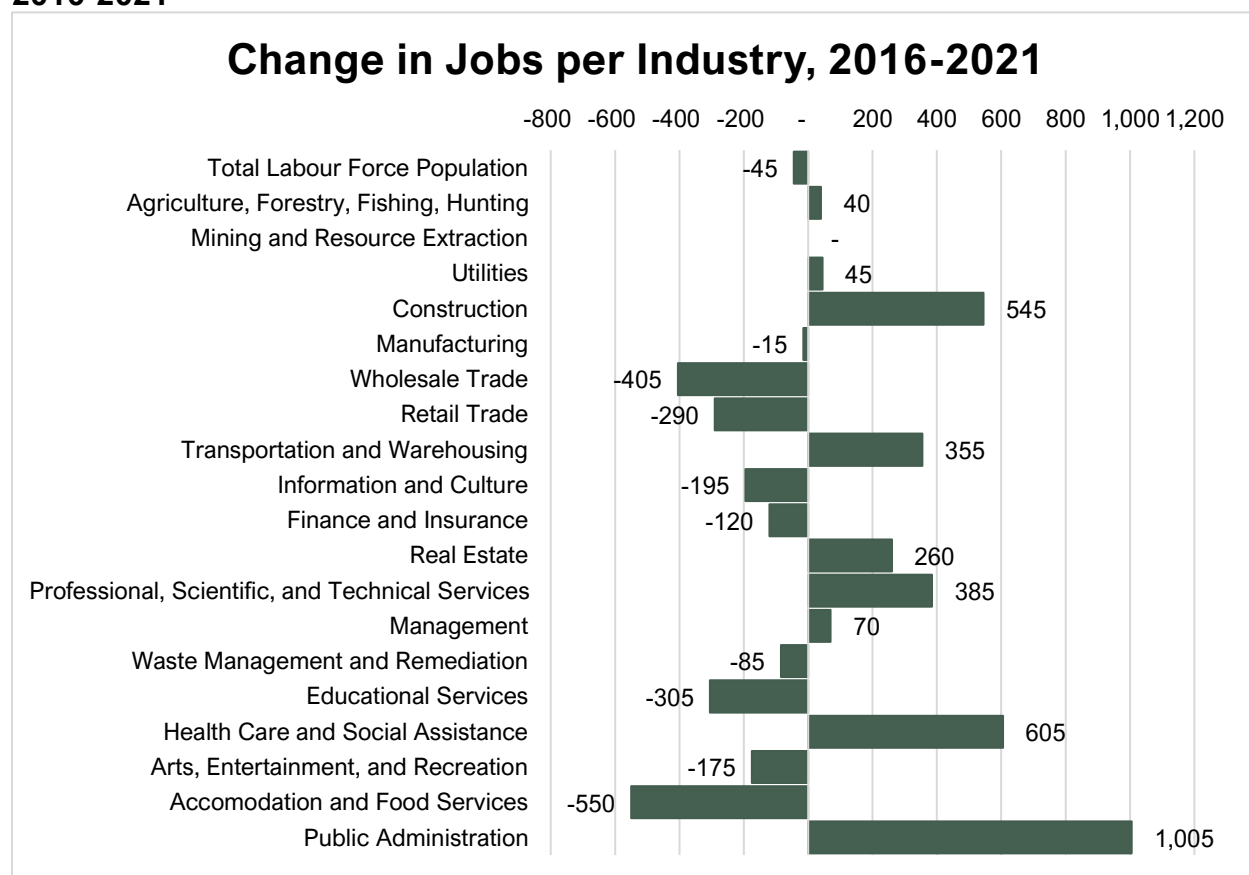
More recent data from Statistics Canada suggests that car commuting, that had decreased prior to the 2021 Census, has returned to 2016 levels by May 2022 while commuting on public transit has continued to lag below 2016 levels.⁴ The biggest declines in car commuting occurred with workers in professional service industries, as those working in industries such as manufacturing and other front-line industries were not able to work-from-home. While car commuting had recovered to pre-pandemic levels by May 2022, commuting by public transit remains well below 2016 levels (approximately at 60.8% pre-pandemic levels Canada-wide). This may indicate that some impacts to commuting, particularly the increase in work-from-home arrangements, may continue, although it is difficult to estimate to what extent.

Employment Income by Industry

The most common industries for the labour force in Newmarket in 2021 were retail trade (11.6% of the labour force); professional, scientific, and technical services (10.5%); and health care and social assistance (10.2%). These are consistent with the top three industries for the Region's labour force. Between 2016 and 2021, jobs were added in the industries of public administration (-1,005 jobs, +41.1%), health care and social assistance (+605 jobs, +14.1%), and construction (+545 jobs, 15.6%).

⁴ Statistics Canada (2022). *Has the COVID-19 pandemic changed commuting patterns for good?* Retrieved from: https://www150.statcan.gc.ca/n1/daily-quotidien/221130/dq221130c-eng.htm?utm_source=cst&utm_medium=smo&utm_campaign=statcan-2021census-diss-commuting-en

Figure 13: Number of jobs gained and lost per industry in Town of Newmarket, 2016-2021



Source: Statistics Canada Community Profiles, 2016-2021

2.1.4 Household Incomes

The financial capacity of a household is an important element in determining housing needs in a community. As such, this section looks at the income of households in the Town of Newmarket. Unless otherwise noted, household incomes reported in a given Census of Population represent the household incomes for the previous year. Therefore, household income reported in the 2021 Census would represent 2020 household incomes. Where noted, household incomes have been projected using the Consumer Price Index (CPI) in Ontario. From 2020 to 2024, the growth of CPI in Ontario was +17.4%. Estimates calculated using this methodology should be considered a conservative projection, as average household incomes have historically increased at a higher rate than the CPI. It should be noted that household incomes were impacted by the Federal Government's COVID-19 pandemic relief responses during 2020.

This subsection addresses the requirements subsection 2(1)2 of O. Reg 232/18 for an analysis of household income in the municipality.

Average and Median Household Income

The average and median household incomes in Newmarket were generally consistent with the household incomes in York Region in 2020. Considering all households in Newmarket in 2020, the average household income was \$130,400 (\$153,107 in 2024 dollars) and the median household income was \$110,000 (\$129,155 in 2024 dollars). When compared to 2015 household incomes, both of these totals represented growth (+12.0% and +15.1%, respectively) beyond the increase in CPI from 2015 to 2020 (+8.6%).

However, there was a wide discrepancy in household incomes in Newmarket based on tenure or household type. In 2020, the average household income for owner households was \$146,400, while the average household income for renter households was \$80,000. This trend was also consistent with the median household incomes (\$126,000 and \$67,000, respectively). However, when assessing the changes since the 2016 Census, renter households have experienced the highest increase in household income (Figure 14). This may be due to higher-income households deciding to rent instead of buy, whether it be from affordability concerns or lack of supply.

Figure 14: Household incomes trends (average) by tenure and household size; Town of Newmarket and York Region, 2016-2021

Household Income	Town of Newmarket 2020 Δ% 2015-20		York Region 2020 Δ% 2015-20	
All Households	\$ 130,400	+12.0%	\$ 140,400	+14.7%
Owner Households	\$ 146,400	+11.2%	\$ 152,800	+15.4%
Renter Households	\$ 80,000	+38.8%	\$ 83,700	+34.8%
One-Person Households	\$ 58,650	+13.2%	\$ 64,100	+11.1%
Two- or More-Person Households	\$ 146,200	+11.9%	\$ 155,400	+16.3%

Source: Statistics Canada Census of Population custom data tabulation, 2021

Household Income Deciles

While the average household income and median household income provide a general sense of a household's economic capacity, looking at the distribution of income within the local context provides greater detail of the economic capacity of households in Newmarket and their ability to afford housing. The household income decile grouping provides a categorization of the economic situation of a household based on its relative position in the distribution of the gross household income of private households in a jurisdiction.

Using data from the 2021 Census, the households are sorted according to its gross household income and then divided into ten (10) equal groups each containing 10% of the total households. 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.

For this analysis, the ten groups are then combined to create three household income groups:

- **Low-Income Households** (decile groups one to three): households with incomes below \$74,000;

- **Moderate-Income Households** (decile groups four to six): households with incomes between \$74,001 and \$130,000; and
- **High-Income Households** (decile groups seven to ten): households with incomes above \$130,001.

For reference, these numbers can be estimated forward to 2024 using the increase in Ontario CPI from 2020 to 2024 (+17.4%):

- **Low-Income Households** (decile groups one to three): households with incomes below \$86,886;
- **Moderate-Income Households** (decile groups four to six): households with incomes between \$86,887 and \$152,637; and
- **High-Income Households** (decile groups seven to ten): households with incomes above \$152,637.

The income thresholds for these groupings will be used throughout the section to provide a more detailed picture of the economic profile of Newmarket's households.

For the 2021 Census, the reference period for income data is the calendar year 2020, unless otherwise specified. The income decile thresholds from households, including owner households and renter households, from the 2021 Census can be seen in Table 5 below for Newmarket and York Region.

Table 5: Income deciles for all households, owner households, and renter households; York Region and Town of Newmarket, 2020

		York Region			Town of Newmarket		
		All Households	Owner	Renter	All Households	Owner	Renter
Low-Income	Decile 1	\$ 34,400	\$ 40,400	\$ 22,200	\$ 35,600	\$ 47,600	\$ 22,600
	Decile 2	\$ 54,000	\$ 62,400	\$ 31,800	\$ 54,800	\$ 69,500	\$ 30,800
	Decile 3	\$ 72,500	\$ 83,000	\$ 43,200	\$ 74,000	\$ 88,000	\$ 41,600
Moderate-Income	Decile 4	\$ 91,000	\$ 103,000	\$ 55,600	\$ 90,000	\$ 107,000	\$ 54,000
	Decile 5	\$ 112,000	\$ 124,000	\$ 68,500	\$ 110,000	\$ 126,000	\$ 67,000
	Decile 6	\$ 135,000	\$ 147,000	\$ 82,000	\$ 130,000	\$ 148,000	\$ 79,500
High-Income	Decile 7	\$ 162,000	\$ 174,000	\$ 99,000	\$ 155,000	\$ 172,000	\$ 96,000
	Decile 8	\$ 198,000	\$ 210,000	\$ 121,000	\$ 188,000	\$ 204,000	\$ 115,000
	Decile 9	\$ 256,000	\$ 272,000	\$ 160,000	\$ 238,000	\$ 256,000	\$ 151,000
Total Households (#)		391,035	321,370	69,645	30,300	22,955	7,345

Source: Statistics Canada Census of Population custom data tabulation, 2021

The Town of Newmarket had a less polarized income distribution than the York Region in 2020. In 2020, the low-income households in Newmarket had higher household incomes than the Region, while the high-income households in the Region had much higher incomes than the Town's comparable households. However, Newmarket household incomes were polarized around tenure, with renter households at the high-end of low-income households (decile 3) making less than half (\$41,600) of comparable owner households (\$88,000). Additionally, the highest income renter households (decile 9, \$151,000) would fit in slightly higher than the high-end of moderate-income owner households (decile 6, \$148,000).

Household Income Deciles by Age of Primary Household Maintainer

Although the number of households with a primary maintainer between the ages of 15 and 24 years was low in 2021 (Table 6), these households were more likely than any other age cohort to be low-income (77.3%). Zero (0) households in this age cohort were considered high-income, likely because these households are typically in school, attending university, or at the beginning of their professional career and therefore more likely to have low incomes. Senior households (households with a primary maintainer aged over 65) were the second most likely to be low-income (49.5%). This may indicate a need for affordable options for households as they age-in-place or require supportive housing accommodations, however it should also be noted that while households led by an individual aged 65 years or more may be more highly concentrated in the bottom three income deciles, these households often own a significant asset, such as their house, which gives them a high net worth without producing income. It should be noted that this age cohort represents the largest cohort of low-income households and was the fastest growing in Newmarket between 2016 and 2021.

Table 6: Households (number and proportion) by age of household maintainer in each income decile group (all households), Town of Newmarket; 2021

	Low-Income	Moderate-Income	High-Income
	Less than \$74,000	Between \$74,001 and \$130,000	Greater than \$130,001

	#	%	#	%	#	%
Total Households	9,135	30.1%	9,090	30.0%	12,080	39.9%
Aged 15 to 24 Years	85	77.3%	25	22.7%	0	0.0%
Aged 25 to 44 Years	2,200	26.2%	2,755	32.9%	3,430	40.9%
Aged 45 to 64 Years	3,125	21.9%	4,035	28.2%	7,125	49.9%
Aged 65+ Years	3,705	49.5%	2,265	30.3%	1,515	20.2%

Source: Statistics Canada Census of Population custom data tabulation, 2021

Households with a maintainer aged between 45 and 64 years were the most likely to be considered high-income (49.9%). 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. In 2021, 47.1% of all households were maintained by an individual in this age cohort and this cohort represents over half (59.0%) of the households considered high-income in the Town.

Household Income Deciles by Household Type

Households with compositions that facilitate multiple incomes were more likely to be considered high-income in 2021 (Table 7). This included couples with children (32.8% were high-income), couples without children (60.1%), other Census families (56.9%), and multi-generational family households (71.4%). These households would require a large dwelling to accommodate large household sizes and therefore would require additional income to afford these larger dwellings.

Conversely, households that would be associated with one income earner were more likely to be low-income in 2021. This included lone-parent family households (45.1% were low-income) and one-person households (74.3%). Only 5.4% of one-person households were considered high-income in 2021. Households containing two-or more-person non-family members were approximately even distributed in all three income categories.

Table 7: Households (number and proportion) by household type in each income decile (all households), Town of Newmarket; 2021

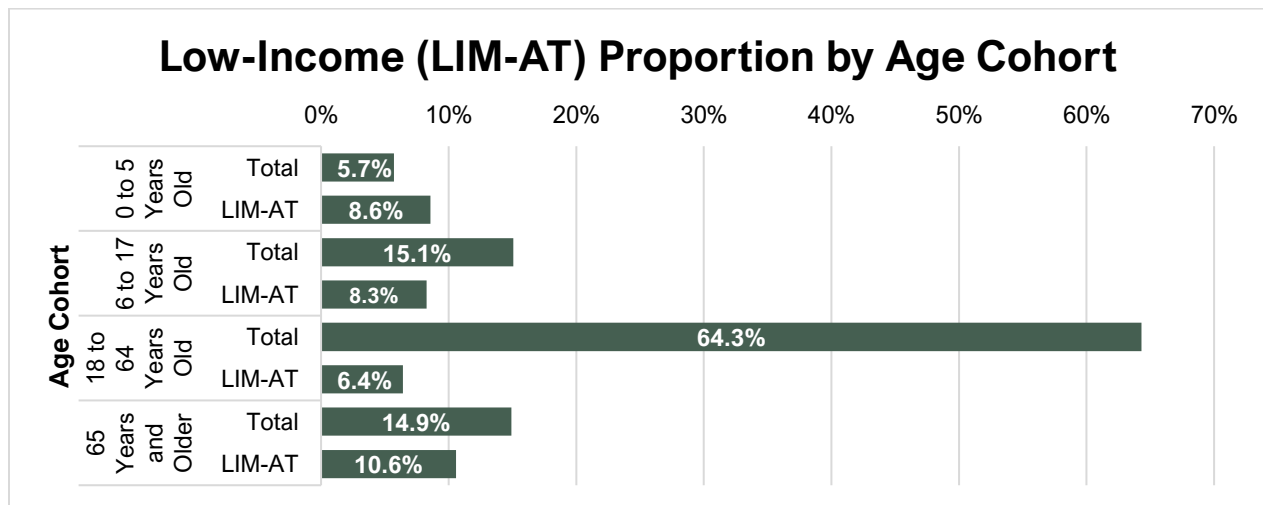
	Low-Income		Moderate-Income		High-Income	
	Less than \$74,000		Between \$74,001 and \$130,000		Greater than \$130,001	
	#	%	#	%	#	%
Total Households	9,135	30.1%	9,090	30.0%	12,080	39.9%
Couples with Children	1,765	27.9%	2,490	39.3%	2,075	32.8%
Couples without Children	1,255	11.2%	3,205	28.7%	6,720	60.1%
Lone-parent Family	1,390	45.1%	1,050	34.0%	645	20.9%
Other Census Family Households	150	9.6%	525	33.5%	890	56.9%
Multi-Generational Family	125	7.4%	355	21.1%	1,200	71.4%
One-Person Households	4,090	74.3%	1,115	20.3%	300	5.4%
Two- or more-Person Non-Family	320	35.2%	350	38.5%	240	26.4%
Household with Member with Disability	2,475	32.6%	2,190	28.9%	2,925	38.5%

Source: Statistics Canada Census of Population custom data tabulation, 2021

Incidence of Low-Income Population

The incidence of low income in a community is a useful measure for identifying the need for affordable housing. Statistics Canada has been collecting data on low-income status since the 2011 Census. This measure is called the after-tax low-income measure (LIM-AT). In 2021, 6,450 persons, or 7.6% of the population of the Town of Newmarket was considered low-income. This proportion was lower than York Region (8.8%). The age cohort with the highest incidence of low-income in Newmarket was seniors (aged 65 and older), with 10.6% of this population considered low-income.

Figure 15: Proportion of population in age cohort (Total) and low-income (LIM-AT); Town of Newmarket, 2021



Source: Statistics Canada Community Profiles, 2021

Comparing the proportion of each age cohort in the population of the Town and the proportion of the population considered in low-income can show where areas of need are in Newmarket (Figure 15). Children in Newmarket were disproportionately considered low-income, making up 8.6% of low-income population despite accounting for only 5.7% of the total population in 2021. This indicates there is a need for supports and potentially affordable options for households with young children.

2.1.5 Housing Demand Key Findings

Key Trends and Impacts Related to Housing Demand

1. There is a need for diverse housing options that are suitable across a range of household incomes and compositions.

In Newmarket, one-person and lone-parent households are the household types most likely to fall into low-income deciles. In 2021, 74.3% of all one-person households and 45.1% of lone-parent households fell into this income decile. This points to the need for more deeply affordable housing options that are targeted and suitable to these types of household compositions (for example, subsidized or below-market one- and two-plus bedroom rental options).

Housing options affordable to households with moderate incomes should be suitable and adequate to households with two- or more-persons according to the household types in Newmarket most observed in 2021, supporting the data that Newmarket has a higher average household size (2.9 persons per households) than Ontario (2.6) and other neighbouring jurisdictions such as the GTA (2.4). These include couples with children (39.3% of households with moderate incomes), non-family households with two or more persons (38.5%), and lone-parent households (34.0%). Considering these trends, there is a growing need for housing appropriate for smaller households in the Town, while still maintaining an adequate supply of housing appropriate for larger family households.

Some of the household types that had the highest incomes in 2021 were multi-generational families and couples without children (71.4% of all multi-generational households and 60.1% of all couples without children fell into the highest income decile in 2021). This points to the need for both small and large housing options for households who fall into high income deciles as the sizes of these households may vary greatly.

The Town should be prioritizing purpose-built rental housing over relying solely on the secondary rental market because it offers greater security of tenure, typically lower and more stable rents, and is typically managed by more experienced landlords, creating a more reliable and sustainable rental supply for residents.

2. There is a growing need for diverse, purpose-built rental options.

Considerations related to tenure must be made as the proportion of renter households residing in Newmarket continues to increase. While homeownership is a goal for many households, a balanced share of owners and renters is an indicator of a more inclusive community and provides options for residents that cannot afford or do not want to own. Although

homeownership was still the dominant tenure in Newmarket in 2021 (75.8%), there has been a significant increase in the number of renters (25% increase between 2016 and 2021) as compared to owner households (0.7% increase between 2016 and 2021). This trend demonstrates a shift towards increased demand for rental housing across a range of household sizes and incomes.

While the need for more deeply affordable rental options among low-income households in Newmarket is clear, it is also important to note that renter households have experienced income increases at a rate higher than owner households over the past number of years (renter and owner households experienced income increases of 38.8% and 11.2% respectively between 2016 and 2021). This could be due to higher-income households making decisions to rent instead of purchasing, whether it be from affordability concerns or lack of supply. It should be noted that the government relief programs from the COVID-19 pandemic impacted household incomes, particularly renter household incomes, for the 2021 Census of Population.

Furthermore, the diversity of housing need across household incomes and compositions outlined above points to the need for Newmarket to increase rental options to offer more balanced and diverse forms of tenure to meet emerging household needs and incomes, including a range of dwelling sizes to meet the continued demand of larger households.

3. There is a growing need for housing options that are suitable for diverse populations.

Seniors, younger age cohorts and immigrant households stand out in the data as particular populations in Newmarket that may require increased housing options to meet their needs.

Seniors

Although Newmarket has a slightly lower proportion of seniors (aged 65+ years) relative to York Region overall, this population is the fastest growing age cohort in the Town (20.8% increase between 2016 and 2021). This points to the need for increased housing options or programs targeted at promoting aging in the right place (i.e., assisted living, accessible units, home renovation programs) and for increased housing options that will provide deeper or more intensive levels of supports as care needs grow (i.e., long term care, campus of care models). As defined by the National Institute on Ageing, aging in the right place is “the process of enabling healthy ageing in the most appropriate setting based on an older person’s personal preferences, circumstances and care needs.” Additionally, the growth of this population indicates that the demand for a variety of senior support or homecare services that will promote seniors remaining independent in the community can be anticipated to grow as well.

Younger Age Cohorts

Although the overall numbers are small (150 households or 0.5% of households overall), the greatest proportional 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 (77.3% of households led by an individual younger than 25 fell into the low-income decile in 2021).

It should also be noted that the number of young households (led by someone between the ages of 15 to 24 years of age) is continuing to drop (this demographic experienced a 43.4% decrease between 2016 and 2021). This likely suggests that housing in Newmarket is not affordable to this age cohort, which again points to the needs for more diversity in housing type and affordability.

Immigrant households

There was a sizable increase (24.6%) in Newmarket's immigrant population between 2016 and 2021, with the growth rate of this population being three times higher in the Town than in York Region overall. These households may have unique needs related to housing and support services that the Town of Newmarket will need to consider as the population grows. For example, housing-related services may need to be available in a language other than the two official languages. In addition, many immigrant families may live in multi-generational households meaning they will require larger housing options.

4. There is a growing need for more accessible housing and housing with supports.

Households with a member with a disability often require support services for these individuals to live as independently as possible. The proportion of these households with a member with a disability was higher in Newmarket (25.1%) than York Region as a whole (21.1%). Additionally, the percentage of households in Newmarket that included at least one person with a disability increased at a much faster rate (22.5%) between 2016 and 2021 as compared to the increase in total households overall (5.7%). These data suggest that there is a growing need for more accessible housing and housing with supports for persons with disabilities and mental health issues in Newmarket.

Impacts on an Inclusionary Zoning Policy

For inclusionary zoning, the key factor from the housing demand analysis is the number of bedrooms that are needed in the pool of affordable IZ units.

From 2016 to 2021, the number of one- and two-bedroom household increased by +8.0% in Newmarket during this period. However, during the same period, households with three- or more-persons increased by +3.6% in the Town (+3.5% in York Region). While the proportion of small households has increased over time in Newmarket, there is also a clear and sustained demand for larger units demonstrated by the growth of three-person households (+6.9%) during this period.

This suggests that IZ policies that provide for a range of unit sizes including units suited to smaller households and some larger units for larger families, may suit the varied needs of Newmarket's lowest income households.

2.2 Housing Supply

Housing supply is measured by the available housing options in a community. An important aspect of assessing housing supply is to compare the existing housing supply and recent housing activity to housing need. This comparison allows for the identification of persistent or emerging gaps between household needs and the housing options currently available in Newmarket. This section provides an assessment of the housing supply in Newmarket and how it compares to the rest of York Region.

This section will provide an overview of the housing supply in the Town of Newmarket and will address the requirements of:

- subsection 2(1)3 of O. Reg 232/18 for an analysis of housing supply by housing type currently in the municipality and planned for in the official plan.
- subsection 2(1)4 of O. Reg 232/18 for an analysis of housing types and units that may be needed to meet anticipated demand for affordable housing.
- subsection 2(1)5 of O. Reg 232/18 for an analysis of the current market price and the current average market rent for each housing type, taking into account location in the municipality.

2.2.1 Existing Housing Stock

The assessment of the existing housing stock and current trends in Newmarket can help to inform the current gaps in the local housing continuum. The following is a review of the existing housing stock and the anticipated trends in production which influence supply.

Existing Housing Stock by Dwelling Type

There were 31,239 total dwellings in Newmarket in 2021. Of these, 30,300 were occupied by usual residents⁵.

In 2021, 59.8% of the housing stock in Newmarket was single-detached dwellings, consistent with 2016 levels (59.7%). This proportion of single-detached dwellings was slightly lower than the York Region level (61.9%), but considerably more than any other dwelling type in the Town. Low-rise apartments (14.4%), row houses (12.8%), semi-detached dwellings (7.4%), and high-rise apartments (5.0%) made up the remainder of the housing stock in 2021.

Since the 2016 Census, the housing stock in Newmarket increased by +985 single-detached dwellings (+5.8%), the highest of any dwelling type. Row houses (+330 dwellings, +9.3%) and high-rise apartment dwellings (+215 dwellings, +16.6%) saw notable increases between 2016 and 2021. The growth for these dwellings in the Town lagged behind the Region levels however, with York Region increasing the stock of single-detached dwellings (+6.3%), row houses (+12.7%), and high-rise apartments (+29.6%) at higher rates than Newmarket. While there is generally a need for more diversity among the dwellings in Newmarket, this data shows that the Town is starting to add more higher density housing forms.

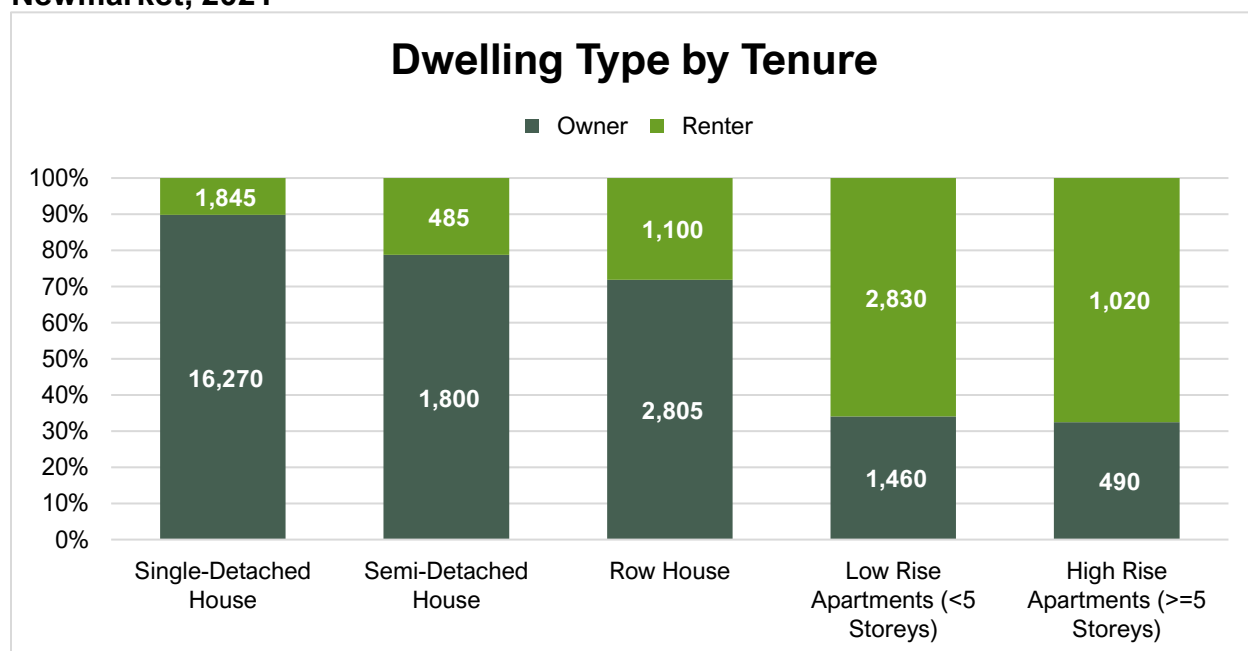
⁵ Private dwelling occupied by usual residents refers to a private dwelling in which a person or a group of persons is permanently residing, regardless of household tenure.

Existing Housing Stock by Tenure

When analyzing the housing stock by tenure, there are trends that differentiate owner households and renter households in Newmarket.

In terms of dwelling type, owner households were more likely to live in low-density housing forms than renter households (Figure 16). Owner households tended to live in single-detached dwellings (70.9%), row houses (12.2%), or semi-detached dwellings (7.8%). The most common dwelling types for renter households were low-rise apartment dwellings (38.5%), row houses (15.0%), high-rise apartment dwellings (13.9%).

Figure 16: Housing stock by dwelling type and household tenure, Town of Newmarket; 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

These trends are consistent with York Region dwelling type and tenure trends, with a notable exception within apartment dwellings. While 38.5% of renter households in Newmarket lived in low-rise apartments, only 19.7% of renter households Region-wide lived in this dwelling type. Conversely, only 13.9% of renter households in Newmarket lived in high-rise dwellings compared to 30.0% for York Region. This is likely due to the larger presence of high-rise apartment dwellings in other municipalities such as the City of Markham and the City of Vaughan.

Age and Condition of Existing Housing Stock

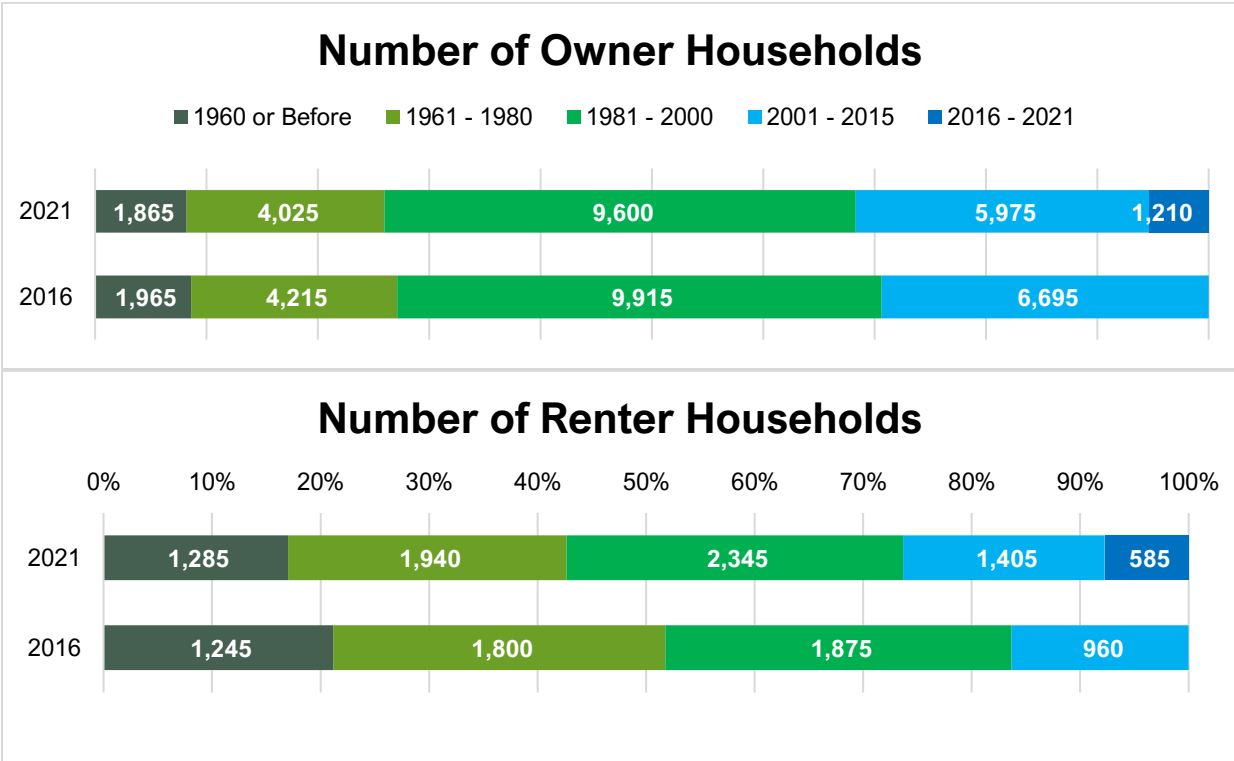
The age and condition of residential buildings may have an influence on the quality and suitability of dwellings available in a community. These trends may indicate growth in housing stock over time and may indicate the level of housing choice within the community.

Newmarket’s housing stock is generally older than the York Region average. While 10.4% of Newmarket’s current housing stock was constructed before 1960, only 5.2% of the Region’s housing stock was. Further, 45.2% of York Region’s housing stock was constructed between 2001 and 2021, while 30.5% of Newmarket’s housing stock was.

While the Town added just +1,585 dwellings between 2001 and 2021, among the lowest absolute total of all the municipalities in the Region. This represented a growth (+20.7%) that was below the Region-wide construction (+23.0%) and among the lowest in the Region.

In terms of construction period, owner households were more likely to live in newer dwellings than renter households in 2021 (Figure 17). Owner households were more likely to live in dwellings constructed between 2001 and 2021 (32.5%) than renter households (24.3%). Conversely, renter households were more likely to live in dwellings constructed before 1960 (17.5%) than owner households (8.1%).

Figure 17: Period of construction of dwellings by tenure, Town of Newmarket; 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

These trends were reflected in the condition of dwellings, as more renter households reported that they required major repairs (6.9%) than owner households (3.0%) in 2021. This rate grew between 2016 and 2021, with +110 (+27.8%) more renter households reporting the need for major repairs on their dwellings. This occurred as less owner households reported major repairs were required on their dwellings (-15 dwellings, -2.1%). These findings indicate that new rental housing stock is needed in Newmarket, as the existing stock is likely aging and requiring more repairs.

In 2021, the housing stock in the Town was more likely than the Region to require major repairs, as 4.0% of dwellings in Newmarket were reported to require major repairs compared to 3.3% for York Region. The difference was more noticeable when broken down by tenure, with only 4.2% of renter households in York Region reporting major repairs were required (compared to 6.9% for Newmarket).

2.2.2 New Dwellings

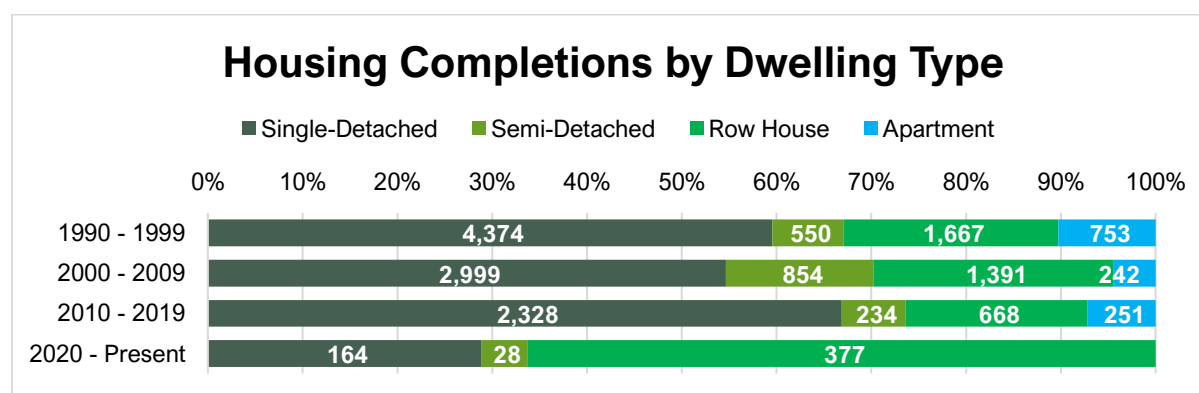
New dwellings that are being added to the housing stock of a community provide insight into the housing supply and the level of activity in the development sector. Dwelling type and tenures are key indicators that are monitored over time to ensure that the housing needs of a community are being met by the development sector.

Data from this section relies on CMHC's Housing Starts and Completions Survey and the Town's development permit pipeline. CMHC's Housing Starts and Completions Survey enumerates dwelling units placed on new, permanent foundations that are designed for non-transient, year-round occupancy through site visits and municipal build permit data.

Housing Completions by Dwelling Type

Historically, the housing completions in Newmarket have been dominated by single-detached dwelling development (Figure 18). From 2010 to 2019, single-detached dwellings accounted for 66.9% of the housing completions in the Town (2,328 total). Row houses, the next most common dwelling type, accounted for just 19.2% of housing completions during this period. Apartment dwellings (7.2%) and semi-detached dwellings (6.7%) made up the rest of the housing completions for this decade. However, recent trends have shown some change in the development of housing in Newmarket. From 2020 to 2022, row houses made up 66.3% of housing completions and single-detached dwellings only 28.8%. There were no recorded apartment dwelling completions during this period however, and just 4.9% of housing completions were semi-detached dwellings, indicating that there continues to be a lack of diversity in the development of new housing supply in Newmarket.

Figure 18: Housing completions by dwelling type; Town of Newmarket, 1990-2022

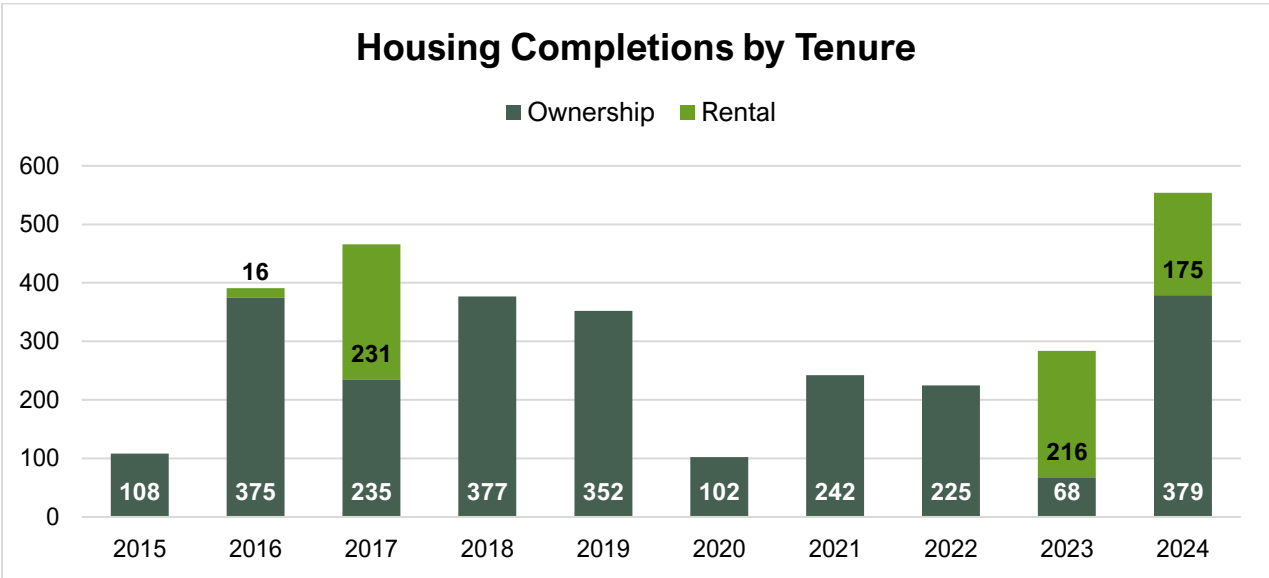


Source: CMHC's Housing Starts and Completions Survey, 1990-2022

Housing Completions by Tenure

According to historical data of housing completion in Newmarket, there has been a severe lack of purpose-built rental housing completions in the Town (Figure 19). Since 1990, there have been only 1,616 rental housing completion in Newmarket, and zero (0) between 2017 and 2022. From 2010 to 2019, only 7% of all housing completions were rental, largely due to the 231 completions in 2017.

Figure 19: Housing completions in Town of Newmarket by tenure; 2015-2024



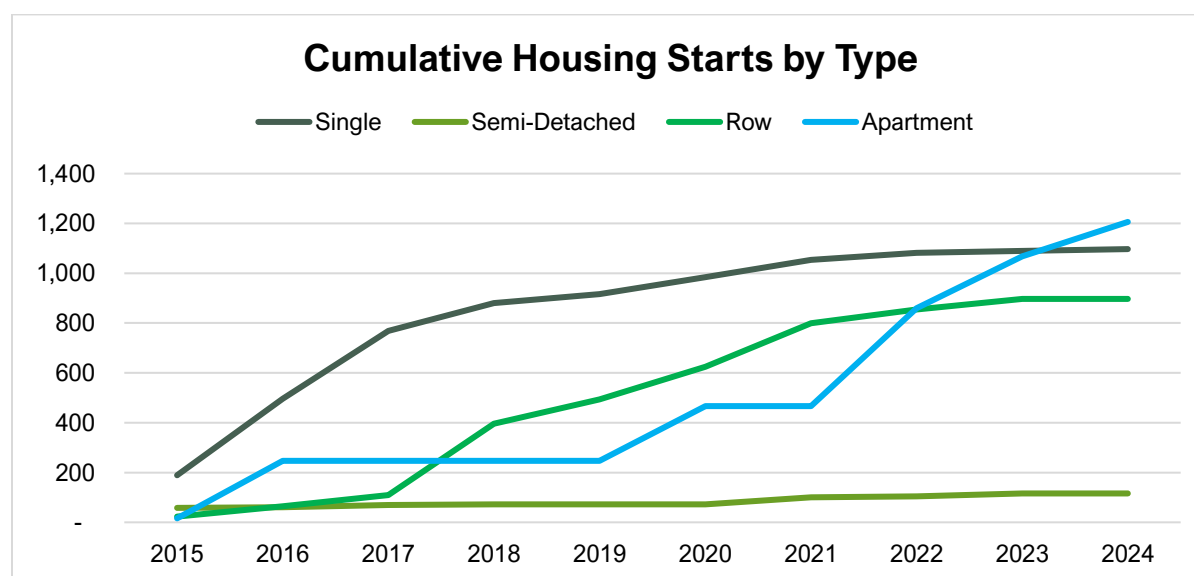
Source: CMHC’s Housing Starts and Completions Survey, 2015-2024

This lack of rental housing development has occurred while the Town has experienced sustained growth of renter households. Between 2016 and 2021, the Town added +155 owner households and +1,470 renter households. These renter households will have no choice but to look for housing accommodations in the secondary rental market, where conditions can be more unpredictable and expensive.

Housing Starts by Dwelling Type and Tenure

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 Newmarket might look like. In 2024, apartment dwellings accounted for 95.2% of the housing starts, the highest since CMHC started recording this data in 1990. This was due to both a high number of apartments (138 units) started, and the lowest one-year total of single-detached dwellings (7 dwellings) started during this period. While single-detached dwellings dominate the housing starts for the last decade, there are signs that the housing stock is beginning to diversify (Figure 20).

Figure 20: Cumulative total housing starts by dwelling type; Town of Newmarket. 2013-2022



Source: CMHC's Housing Starts and Completions Survey, 2015-2024

In terms of tenure, 57.2% of housing starts in 2022 were for rental units, the highest proportion since 2017 and the second highest in CMHC's historical data. All of these units were apartment dwellings. Although there have been no rental completions in Newmarket since 2017, this appears to be changing in the near future.

Residential Planning Applications

From 2016 to 2022, there were 9,682 dwellings proposed within residential planning applications to the Town of Newmarket (Table 8). These dwellings were proposed through zoning bylaw amendments, Official Plan amendments, and secondary plan amendments and may not represent the final count of units to be constructed. Of these units, 80.5% were apartment dwellings, 14.8% were townhouses/rows, 4.0% were single-detached dwellings, and 0.7% were semi-detached dwellings. It should be noted that the apartment unit figure includes an application with 5,100 units⁶ that has not been confirmed at this time as it required additional approvals through the Town. These applications reflect the recent trends of housing starts in the Town, with more dense forms of housing becoming more common among the development activity. Although tenure details were not available for all applications and the tenure of units may change during the approval process, there were 378 rental units included in these proposals through two (2) proposed rental apartment buildings.

Within the apartment dwellings proposed, the unit size break favours two-bedroom (46.3%) and one-bedroom (45.3%) units. This development is appropriate for the growth in smaller households in Newmarket. Three-bedrooms (8.0%) and bachelor units (0.5%) are also included in these apartment dwellings. This unit breakdown is similar to the assumption used in the IZ analysis in Section 3.9 of this report, with the exception of three-bedroom units.

⁶ Upper Canada Mall OPA unit counts are approximate at the time of writing.

In 2023, there were 38 residential planning applications submitted proposing 3,989 units in Newmarket. Of these units, 67.6% were apartments, 31.8% were townhouses/rows, 5.2% were single-detached dwellings, and 2.8% were semi-detached dwellings.

Table 8: Breakdown of residential development applications; Town of Newmarket, 2016-2023

		Single-Detached	Semi-Detached	Townhouse / Rows	Apartments
2016 – 2022	#	386	64	1,434	7,798
	%	4.0%	0.7%	14.8%	80.5%
2023	#	206	110	1,270	2,698
	%	5.2%	2.8%	31.8%	67.6%

Source: Town of Newmarket Planning and Building Services, 2023

The development application data, combined with the housing starts trends, for the Town demonstrates a diversifying of housing structures is currently planned in the Newmarket. A housing stock that has long been dominated by single-detached dwellings is beginning to introduce more dense housing forms, particularly apartment buildings.

Building Permits by Dwelling Type

Since 2016, 1,587 building permits have been opened in the Town of Newmarket. Of these permits, 51.8% were either single- or semi-detached dwellings (822 permits), 47.6% were rows or townhouses (756 permits), and 0.6% were apartment buildings (nine (9) permits). It should be noted that, from the Town's residential development application data, apartment dwellings average approximately 390 units per site and thus the nine (9) permits may represent a significant amount of new apartment dwellings.

2.2.3 Non-Market Housing Supply

Non-market housing is made up of temporary accommodation as well as permanent housing units where monthly rent rates are geared-to-income or below-market rates. These housing units are generally provided by the non-profit sector or the public sector and includes emergency shelters, transitional housing, community housing, affordable housing units, and supportive or special needs housing units, including homes for special care and nursing homes. This section provides an overview of the inventory of non-market housing in Newmarket.

York Region, as the Service Manager for housing and homelessness services, provides oversight and operational funding for nine emergency and transitional housing facilities, delivered by community agencies, that offer temporary housing, drop-in services, case management, life stabilization support, and assistance to develop individual housing plans for people experiencing homelessness. Emergency and transitional housing are one component of a broader system of supports for people who are experiencing or at risk of homelessness in York Region.

From York Region's *I Count 2021 Homelessness count*, conducted on June 1st and 2nd, 2021, 329 people were identified as experiencing homelessness. It should be noted that this number is not directly comparable to previous counts (389 in 2018), as the 2021 count was limited due to COVID-19 pandemic restrictions. Fewer people were found to be living temporarily with others (hidden homelessness) during the 2021 count and the count included a limited number of unsheltered locations.

There were a few overrepresented groups in the 2021 homelessness count in York Region. In 2021, 12% of survey respondents self-identified having Indigenous identity or ancestry. By comparison, less than 1% of the overall York Region population report Aboriginal identity. Further, 10% of survey respondents self-identified as Black despite less than 3% of York Region's general population identified as Black in the 2021 Census. In total, 10% of survey respondents, and 27% of youth (16-24), identified as LGBTQ2S+. This compares to only 4% of the total Canadian population aged 15 and older and 5-10% of Canadian youth who identify as LGBTQ2S+.⁷

Emergency and Transitional Housing

Emergency shelters are short-term accommodation (usually 30 days or less) for people experiencing homelessness or those in crisis. Transitional housing that is intended to offer a supportive living environment for its residents as it usually includes support services provided on site to help with residents' housing stability and self-sufficiency to assist them in moving to permanent housing. It is intended to bridge the gap 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. While emergency housing beds and transitional housing units may be located in Newmarket, these facilities are provided by the Region and serve residents who are from anywhere in York Region.

Emergency and transitional housing in York Region typically operates at or near capacity, because of increased demand and because it takes longer for people to move out. Stays in emergency housing are intended to be a maximum of 30 days for adults and families, and up to four (4) months for youth, while stays in transitional housing may be up to one year. However, stays may be extended on a case-by-case basis, recognizing that individuals may require more time to find housing and that some people require longer-term assistance to remain housed. Between 2019 and 2023, the average length of stay nearly doubled, from 26.5 days to 49.3 days.⁸

Currently, two of the nine emergency and transitional housing facilities are located in Newmarket; a third facility is undergoing a redevelopment and clients have been temporarily re-located to a site in East Gwillimbury. Prior to 2019, 160 emergency housing beds and 30 transitional housing units were available in York Region.⁹ Of these, 40 emergency housing beds and nine (9) transitional housing units were located in Newmarket.¹⁰ Between 2019 and 2023,

⁷ Statistics Canada (2021). *A statistical portrait of Canada's diverse LGBTQ2+ communities*. Retrieved from: <https://www150.statcan.gc.ca/n1/daily-quotidien/210615/dq210615a-eng.htm>

⁸ York Region. (June 2024). York Region's 2024-2027 Homelessness Service System Plan.

⁹ These numbers reflect Regionally funded beds at six (6) emergency housing locations, excluding seasonal shelters and three (3) transitional housing locations.

¹⁰ These numbers reflect Regionally funded beds at two emergency housing locations (one Women's Shelter and one Youth Shelter) that serve individuals from anywhere within York Region.

the total number of emergency housing beds increased to 183, including 25 beds in Newmarket that were converted from seasonal to year-round beds, and the number of transitional units increased to 66, including five (5) new transitional units in Newmarket. Through Rapid Deployment Actions approved by Regional Council in June 2024 with the 2024-2027 Homelessness Service System Plan, additional emergency and transitional housing beds have been added in existing facilities, including 12 beds in Newmarket for adult women aged 16+.

People experiencing homelessness in York Region are eligible for admission to emergency and transitional housing facilities administered by the Region, regardless of the local municipality. Eligibility criteria for each site are based on target populations such as families, youth or single adults, as outlined in Table 8 below.

The Region also administers agreements and licenses for 22 Housing with Supports¹¹ homes and provides financial subsidies for 403 beds. Eight (8) of these homes are located in Newmarket.

Table 9: Emergency and Transitional Housing Facilities in York Region by Municipality

Facility	Services	Target Population	Municipality
Leeder Place	Emergency housing	Families with children and dependents	East Gwillimbury
Kevin's Place	Emergency housing	Adult men ages 16+	East Gwillimbury (temporarily relocated from Newmarket)
Porter Place	Emergency housing	Adult men ages 16+	East Gwillimbury
Passage House	Transitional housing	Adult men ages 16+	East Gwillimbury
Sutton Youth Services	Emergency and Transitional housing	Youth ages 16-26	Georgina
The Bridge	Transitional housing	Youth, couples and families	Georgina
Inn From the Cold	Emergency and Transitional housing	Adults ages 16+	Newmarket
Belinda's Place	Emergency and Transitional housing	Adult women ages 16+	Newmarket
Richmond Hill Youth Hub	Emergency and Transitional housing	Youth (ages 16-26)	Richmond Hill

Source: York Region, 2024

¹¹ Housing with Supports homes are privately owned and operated facilities that provide housing, meals and other necessities to individuals that need supervision of their daily living activities. Regional financial assistance covers the cost to stay at the home, a monthly allowance to cover personal needs expenses, and the cost of special services offered at the home.

Community Housing

Community housing refers to either housing that is owned and operated by non-profit housing and co-operatives providers, or housing owned by municipal governments. The availability of community housing is essential to meet the needs of individuals and households with low incomes, including seniors on a fixed income, youth, lone parent families, persons with disabilities, and the working poor. Community housing is commonly associated with the provision of subsidized rental housing through government subsidies for households with low incomes who would otherwise not be able to afford housing in the private housing market. Community housing plays an important role in the housing continuum as the provision of an adequate supply of social housing units ensures that households with low incomes have an affordable, appropriate and suitable housing option.

Housing York Inc. (HYI), the Region's housing corporation, portfolio represents units under all HYI programs which includes: 840 community housing units, 1,025 Provincial Reform units, and 897 units under Affordable Housing Program/Investment in Affordable Housing (AHP/IAH). York Region funds and administers 6,717¹² social and affordable housing units¹³ owned by 43 non-profit and community housing providers, including Housing Services Act providers, federal non-profits, and AHP/IAH providers. The total number of units also includes the units owned and operated by the Region's housing corporation, Housing York Inc (HYI). About 70% of community housing units are subsidized and accessed through the Region's subsidized housing wait list. People who receive subsidies pay rent based on their income, which is typically calculated at 30 per cent of a household's total gross (before tax) income. People receiving social assistance often pay a fixed rate. Eligibility for the rent subsidy is based on household income, age, resident status, and owned assets of applicants.

Of these units, 19.6% of them are located within Newmarket. The most common size of unit within the Region's community housing portfolio in Newmarket is one-bedroom units (562, 42.6% of all units), followed by two-bedroom units (390, 29.6%), three-bedroom units (312, 23.6%), bachelor units (35, 2.7%), and four-bedroom units (20, 1.5%). In 2022, 589 units (44.7%) were mandated for seniors, including 311 units in HYI's portfolio.

According to data from 2021, the number of households on the waitlist for subsidized housing in York Region has been steadily increasing. However, there was a decrease in households on the waitlist in 2020 (Table 10) due to administrative actions.¹⁴ However, this trend did not occur in Newmarket, where the number of households waitlisted for subsidized housing has continued to grow annually. This number reached 8,241 in 2021. The proportion of non-senior households on the waitlist has increase from 60.0% in 2016 to 68.4% in 2021. This indicates an increasing need for non-senior subsidized housing availability in the Town. The average wait time for subsidized

¹² Total units include market and subsidized units. Subsidized Units are approximate based on housing provider subsidy targets and include RGI units, rent supplement units located in HYI buildings, and Regional Rent Assistance program units.

¹³ 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.

¹⁴ The wait list decreased in 2020 because of a removal of applicants who were ineligible for subsidy under York Region's income and asset limits, and a higher-than average number of wait list households housed through the York Region Portable Housing Benefit and the Canada-Ontario Housing Benefit. The wait list further decreased in 2021 because of a wait list review that resulted in removal of several inactive applications.

housing for non-senior households in Newmarket was 11.1 years, higher than the average wait time for senior households (8.6 years).

However, the overall York Region wait times include households who were housed through portable housing benefit programs (i.e., Canada-Ontario Housing Benefit or COHB), while the Newmarket wait times only include households who were housed within traditional subsidized units with one of the community housing providers in Newmarket. When we remove COHB from wait times, the overall York Region average wait times are similar to the Newmarket wait times, i.e., in 2024, approximately eight (8) years for non-seniors and almost ten (10) years for seniors, or about 9.5 years when all combined. While COHB has helped house people from the wait list faster and reducing average wait times, applicants who wait for a subsidized unit are still waiting for extended periods of time across York Region.

Table 10: Waitlist data for York Region and Town of Newmarket

York Region						
	2016	2017	2018	2019	2020	2021
Total Households	14,011	14,624	16,237	17,457	15,810	15,679
<i>Non-Senior</i>	6,262	6,523	7,571	8,500	8,855	9,304
<i>Senior</i>	7,749	8,101	8,666	8,957	6,955	6,375
Town of Newmarket						
	2016	2017	2018	2019	2020	2021
Total Households	5,750	6,031	6,642	7,389	7,415	8,241
<i>Non-Senior</i>	3,452	3,592	4,063	4,645	5,015	5,635
<i>Senior</i>	2,298	2,439	2,579	2,744	2,400	2,606

Source: York Region, Housing Services Branch, 2022

In 2021, there were 80 households in Newmarket receiving rent supplements from York Region, with an additional 29 households receiving the portable housing benefits, although these households may not reside in Newmarket.¹⁵ Rent supplement units are owned and operated by private landlords. The Region enters into an agreement with the landlord for a certain number of units. The units are filled by applicants off the subsidized housing wait list and the Region provides a rent subsidy to cover the difference between the market rent and the tenant's rent based on their income. Eligibility for this program is based on household income, age, resident status, and owned assets of applicants and the suitability of the applicant's current unit. The rent supplement, which the Region will pay to the Housing Provider, is the difference between the market rent for the unit (not to exceed 100% of the applicable CMHC AMR or the market rent charged for similar units not allocated a rent subsidy) and the tenant contribution. Tenant contributions are determined using 30% of gross household incomes from tax filings.

Long-Term Care Homes

In 2022, there were an estimated 4,041 long-term care beds in York Region. This included 232 municipally owned beds, 2,108 not-for-profit operated beds, and 1,701 for-profit beds. Of these long-term care beds, 519 (12.8%) were located in Newmarket. Newmarket's stock of long-term care beds includes 132 (25.4%) municipally owned beds, 224 (43.2%) not-for-profit operated beds, and 163 (31.4%) for-profit beds.

The waitlist for the long-term care beds in York Region reached 19,869 in 2022¹⁶. Of these, 13,650 were for not-for-profit beds, 4,441 were for for-profit beds, and 1,594 were for municipally owned beds. It should be noted that each individual may choose up to five homes and up to three bed types in each home, so one person may be on multiple wait lists. The total reported number is the sum of adding the number on wait list for basic, semi-private, and private beds.

¹⁵ Number of portable housing benefits under the York Region Portable Housing Benefit program. The Canada Ontario Housing Benefit (COHB) program provides households with a portable housing benefit to assist with rental costs in the private housing market. The benefit is tied to the household and can be used to help pay rent anywhere in Ontario.

¹⁶ Other reports, such as the Seniors Strategy, may have obtained different information as they obtain the unique count of individuals waiting for LTC beds in the Region, or the annual Performance Reports, which identifies wait list data for Municipal homes only.

2.2.4 Market Housing Supply

Assessment of the local housing market trends includes the rental market universe currently existing within the Town, the prices of rents and vacancy rates in the rental market, and the price of houses for homeownership. It should be noted that rental units constructed after 2018 in Ontario no longer have rental control protections associated with them.

Private Rental Market

This section will include a discussion of the primary and secondary rental market as well as the demand for rental housing in Newmarket. 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 renter tenants. The primary rental market includes purpose-built rental apartments and town houses. Canadian Mortgage and Housing Corporation (CMHC) reports on the primary rental market in a community although the annual rental market survey that they conduct only includes structures with three or more units.

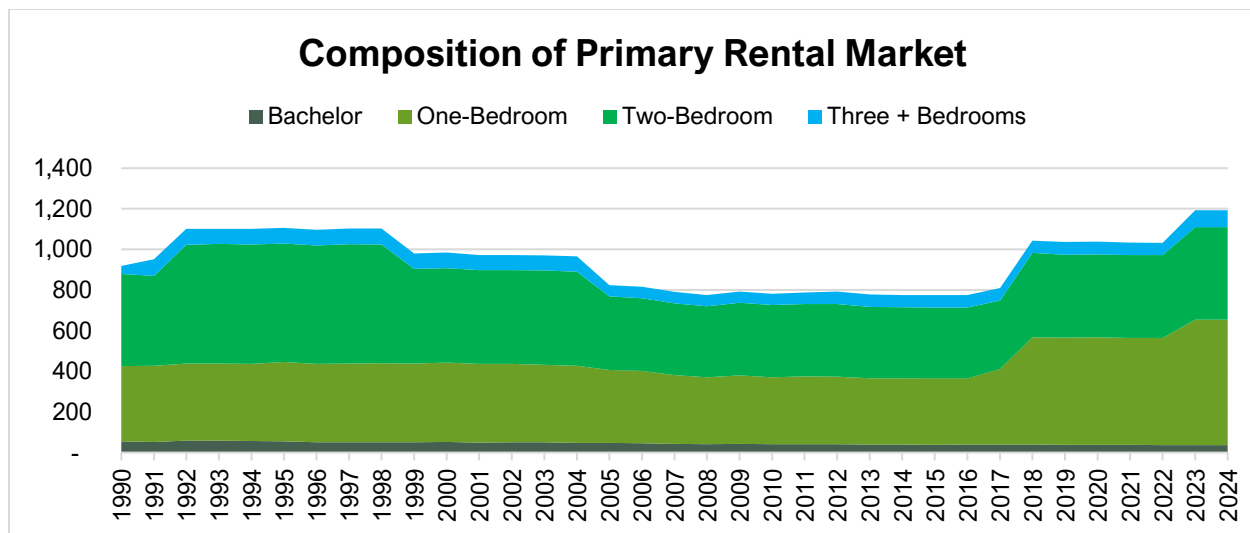
The secondary rental market represents self-contained units which were not built specifically as rental housing but are currently being used as rental housing. These units include rented single-detached, semi-detached, row/town houses, duplex apartments, rented condominium units, and one or two apartments which are part of a commercial or other type of structure.

Primary Rental Market Trends

In the decade spanning from 1990 to 1999, the average size of the Town's primary rental market was approximately 1,000 rental units. After declining for two decades and reaching a low of 775 units in 2016, the current size of the primary rental market in Newmarket is 1,193 units (Figure 21). This is comprised of 617 one-bedroom units (51.7% of the total universe), 456 two-bedroom units (38.2%), 83 three- or more-bedroom units (6.9%), and 37 bachelor units (3.1%). This composition is likely appropriate for the market, as 62.8% of renter households in 2021 were one- or two-person households, with one-person households being the most common household size for renter households (33.9%). Additionally, 80.4% of low- and moderate-income households, who are more likely to be renters, are one- or two-person households.

This stagnation over time of the primary rental market is consistent with the lack of rental housing completions in the Town, outlining the need for rental housing in a community where the number of renter households is growing every year.

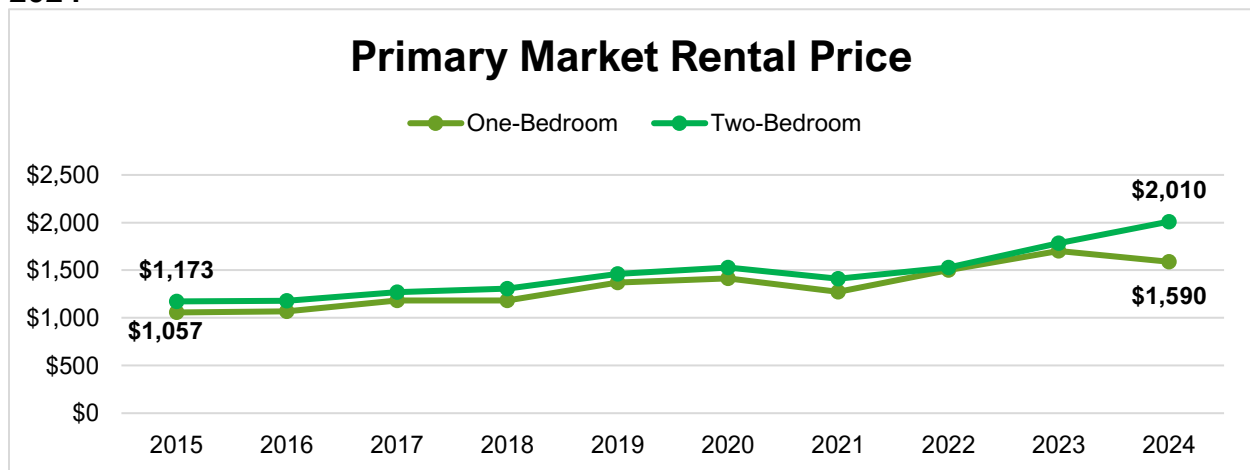
Figure 21: Primary rental market universe by unit size; Town of Newmarket, 1990-2024



Source: CMHC's Rental Market Survey, 1990-2022

The average rent for all the primary rental units in Newmarket has been steadily increasing over time. In particular, the average rental price for all units has increased +60.7% between 2015 and 2024. This growth is primarily in the one-bedroom (+50.4% increase in rent) and two-bedroom (+71.4%) units.

Figure 22: Primary rental market rent prices by unit; Town of Newmarket, 2013-2024



Source: CMHC's Rental Market Survey, 2013-2022

While the lack of purpose-built rental in Newmarket over the last two decades makes it difficult to evaluate, there appears to be differences in rental prices between newer and older rental units in the Town. In 2022, units built before 1960 averaged a monthly rental price of \$1,144, while units built between 1960 and 1979 averaged a rental price of \$1,456. Although there was insufficient data for CMHC to report the rent prices on the newer units (those built since 1980), it can be assumed that the rental price on these newer units is higher as the average for all units in 2022 was higher than both prices (\$1,480). This trend is consistent with buildings of increasing size. In 2020, the last year with sufficient data for CMHC to report, units in buildings

with 50 to 199 units had an average rental price of \$1,570, higher than that of units in buildings with three (3) to five (5) units (\$1,077) and 20 to 49 units (\$1,049).

A vacancy rate of 3% is generally accepted as a 'healthy' vacancy rate, indicating a balance between the supply of rental housing and the need for rental housing. However, due to the lack of new rental construction in the Town and the increasing number of renter households, the vacancy rate in the primary rental market has been declining consistently over time in Newmarket. In 2022, this rate reached its lowest point, with a 0.3% vacancy rate in the primary rental market. Effectively, there was no vacancy in the market due to high demand and low supply, forcing households to find rental accommodations on the secondary market. Between 2016 and 2018, the Town added over 200 rental units to the primary market universe, causing the vacancy rate of the primary rental market to increase from 1.6% to 2.2%. However, the vacancy rate quickly dropped to 0.6% by 2020, showing clear demand for this tenure in the community. The Town is currently experiencing this trend again, as new rental units have been added to the supply, the vacancy rate increased to 2.8% in 2024. By assessing the vacancy rate by rent ranges, it is clear that there is a sustained demand for units with lower rents. The vacancy rate for units with an average rental price below \$1,250 has been 0.0% since 2018.

Secondary Rental Market Trends

The secondary rental market can be estimated using two methodologies. These methods aim to estimate the number of rented dwellings that are currently available to be rented at any given time to potential renter households in the community. The first method, to calculate what would be considered the minimum size of the secondary rental market, considers the renter households living in dwelling types that are typically not utilized for purpose-built rental building (i.e., single-detached dwellings and semi-detached dwellings). The second method, to calculate what would be considered the maximum size of the secondary rental market, subtracts the primary rental universe count from CMHC's Rental Market Survey from the total number of renter households. Both figures, taken together, can provide insight into the secondary rental market in a community and how much demand is being satisfied by the secondary market.

In 2021, the secondary rental market can be estimated to be approximately 2,400 to 3,400 households, or 32.5-45.8% of all renter households in Newmarket. As the Town has experienced growth in this household tenure, it is critical that new purpose-built housing is constructed to provide options to these households moving forward. It should be noted that the secondary rental market is typically more expensive than the primary market and can be tenuous for those tenants, as these units can be more easily converted to other uses or tenures.

From a point in time scan of available rental units in Newmarket taken in May 2023, the rent prices on the secondary rental units were significantly higher than the primary rental market (Table 11). The lack of new purpose-built rental in Newmarket forces more households to turn to the secondary rental market for housing options, including some households who would prefer a purpose-built rental unit due to higher security of tenure and lower rents. Due to the higher prices in the secondary market, the lack of purpose-built rental housing in Newmarket is likely creating downstream unaffordability issues for renter households that could be saving for home ownership or spending more of their income on other expenditures.

Table 11: Summary of point in time scan of secondary rental market, 2023

		1 Bedroom	2 Bedroom	3+ Bedroom
Primary Rental Market	Avg. Rent Price	\$1,702	\$1,785	\$1,589*
	Required Household Income	\$68,080	\$71,400	\$63,560
Secondary Rental Market	Avg. Rent Price	\$1,795	\$2,295	\$3,170
	% of Primary Market	105.5%	128.6%	199.5%
	Required Household Income	\$71,800	\$91,800	\$126,800

Source: CMHC Rental Housing Market Survey; Point in Time Scan (May 2023) of over 50 rental units in Newmarket. Data retrieved from www.rentals.ca

Note: *CMHC Rents prices projected to 2023 dollars for comparison using increase of Ontario CPI +24.8% between 2015 and 2023. Units with 3+ bedrooms estimated due to lack of available data between 2016 and 2023.

Required household income calculated assuming 30% of household income spent on shelter costs.

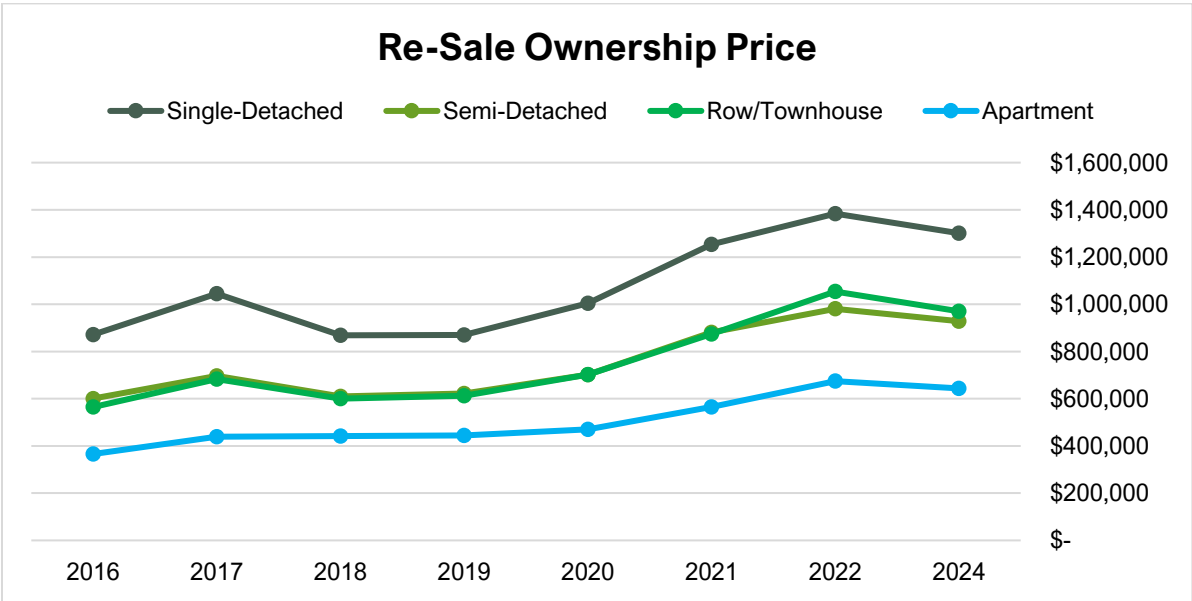
Private Ownership Market

From CMHC Market Absorption survey data¹⁷, the average sale price for a newly constructed single-detached home in 2024 was approximately \$1,174,993. This represented an increase of +65.9% from 2015 prices. Similar trends were observed for semi-detached dwellings, where a 2022 listing price of \$913,000 was +122.8% higher than 2013 levels. Prices were unavailable for semi-detached dwellings in 2023 and 2024.

Residential sales data provided by the Town from 2016 to 2024 showed a similar trend for housing prices in Newmarket (Figure 23). From 2016 to 2024, the average re-sale price of a single-detached dwelling in Newmarket increased by +49.3% to approximately \$1,380,000 in 2021. Condominium or apartment dwellings experienced the largest percentage increase in re-sale price, growing +75.8% during this period for a re-sale price of approximately \$643,000 in 2021. While these apartment dwellings are the most affordable by re-sale price, these dwellings made up just 7.6% of the total sales in 2024.

¹⁷ The Market Absorption Survey is carried out in conjunction with the Starts and Completions Survey but is only conducted in urban areas with populations more than 50,000 and only for structures which are destined for the homeownership/condominium market. When a structure is recorded as completed, an update is also made as units are sold.

Figure 23: Re-sale ownership prices by dwelling type; Town of Newmarket, 2016-2022



Source: TREB Market Watch Data, 2016-2024

This increase in the housing market has occurred at time when household incomes are not increasing enough to keep pace (Figure 24). While average household incomes (all households) have increased by +13.8% from 2016 to 2021, the average re-sale price of dwellings has increased by +42.8% - much higher than the increase in the Ontario CPI (+10.4%). These increases have impacted the unaffordability of ownership options housing within the Town.

Figure 24: Increases in Town of Newmarket household incomes compared to re-sale market dwelling prices from 2016 to 2021.

Household Income vs Ownership Price Trends			
	2016	2021	Δ% 2016-2021
Avg. Household Income (All Households)	\$ 118,558	\$ 134,923	+13.8%
Max. Ownership Price Affordable	\$ 456,830	\$520,848	
Re-Sale Market Price (Average)	\$ 778,433	\$ 1,111,654	+42.8%
Required Household Income	\$ 200,688	\$ 286,596	

Source: Statistics Canada Census of Population custom data tabulation, 2016-2021; TREB Market Watch Data, 2016-2021

Note: Affordable prices calculated using Bank of Canada 5-year mortgage rate and threshold of 30% of household income spent on shelter

2.2.5 Housing Supply Key Findings

Key Impacts and Trends Related to Housing Supply

1. The new supply being added in Newmarket has been historically misaligned with demand.

While the number of renter households (+1,470) added to Newmarket between 2016 and 2021 far outpaced the number of owner households (+155) added over this same time period, the numbers of dwellings by structure type added to the Town's housing stock during this time period may be misaligned with housing need. While renter households increased at a higher rate than owner households (25% increase in renter households as compared to 0.7% increase in owner households between 2016 and 2021), the types of dwellings that usually accommodate renter households (low-rise and high-rise apartment buildings) were added at a much lower rate than the types of dwellings that typically accommodate owner households (single-detached dwellings). Row houses, which were identified (in the dwelling type by tenure data presented above) to accommodate both owner and renter households, did see a notable increase over this time. However, it is unlikely that this made a larger overall impact in accommodating the significant increase in renter households, particularly because owner households still far outpace renter households that reside in this type of dwelling.

Relatedly, while current trends in housing completions will continue to meet the needs of owner households, they fall significantly short of meeting the needs for the increasing number of renter households. As a result, renter households will be forced to find housing accommodations increasingly through the secondary rental market where options are costlier and less secure. This points to the need for targeted efforts to increase the availability of purpose-built rental stock overall. There is also a particular need to focus on achieving more deeply affordable options for low-income households because, as noted in other sections, these households have the fewest options and are experiencing the greatest incidence of core housing need (of the households that were in core housing need based on the affordability standard in 2021, 84.8% fell into low-income deciles).

Current applications for residential development and housing start data points to the potential diversification of Newmarket's housing stock in the future, with more apartment dwellings and townhouses being planned and approved in Newmarket. As noted above, Newmarket saw the highest proportion of apartment dwellings housing starts in 2021 since CMHC started recording this data in 1990. This was due to both the highest one-year total of apartments (394 units) and the lowest one-year total of single-detached dwellings (28 dwellings) starting during this period.

Mirroring the trends observed related to housing starts, residential planning applications seen since 2016 have included rental apartments and a significantly higher number of planned units for higher density built forms than have been historically built in the Town. It should be noted, however, that while this type of development may address some gaps in Newmarket's housing supply, based on current household and tenure trends, this new supply may not be enough to address the current and future demands. This may be particularly true for low-income households.

2. House prices have increased rapidly which has likely impacted the increased demand for rental housing options.

In line with national trends, increased demand and competition for ownership housing have impacted average house prices. Between 2016 and 2021, the average house price increased very rapidly (+42.8%) compared to overall average household incomes (+13.8%). This illustrates how significantly house prices in Newmarket have been increasing in recent years, and that homeownership is becoming less accessible to all households.

The rapidly increasing housing prices are likely directly linked to the aforementioned increase (+25%) in renter households in Newmarket over this same time period. The increased housing prices that are rapidly outpacing household average incomes may have caused aspiring homeowners to start and/or stay renting as they cannot yet afford to purchase a home in Newmarket.

3. The demand for rental housing is not being met by the primary market and renters are increasingly turning to the secondary market to meet their needs.

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.

While the number of rental units available in Newmarket's primary rental market increased by 258 between 2016 and 2021, this has not come close to keeping pace with the increase in overall renter households over this same time period (+1,470 between 2016 and 2021).

Additionally, the historically low vacancy rates for purpose-built rental housing in the primary rental market in recent years suggest that the increase in renter households is most likely being accommodated in the secondary rental market where rents are typically higher and tenures less secure.

The secondary rental market can be a good source of rental units as it generally offers a more diverse supply including 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 also tend to be more expensive 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 at any time.

The high rents in the secondary rental market in Newmarket can create barriers and challenges for low-income households who have no other choice but to rent these units given low vacancy rates and lack of options within the primary rental market. This, coupled with increasing demand, suggests there is a strong need for a diversity of rental housing options in Newmarket that are affordable to households. As noted above, these options are particularly needed for lower-income households who have the fewest options for rentals in the primary rental market,

and who are experiencing the greatest rates of core housing need in Newmarket. Vacancies for these housing options within the primary rental market have been virtually non-existent since 2018.

4. Renter households are more likely to require major repairs in their living accommodations.

Renter households in Newmarket are more likely to live in older residential buildings than owner households. The age of buildings can be directly related to the condition of dwellings, with more renter households reporting that they required major repairs at a rate more than double than that of owner households in 2021 (6.9% compared to 3%).

This is a trend the Town will need to plan for in light of the rapid increase in renter households in Newmarket coupled with the lack of existing and projected supply to accommodate this demand. If rental housing demand continues to outstrip supply at its current pace, this issue will only be exacerbated if older rental stock is lost more quickly than it is replaced as it reaches to end of its useful lifespan. This points to the need to not only focus on increasing supply, but to also direct significant attention to maintaining and revitalizing existing stock.

5. There is increasing demand for non-market, community housing options in Newmarket.

Despite a decreasing waiting list for York Region overall, the waiting list for subsidized units in Newmarket has continued to steadily increase between 2016 and 2021. During this time, the Town saw its waiting list increase by 43.3%. It is notable that the proportion of non-seniors on the community housing waiting list rose from 60% in 2016 to 68.4% in 2021. However this must be considered in the context of turnover rates with non-seniors waiting an average of 2.5 years longer for a unit than their senior counterparts on the waiting list.

These data point to the need for more non-market, community housing options in Newmarket, particularly for non-senior applicants.

Impacts on an Inclusionary Zoning Policy

The strongest message from the housing supply analysis for inclusionary zoning policy is the small number of existing rental units and slow growth of rental units in Newmarket as compared to the increased demand for these housing options. In particular, there is a need for a range of rental options that will meet the needs of low-income households.

Therefore, inclusionary zoning policy that encourages affordable rental over affordable ownership best aligns with the lack of supply of rental housing in Newmarket.

2.3 Housing Affordability

The cost of housing is one of the largest monthly expenditures for many households in Canada. 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 Newmarket have also made the cost of shelter an issue for many households with moderate incomes. Housing affordability influences the housing choices current and future residents may have and can impact the economic opportunities available in the community.

This section discusses the proportion of income spent on housing and illustrates the affordability of housing in Newmarket for Newmarket residents by examining what households can afford and how this compares to trends in house prices and rents.

2.3.1 Household Income Spent on Shelter

A commonly accepted benchmark for measuring affordability in the Canadian context is where a household spends no more than 30% of its gross household income on housing costs. This is referred to the shelter-cost-to-income ratio, or STIR, and is a key indicator of affordability. Generally speaking, when a household is spending 30% or more of their gross household income on shelter costs, they are considered to be facing affordability issues. If the household STIR reaches 50% of household income spent on shelter costs, the household is considered to be facing deep affordability issues. The following section outlines the need for affordable housing in the Town of Newmarket using this measure.

In 2021, 8,000 households, or 26.5%, were spending 30% or more of their household income on shelter costs. Generally, households in Newmarket are facing affordability issues at a slightly lower rate than households Region-wide (Figure 25). This 2021 figure represented an increase of +345 households (+4.5%) since 2016, slightly lower than the growth in York Region of household facing affordability issues (+6.1%). However, this may be a misleading figure due to the impacts of the COVID-19 pandemic. The Federal Government of Canada introduced COVID-19 relief programs in the 2020 to assist with financial burdens brought on by the closures and economic disruptions of the pandemic.¹⁸ These relief programs impacted household incomes for the year (2020) that was reported on for the 2021 Statistics Canada Census. While these incomes were correctly reported, this relief is not permanent and will likely not be available to households in the future.

Figure 25: Number and proportion of households facing affordability issues; York Region and Town of Newmarket, 2021

Households Spending 30% or more on Shelter	Town of Newmarket		York Region	
	#	%	#	%
All Households	8,000	26.4%	118,740	30.4%
Owner Households	5,120	22.3%	86,245	26.8%

¹⁸ Statistics Canada (2022). *Canadian Income Survey*. Retrieved from: <https://www150.statcan.gc.ca/n1/daily-quotidien/220323/dq220323a-eng.htm>

Renter Households	2,875	39.1%	32,495	46.7%
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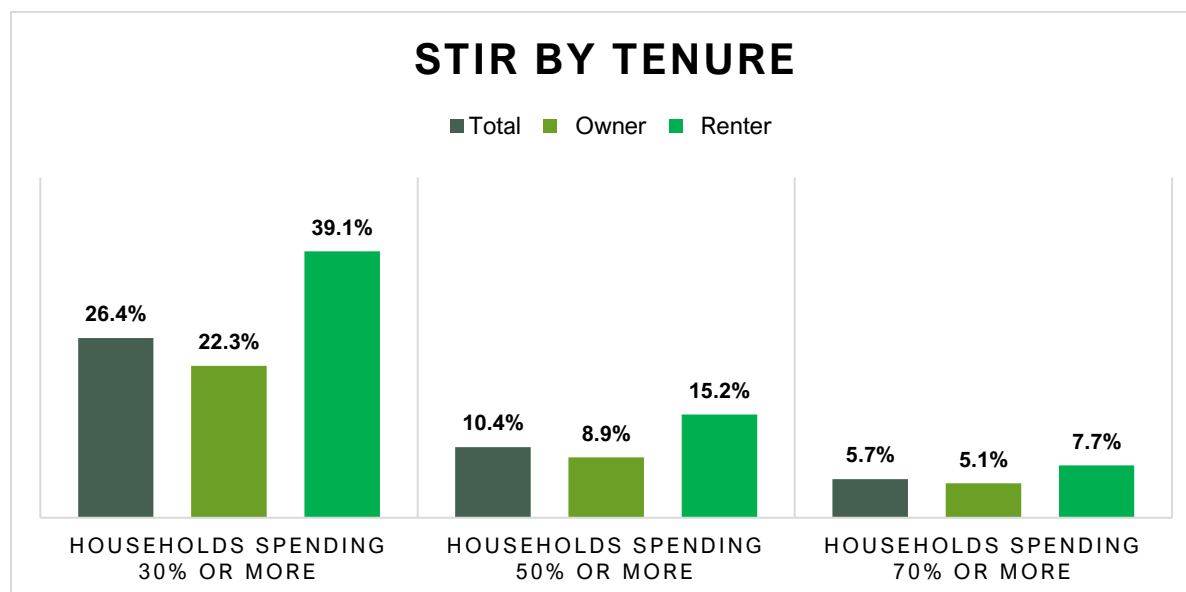
Source: Statistics Canada Census of Population custom data tabulation, 2021

Household Income Spent on Shelter by Household Tenure

When assessing STIR by household tenure, it is clear that renter households are facing more affordability issues in Newmarket than owner households. While 22.3% of owner households were facing affordability issues in 2021, this figure was nearly double (39.1%) for renter households. The large share of renter households facing affordability issues indicates there is a need for more rental housing units that are affordable to renter households in Newmarket.

This trend was consistent for all levels of affordability issues (Figure 26), with 15.2% of renter households spending 50% or more of their household income on shelter costs compared to 8.9% for owner households. These households, deemed to be experiencing deep affordability issues, have decreased between 2016 and 2021 for both tenures. This may be a result of the government's COVID-19 pandemic programs.

Figure 26: Proportion of households meeting STIR thresholds of 30%, 50%, and 70% of income spent on shelter by tenure; Town of Newmarket, 2021

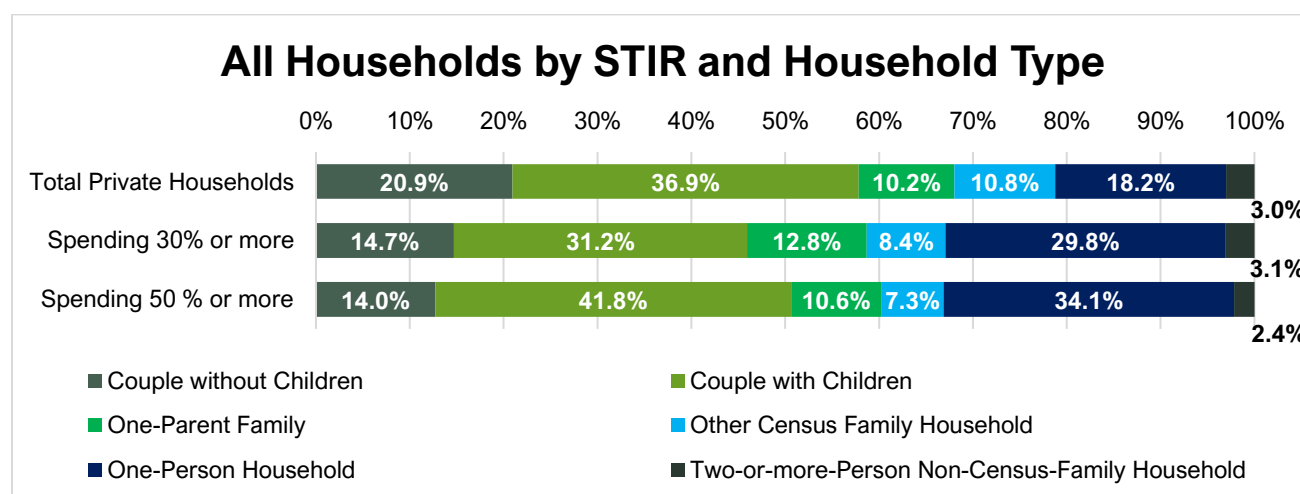


Source: Statistics Canada Census of Population custom data tabulation, 2021

Household Income Spent on Shelter by Household Size and Type

When assessing STIR by household size and type, there are two notable household types in Newmarket experiencing affordability issues. When considering all households, one-person households made up 29.8% of all households spending 30% or more of their income on shelter costs, despite making up only 18.3% of all households. These households were also the most likely to be facing deep affordability issues, making up 34.1% of all households spending 50% or more of their income on shelter costs.

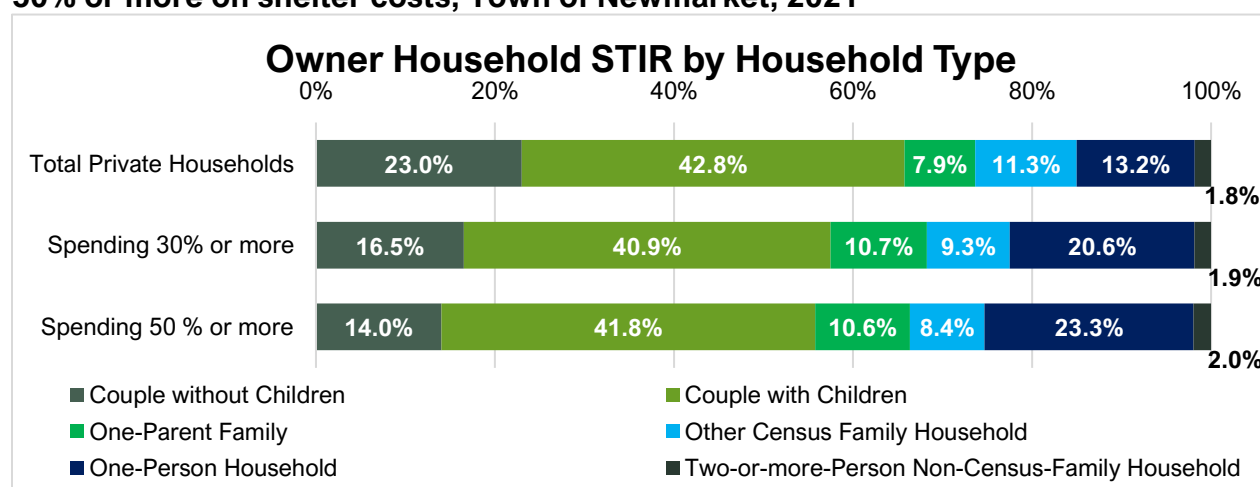
Figure 27: Proportion of all households by household type spending 30% and 50% or more on shelter costs; Town of Newmarket, 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

Couples with children were the most common owner household to face affordability issues, making up 40.9% of owner households spending 30% or more of household income on shelter costs (Figure 28). This household type also made up 41.8% of owner households facing deep affordability issues, the most of any household type. Larger households, families with children and other Census family households, made up a higher proportion of the owner households facing affordability issues when compared to those types of renter households (Figure 29). It should be noted that while these two household types made up 54.1% of all owner households, they accounted for 50.2% of all households facing affordability issues. One-person households, on the other hand, made up 20.6% of owner households facing affordability issues despite only accounting for 13.2% of all owner households.

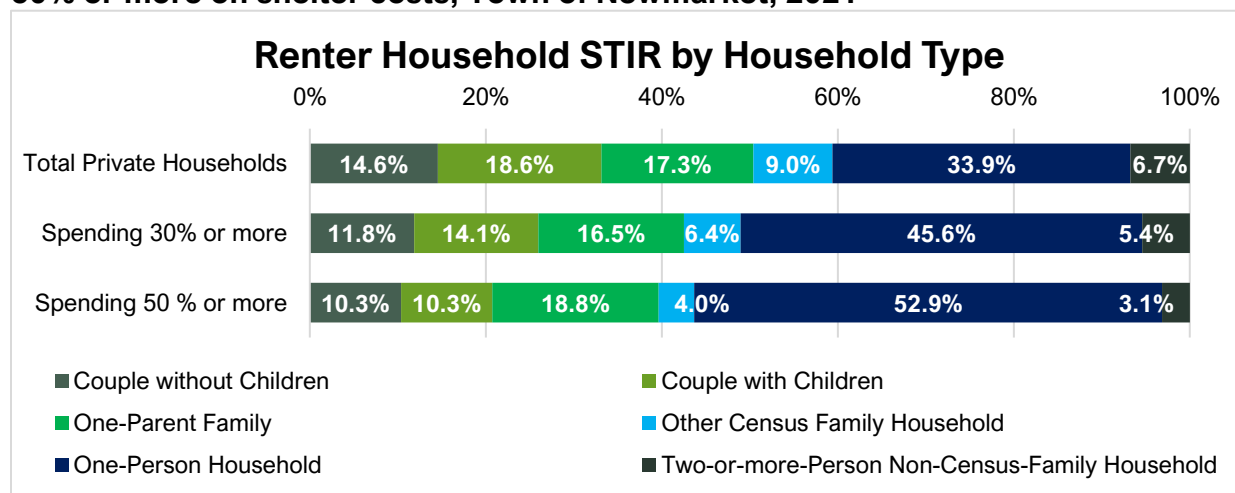
Figure 28: Proportion of owner households by household type spending 30% and 50% or more on shelter costs; Town of Newmarket, 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

Renter households that were also one-person households were particularly notable in this analysis, as this combination of tenure and household type accounted for 52.9% of all households facing deep affordability issues, despite accounting for 33.9% of all renter households, indicating a need for small rental dwellings that are affordable to these households in Newmarket. Similar to owner households, larger renter household types (families with children and other Census family households) were not disproportionately facing affordability issues, with these two household types accounting for 27.6% of all renter households and just 20.5% of the renter households facing affordability issues.

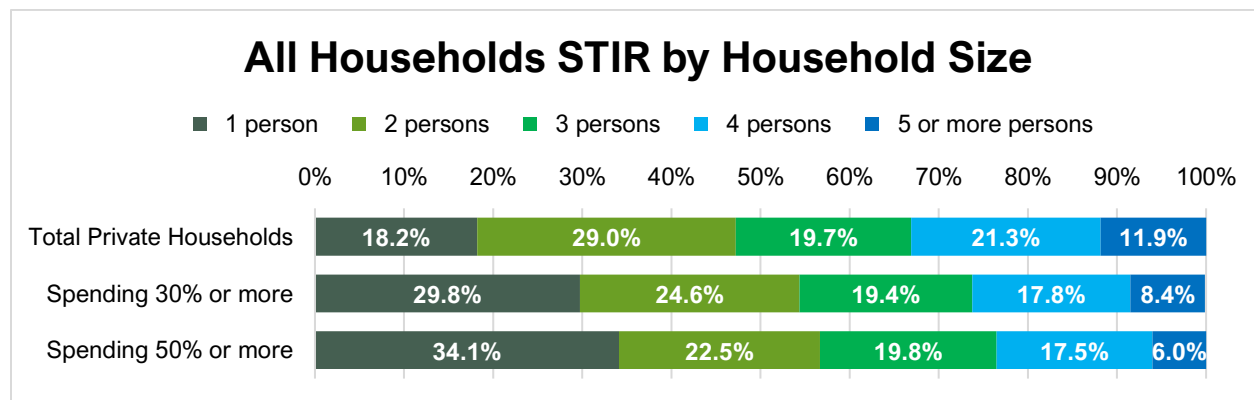
Figure 29: Proportion of renter households by household type spending 30% and 50% or more on shelter costs; Town of Newmarket, 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

While renter households were facing harsher affordability issues across all household types, one-person households were the most likely household size and household type to be facing affordability issues across all tenures (Figure 30). Considering all households, one-person households made up 29.8% of households spending 30% or more of their household income on shelter costs despite accounting for only 18.2% of all households. This disproportionate relationship with household size. However, the impacts of these affordability issues may be preventing starting a family in Newmarket for existing households.

Figure 30: Income spent on shelter costs by household size; Town of Newmarket, 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

In 2021, 39.0% of households with a primary maintainer aged in the older adult age cohort were facing affordability issues. This is notable as this is the most common age cohort for household maintainers in Newmarket. Households with a younger primary household maintainer (youth or working adult aged) were more likely to be facing deep affordability issues when compared to all households. Generally, households with a member with a disability faced affordability issues at a comparable rate to all households in the Town.

Table 12: STIR for household maintainer age cohorts and household with a member with a disability; Town of Newmarket, 2021

Household Maintainer Age Cohort	Total Households		Spending 30% or More	Spending 50% or More	Spending 70% or More
	#	%			
All Households	30,300	100%	26.4%	10.4%	5.7%
Youth (Aged 15-24)	155	0.5%	58.1%	38.7%	25.8%
Working Adult (Aged 25-44)	8,375	27.6%	34.4%	13.3%	7.6%
Older Adult (Aged 45-64)	14,280	47.1%	39.0%	9.2%	5.4%
Senior (Aged 65+)	7,495	24.7%	23.3%	8.9%	3.7%
Households with Member with Disability	7,595	25.1%	25.1%	8.0%	3.7%

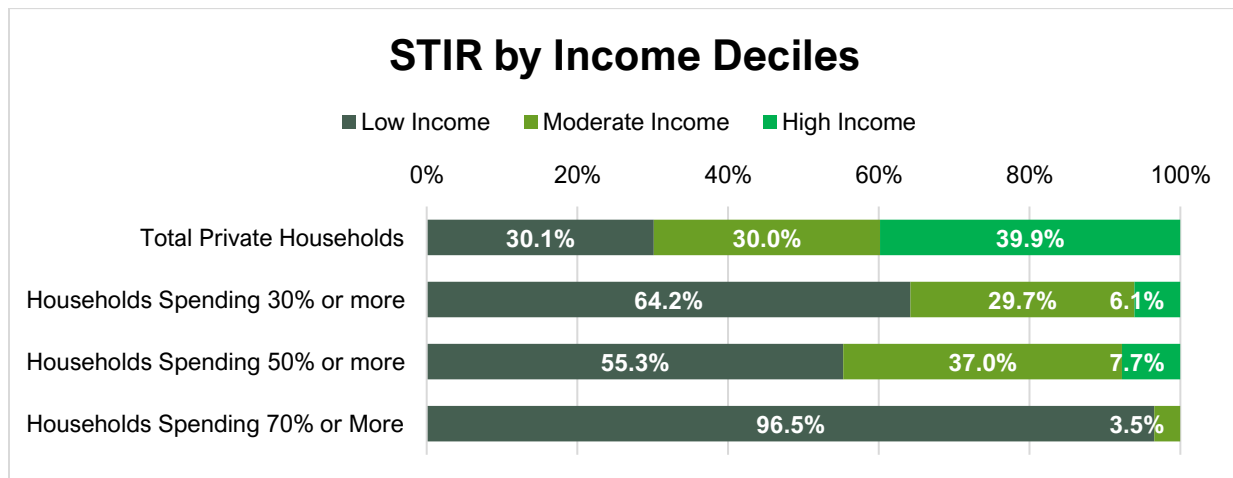
Source: Statistics Canada Census of Population custom data tabulation, 2021

Household Income Spent on Shelter by Household Income Deciles

Unsurprisingly, those households in the low-income deciles were experiencing housing affordability issues at much higher rate than those with moderate or high household incomes (Figure 31). Of the 7,985 households facing affordability issues in Newmarket in 2021, 64.2% were low-income households and 29.7% were moderate-income households. Of the 1,725 households facing deep affordability issues (spending 70% or more of household incomes on shelter costs) in Newmarket in 2021, 96.5% were considered low-income. This accounted for 18.2% of all low-income households in Newmarket in 2021.

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 rent their homes. This could be partially explained by the relatively low proportion of rental housing units in Newmarket compared to owner housing units (24.2% of Newmarket households are renters) This suggests households with moderate incomes require more affordable housing options, either in the rental market or more affordable ownership options.

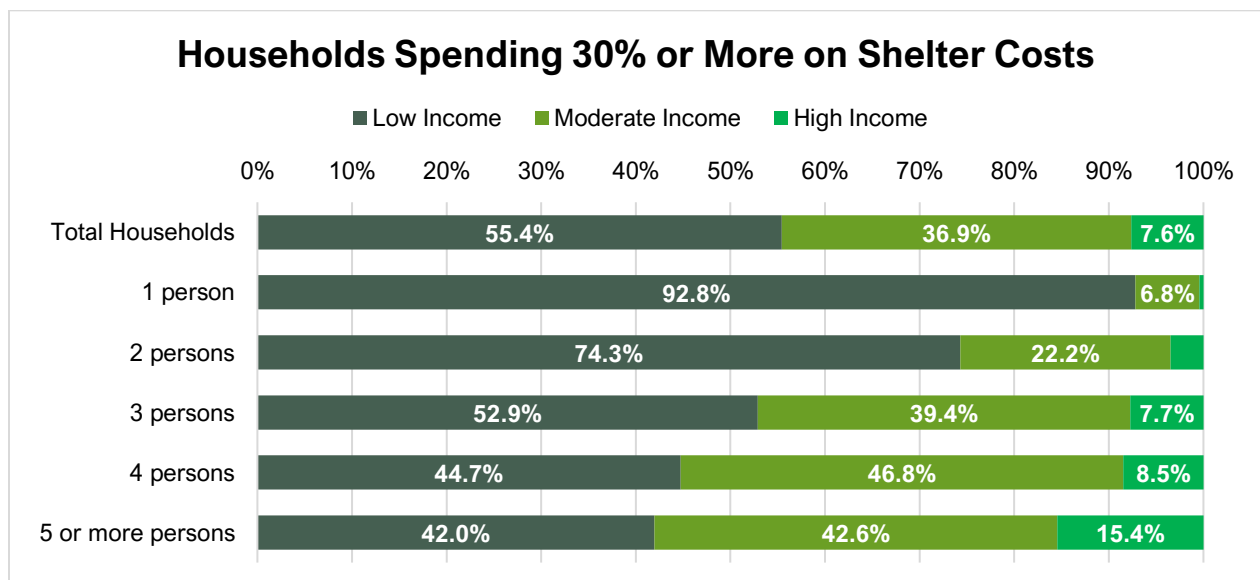
Figure 31: Proportion of households meeting STIR thresholds of 30%, 50%, and 70% of income spent on shelter by income decile grouping; Town of Newmarket, 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

Considering the households spending 30% or more of their gross household income on shelter (Figure 32), one person households are much more likely to low-income households (92.8%) when compared to all households (55.4%). Further, 74.3% of two-person households who are facing affordability issues are considered low-income. This may indicate that, while there is a need for affordable units of all unit sizes, there may be a need for deeper affordability in units for smaller household sizes.

Figure 32: Households spending 30% or more on shelter costs by income decile and household size; Town of Newmarket, 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

2.3.2 Core Housing Need

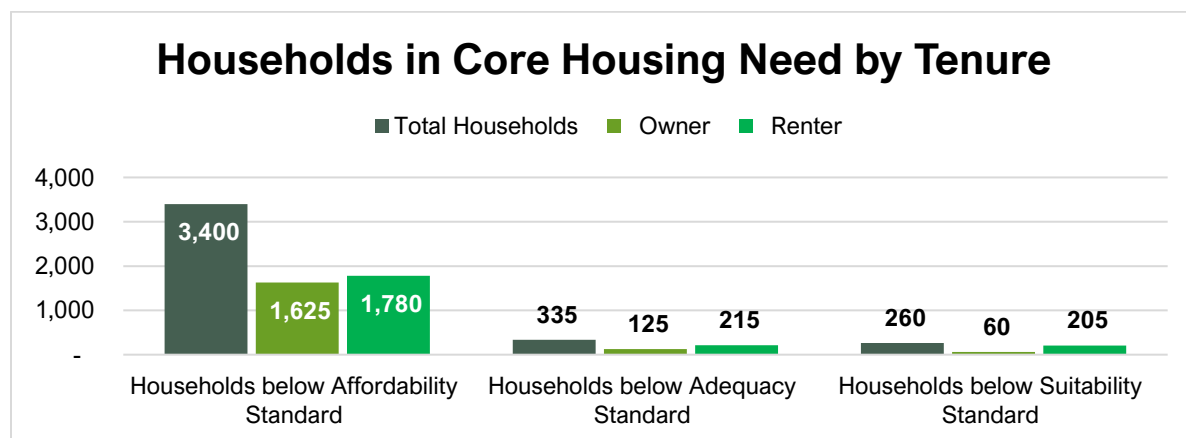
Core housing need is a more complete measure for defining affordability as it assesses the adequacy, suitability, and affordability of housing. Core housing need refers to whether a private household's housing falls below at least one of the indicator thresholds for housing adequacy, affordability, or suitability, and would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing¹⁹ that is acceptable (attains all three housing indicator thresholds). This measure differs from STIR, as this affordability threshold is limited to households who cannot afford to move to housing that is adequate and suitable without spending more than 30% of household income on shelter costs.

In 2021, 12.1% of households (3,655 households) in Newmarket were considered to be in core housing need. This was slightly lower than 2016 levels, when 12.9% of households met at least one of the core housing need thresholds. Compared to 2016, the number of households meeting at least one of the core housing need thresholds decreased by -50 (-1.3%). This was slightly better than York Region, where the number of households in core housing need increased by +0.5%. These trends are likely impacted by the aforementioned Federal Government's COVID-19 pandemic programs.²⁰

Core Housing Need by Household Tenure

Despite only making up 24.2% of all households in 2021, renter households account for 53.6% of all households in core housing need in Newmarket. There were more renter households than owner households below the affordability standard (1,780 renter households, 1,625 owner households), below the adequacy standard (215 renters, 125 owners), and below the suitability standard (205 renters, 60 owners) in core housing need (Figure 33). These trends outline the need for rental housing that is affordable, adequate, and suitable for the demographics of renter households in the Town of Newmarket.

Figure 33: Households in core housing need by tenure and housing standards; Town of Newmarket, 2021



¹⁹ Alternative local housing refers to a similar unit in the local housing market.

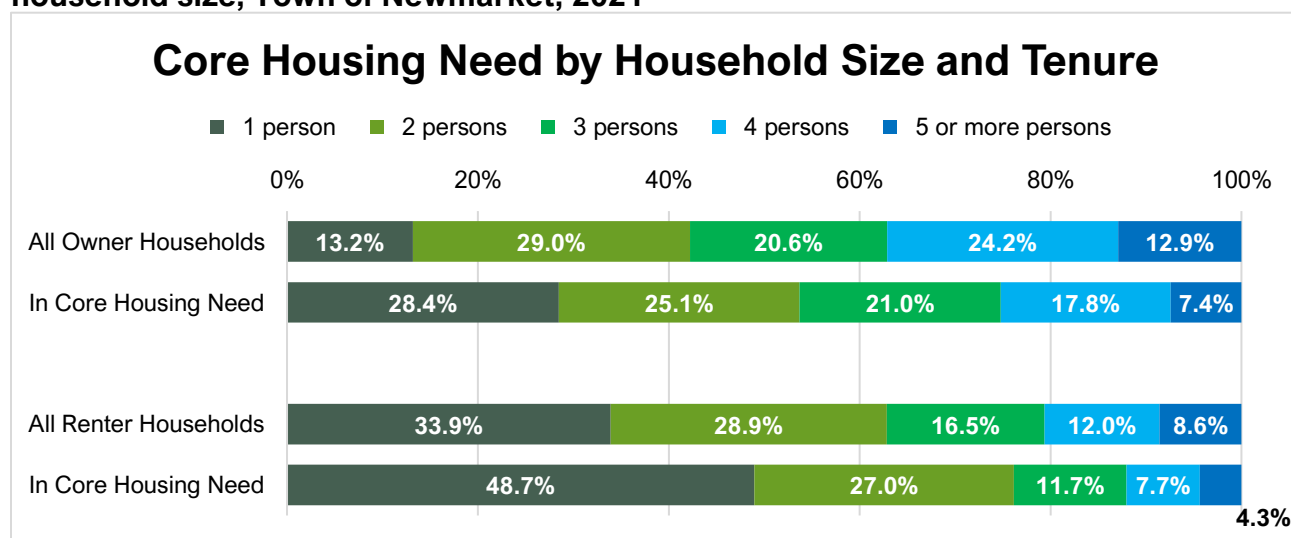
²⁰ Statistics Canada (2022). *Canadian Income Survey*. Retrieved from: <https://www150.statcan.gc.ca/n1/daily-quotidien/220323/dq220323a-eng.htm>

Core Housing Need by Household Size and Type

Considering all households from 2021, one-person households made up 39.4% of all households in core housing need in Newmarket. This, despite making only 18.3% of all households in the Town, indicates a clear need for more affordable options for this household type and size. This need for affordable units suitable for smaller household sizes was more pronounced for renter households, with 48.7% of renter households in core need being one-person households and 27.0% being two-person households.

Further, households containing children, including both couples with children (18.7%) and lone-parent households (18.5%), made up a sizeable portion of household in core housing need. In particular, couples with children made up 29.3% of owner households in core housing need in 2021, the most of any household type. Though these household types are more likely to be owner households, both account for a notable proportion of renter households (14.6% and 17.3%, respectively, of renter households in 2021). Affordable rental options for families and lone-parent households should be considered, as lone-parent households made up 20.4% of renter households in core housing need in 2021.

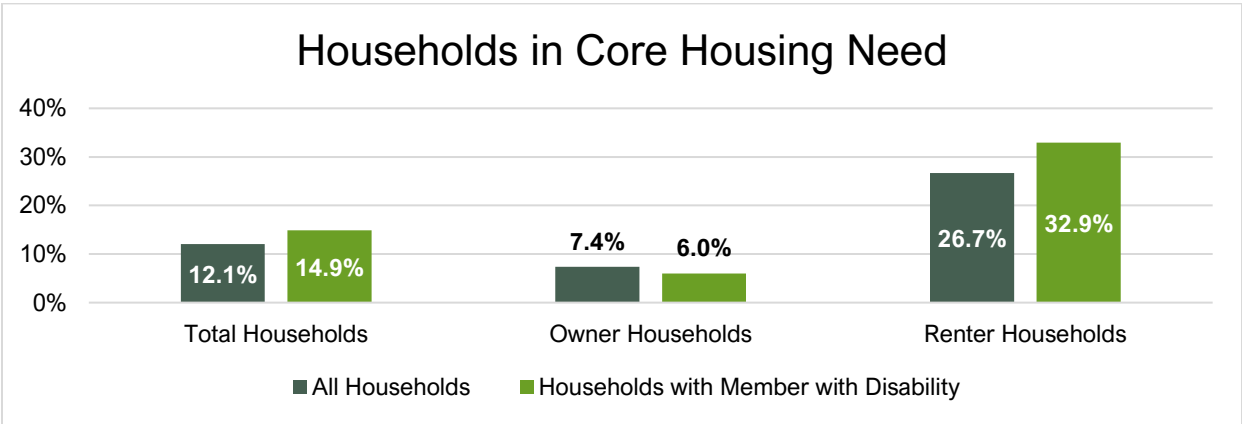
Figure 34: Proportion of households in core housing need by tenure and household size, Town of Newmarket; 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

Households with a member with a disability were slightly more likely to be in core housing need when compared to all households (Figure 35). While 12.1% of the households in Newmarket were in core housing need, 14.9% of households with at least one member with a disability were in core housing need. This trend was reversed when looking at owner households, where slightly households with a member with a disability (6.0%) were in core housing need compared to the rate in all households (7.4%).

Figure 35: Households in core housing need by member with disability and tenure; Town of Newmarket, 2021

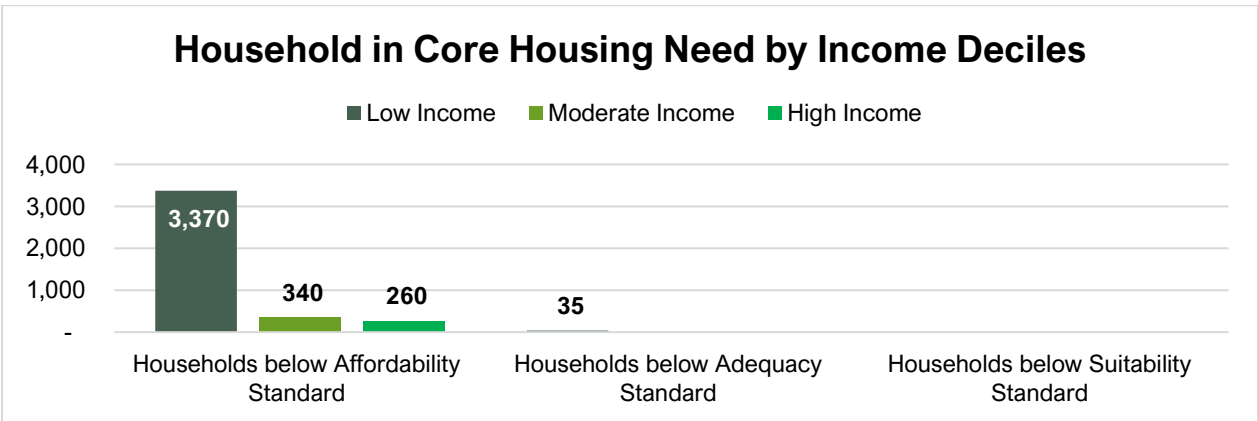


Source: Statistics Canada Census of Population custom data tabulation, 2021

Core Housing Need by Household Income Deciles

In 2021, effectively only low-income households were in core housing need, as only 35 households with moderate incomes fell below any of the core housing need standards (Figure 36). While moderate-income households are spending larger percentages of their gross household income on shelter costs (Figure 31), these households are not meeting the threshold for affordability that requires households to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing options. Low rent prices in the primary rental market, due to the lack of new units and rental controlled prices, may be impacting these figures. Although the trends for core housing need in the Town have been positive from 2016 to 2021, there are still over 3,600 households who were in core housing need.

Figure 36: Households in core housing need by income decile and housing standards; Town of Newmarket, 2021



Source: Statistics Canada Census of Population custom data tabulation, 2021

2.3.3 Housing Affordability by Tenure

The following sections illustrate the affordability of the current market in the Town of Newmarket. The household income deciles from Section 2.1.4 of this report were projected forward to 2024 dollars to assess the affordability of the 2024 rental and ownership markets.

Primary Rental Market Housing Affordability

While the primary rental market appears to be affordable for most rental households with moderate- or high-incomes (Table 13), the rental housing stock is so low that these units would not be available for a renter household looking for affordable accommodations today. The units that are generating the average market rates are likely older units occupied by tenants with rental price protections keeping prices lower. New rental units that are developed and added to the market would not be as affordable as the current stock. Further, the current market is not affordable for those deemed low-income (households with incomes from the 1st to the 3rd renter income deciles) in Newmarket.

Bachelor units have been declining every year in Newmarket since 2003, down from a high of 59 units in 1992 to a low of 37 units in 2024. As of 2024, the lack of bachelor units in Newmarket has led to average rent prices being unavailable due to insufficient data. Additionally, three- or more-bedrooms units have declining from a high of 82 units in 1991 to 60 units in 2022, increasing to 83 in 2024. While these unit sizes appear to be the affordable unit types in Newmarket, the vacancy rate of these units was 0.0% in 2019 and unavailable since due to insufficient data.

There is a clear need for new rental units in Newmarket to add to the current rental stock and accommodate the growth of this tenure within the Town. There is a need for units that would be affordable to the low-income renter households that are currently not being addressed within the current market. Without new purpose-built rental units being added to the rental stock, more renter households will be forced to rent on the secondary market where rent prices are higher and tenure may be more precarious.

Table 13: Affordability table for rental market; Town of Newmarket, 2024

Rental Affordability			Newmarket Rental Market (2024)			
	2024 Income (Renter HH)	Max Affordable Price	Bachelor	One-Bedroom	Two-Bedroom	Three or More Bedrooms
			**	\$1,590	\$2,010	\$1,334
Low Income Deciles 1-3 (Less than \$48,844)	\$26,535	\$553	N/A	NO	NO	NO
	\$36,163	\$904	N/A	NO	NO	NO
	\$48,844	\$1,221	N/A	NO	NO	NO
Moderate Income Deciles 4-6 (From \$48,845 to \$93,343)	\$63,403	\$1,585	N/A	NO	NO	YES
	\$78,667	\$1,967	N/A	YES	NO	YES
	\$93,344	\$2,334	N/A	YES	YES	YES
High Income Deciles 7-9 (Greater than \$93,344)	\$112,717	\$2,818	N/A	YES	YES	YES
	\$135,025	\$3,376	N/A	YES	YES	YES
	\$177,294	\$4,432	N/A	YES	YES	YES

Source: Statistics Canada Census of Population custom data tabulation 2021; CMHC Rental Housing Market Survey, 2024

Note: Affordable prices calculated using threshold of 30% of household income spent on shelter; Ontario CPI increase from 2020 to 2024 of +17.4%. Bachelor unit prices unavailable due to a lack of data from CMHC's Rental Market Survey 2024.

Ownership Housing Market Affordability

In 2024, the re-sale ownership market in Newmarket was not affordable to any household outside of the high-income deciles. Further, the only dwelling type that was affordable for all households in the high-income deciles was apartment dwellings. This dwelling type made up less than a fifth of the dwellings in Newmarket (19.4%) in 2021. Further, these units made up just 7.6% of all re-sale purchases in Newmarket in 2024.

Single-detached dwellings were not considered affordable to anyone except those in the highest income decile in the Town. This means that a household must be within the top 10% of household incomes to afford this dwelling type with household incomes in excess of \$279,444. This suggests that other dwelling types should be prioritized in the Town to further diversify the housing stock and increase overall affordability of the ownership market. There is a clear need for housing that would be affordable for low- and moderate-incomes, including more affordable homeownership options as well as more rental housing options which are affordable to these households.

Table 14: Affordability table for ownership market; Town of Newmarket, 2024

Ownership Affordability			Newmarket Re-Sale Ownership Market (2024)			
	2024 Income (All HH)	Max Affordable Price	Single- Detached	Semi- Detached	Row House / Townhouse	Apartments
			\$1,253,224	\$880,549	\$873,825	\$564,783
Low Income Deciles 1-3 (Less than \$86,886)	\$41,799	\$161,061	NO	NO	NO	NO
	\$64,342	\$247,926	NO	NO	NO	NO
	\$86,886	\$334,790	NO	NO	NO	NO
Moderate Income Deciles 4-6 (From \$86,887 to \$152,637)	\$105,672	\$407,177	NO	NO	NO	NO
	\$129,155	\$497,661	NO	NO	NO	NO
	\$152,637	\$591,032	NO	NO	NO	NO
High Income Deciles 7-9 (Greater than \$152,638)	\$181,991	\$709,619	NO	NO	NO	YES
	\$220,737	\$866,110	NO	NO	NO	YES
	\$279,444	\$1,103,291	NO	YES	YES	YES

Source: Statistics Canada Census of Population custom data tabulation, 2021; TREB Market Watch Data, 2024

Note: Affordable prices calculated using Bank of Canada 5-year mortgage rate; threshold of 30% of household income spent on shelter; Ontario CPI increase from 2020 to 2024 of +17.4%

2.3.4 Housing Affordability Key Findings

Key Trends and Impacts Related to Housing Affordability

- 1. Deep housing affordability challenges appear to have stagnated or declined in Newmarket; however, this trend is likely misleading and due to temporary Covid-19 relief programs.**

In 2021, 26.5% of households in Newmarket were spending 30% or more of their household income on shelter costs based on the STIR measure which was a slight increase (+4.5%) from 2016 levels. Using the more complex core housing need measure, 12.4% of households in 2021 were reported to be in core housing need which represents a slight decrease (-1.3%) from 2016 levels. While appearing steady or decreasing, these numbers are still substantial. Furthermore, these trends could be misleading due to the impacts of the federal Covid-19 relief programs that were temporary in nature. This relief will likely not be available to households in the future so a significant increase in the number of households facing affordability challenges is likely in the next census data.

- 2. Renter households are significantly more likely to experience deep core affordability challenges as compared to owner households.**

Using both core housing need and STIR measures, the 2021 data indicates that renter households were significantly more likely to experience housing affordability challenges in Newmarket compared to owner households. When using the STIR measure, the data shows that 39.1% of renter households are experiencing deep affordability challenges as compared to 22.3% of owner households. In line with this, the core housing need measure reveals that 53.6% of households in core housing need were renters, despite only making up 24.2% of all households.

Renters are typically households with low or moderate incomes which means that they likely have fewer housing options available to them which meet their budgetary needs. This again points to the need for more deeply affordable rental housing in Newmarket that would be accessible to households falling into these low-income deciles.

- 3. Low-income households are much more likely to experience housing affordability challenges as compared to households in any other income decile.**

Using both STIR and core housing need measures, low-income households are more likely to face housing affordability challenges as compared to any other income decile. Using the STIR measure, the data shows that 64.2% of households experiencing affordability challenges in 2021 were considered low-income. When considering those who are experiencing deep affordability challenges (spending 50% or more of household income on shelter costs), 96.5% of households that fell into this category were low-income, representing 18.2% of low-income households in Newmarket overall.

When looking at the more complex core housing need measure specifically, effectively only low-income households in Newmarket fell into core housing need across any of the threshold standards in 2021, including affordability. This once again points to the pronounced need for

more deeply affordable rental housing that would be accessible to households falling into these low-income deciles.

4. There is diversity in the type of households that are facing affordability challenges in Newmarket.

Using both STIR and core housing need measures, there are certain types of households that stand out in the data as facing disproportionate housing affordability challenges.

The first type is one-person households. By all affordability measures, one-person households in Newmarket demonstrate the greatest need for affordable housing accommodations. One-person households account for the highest proportion of households facing affordability issues (29.8%), facing deep affordability issues (34.1%), in core housing need (39.4%), and considered low-income (44.8%) across all households in Newmarket. One-person households are particularly likely to face affordability challenges if they are renters, however, the data indicates that one-person owner households are also more likely to face these challenges.

The other type of households that are facing increased affordability challenges are those with children, including couples with children and lone-parent households. Considering all households, lone-parent households account for 18.5% in core housing need and couples with children account for 18.7% in core housing need. While these types of households are more likely to be owner households (in 2021, couples with children were the type of owner household most likely (29.3%) to be in core housing need), there are also notable affordability challenges among these types of renter households as well (in 2021, lone parent households made up 20.4% of households in core housing need).

This once again points to the need for a diversified housing supply that includes options, both ownership and rental, that are affordable and suitable across different household types, tenures, sizes, and incomes.

5. The current ownership housing market is not accessible to any household outside high-income deciles.

As outlined in the above data, the re-sale ownership market in Newmarket was not affordable to any household that did not fall into a high-income decile in 2024. Furthermore, the data shows that only apartment dwellings (which made up less than 20% of ownership options in 2021) were affordable to all high-income households in 2024. In this same year, single-detached dwellings were only affordable to the highest income households (the top 10%) in the Town. This points to a clear need for more housing that would be affordable for low- and moderate-income households, including more affordable ownership options along with more rental options that are suitable and affordable for a range of household compositions and incomes.

6. The lack of rental supply and ownership opportunities are creating a need for more rental options that are affordable to moderate income households.

On face value, the rental market looks accessible to households with moderate incomes (see Table 10 above). However, the inaccessibility of ownership options for these households is

leading to an increased rental demand which cannot be met by the current supply, meaning that this is another demographic that requires more affordable housing options.

Further, there are many renter family households that may be renting out of necessity rather than preference since, as noted above, ownership is inaccessible to nearly everyone in Newmarket apart from those in the highest income brackets. This could partially explain why there are less affordability issues for larger households when compared to smaller household types.

Impacts on an Inclusionary Zoning Policy

Though Table 13 highlights a need for more affordable ownership options, the proposed IZ regulations are unlikely to provide units that are truly affordable. The proposed regulations would require the affordable ownership units to be sold at 80% of average resale price, which for Newmarket was \$1.16 million in April 2023, according to the Toronto Regional Real Estate Board. At 80% of average resale price, the affordable units would sell for \$928,000, which is only affordable to households in the 9th income decile or higher.

Providing affordable rental IZ units, however, would enable households with incomes as low as the 4th income decile to afford the IZ units. Based on the analysis above, only affordable rental would provide housing that is affordable to households with low or moderate income.

2.4 Housing Gaps in Newmarket

This section summarizes the key 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 Newmarket with the existing and planned housing supply and trends in housing affordability.

This analysis led to three key housing gaps that summarize the current and emerging need for housing that is adequate, suitable, and affordable in Newmarket.

Key Housing Gap 1



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

From 2016 to 2021, the Town of Newmarket added +1,470 renter households – representing 90.5% of the total household growth during this period. This has occurred as the rental housing stock in the Town has been largely stagnant, adding only 301 purpose-built rental units since 1997.

The lack of new rental housing units has had predictable impacts on the rental market in Newmarket – rental prices on the primary rental market have been steadily increasing (+60.7% from 2015 to 2024) and vacancy rates have been below 1% from 2020 to 2022. These rental prices are also likely being kept down by an aging rental stock that has rent protections in place. Renter households in Newmarket are much more likely to be living in dwellings constructed before 1960 (17.5%) when compared to owner households (8.1%). While rent prices for unit sizes such as bachelors (\$754) and three-bedroom units (\$1,334) appear affordable, the availability of these units is questionable. There had been zero (0) bachelor or three-bedroom units added to the rental housing stock since 2004, until 20 three- or more-bedroom units were added in 2022. Otherwise, the current primary rental market is not affordable for low-income renter households (Table 13).

The lack of new rental housing in the primary rental market has forced some renter households, to seek accommodation in the secondary rental market, who would not have otherwise done so. The rent prices on the secondary rental market are much higher and do not offer the security of rent price and tenure that purpose-built rental market units do, leading to affordability and security of tenure issues for households in the secondary market.

The existing rental housing stock is aging and increasingly inadequate for Newmarket households. The rate at which tenants report that major repairs are required in their dwelling has increased since 2016 to 6.9% for renter households. This rate was only 3.0% for owner households, lower than that of 2016.

The lack of new rental dwellings in the market may be due to the development trends in the Town. Apartments were the most common dwelling type for renter households in Newmarket in 2021 (52.4%), despite a lack of new units being added to the Town's stock in recent years. Since 2013, only 247 apartment dwellings were built in Newmarket. While there were zero (0) apartment completions in the Town between 2020 and 2022, recent development data shows that there may be more of this dwelling type being introduced to the housing stock in the near future. Since 2013, 23.9% of the housing starts in Newmarket have been apartment dwellings.

There should also be consideration for the affordability of new rental housing in Newmarket. While increasing the supply can, over time, lead to lower rent prices, 39.1% of current renter households in Newmarket are facing affordability issues and 15.2% are facing deep affordability issues. Renter households have a considerably lower household incomes, on average, when compared to owner households (\$80,000 and \$146,400, respectively, in 2020) and were much more likely to be considered low-income (55.3% compared to 22.15 for owner households). These renter households would benefit from rent prices that are more affordable.

Key Housing Gap 2



There is a need for affordable housing for a range of ages, including housing options for young people looking to form households and seniors looking to age-in-place.

Recent trends indicate that the affordability of the housing market in Newmarket may be discouraging young people from forming households in the Town. From 2016 to 2021, the number of households with a primary maintainer younger than 25 decreased in the Town of Newmarket (-41.5% to 155 households in 2021). This occurred as these young households increased throughout York Region (+34.1%).

Young households with primary maintainers in the youth (aged 15-24 years) age cohort were the most likely to be facing affordability issues in Newmarket in 2021 (58.1%). This age cohort was also the most likely to be facing deep affordability issues by a substantial margin (38.7%). Further, 77.3% of this age cohort of household maintainers were considered low-income in 2020. With limited availability in the primary rental market, unaffordable rent prices in the secondary rental market, and escalating home ownership prices (+58.7% increase in house prices in Newmarket from 2016 to 2021), young people looking to form new households or move to Newmarket are facing a difficult affordability environment.

As young people are facing affordability challenges in Newmarket, the population is ageing and requires consideration as they look to age-in-place. Seniors made up the fastest growing age cohort in the Newmarket, with the Town adding +2,400 seniors from 2016 to 2021 (+20.8%). Senior households experienced the fastest growth of any household age cohort for household maintainers during this period, growing by +24.6%. These senior households were more likely to be non-family households (most likely one-person) or without children, referred commonly as empty nesters, than any other household type.

Senior households were the second most likely to be low-income (49.5%) of all age cohorts for primary household maintainers. This may indicate a need for affordable options for households as they age-in-place or require supportive housing accommodations, however it should also be noted that while households led by an individual aged 65 years or more may be more highly concentrated in the bottom three income deciles, these households often own a significant asset, such as their house, which gives them a high net worth without producing income.

Housing options for households for both young people forming households or seniors looking to age-in-place should be considered in Newmarket. The current market may be prohibitively unaffordable for young households to enter and grow in. Seniors who may be looking for smaller or more appropriate accommodations in the future will need available supply of housing. Addressing these gaps will create a more complete range of housing options for households of all ages.

Key Housing Gap 3



There is a need to diversify the housing stock to provide housing options for a range of household sizes, from one-person households to family-sized households.

While the average size of households in Newmarket (2.9 persons) was higher than Ontario (2.6 persons) and Greater Toronto Area (2.4 persons) in 2021, there are gaps in the affordable housing supply for households with a range of sizes. In 2021, households with four- or more- persons were the most common in the Town, but the household sizes with the highest growth, both in absolute terms and by growth rate, were one- and two-bedroom households. These smaller households grew by +8.0% during this period, accommodating for 65.2% of the total household growth in Newmarket.

By all affordability measures, one-person households in Newmarket demonstrate the greatest need for affordable housing accommodations. One-person households account for the highest proportion of households facing affordability issues (29.8%), facing deep affordability issues (34.1%), in core housing need (39.4%), and considered low-income (44.8%) across all households in Newmarket. One-person households had an average household income (\$58,650) considerably lower than that of households with two-or more-persons (\$146,200).

The availability of rental housing accommodations for one-person households in Newmarket is precarious. The Town has added zero (0) new bachelor units to its primary rental market since 2004 and the number of one-bedroom units had been decreasing until development of these unit sizes increased in 2018. The result of this stagnation has caused the average rent price for one-bedroom units in Newmarket to increase by +50.4% from 2015 to 2024. The vacancy rate of these units in 2022 was 0.5%, the latest year with vacancy rate data by unit size.

While one-person households are in the deepest need for affordable housing accommodations, the demand for housing suitable for larger households has been sustained in Newmarket. Lone-

parent families account for a disproportionate amount of the households facing affordability issues, particularly among owner households. This household type makes up 7.9% of all owner households and accounts for 10.6% of all owner households facing deep affordability issues (spending 50% or more of gross household income on shelter costs). Considering all households, lone-parent households account for 18.5% in core housing need, despite only making up 10.3% of households.

Similar to one-person households, there has been a lack of new rental units that can suitably accommodate larger households. The number of three- or more-bedroom units within the primary rental market universe in 2022 (60 units) was currently lower than it was in 2004 (75 units), although there have been 23 units added since. The average price on the re-sale ownership market was \$1,155,969 in 2023, unaffordable to any household with an income under approximately \$294,000.

Recent development activity, including housing starts from CMHC and the residential development applications to the Town, demonstrate a more diverse range of housing forms being planned in the Town. The approved permits contain a more appropriate balance of detached, townhouse, and apartment dwellings relative to the household trends emerging in Newmarket. The current housing market in Newmarket requires a more diverse range of housing options to accommodate the existing demand for family-sized dwellings while considering the growing need for affordable housing for one- and two-person households. While continuing to add to the diverse range of housing options through new development is key, the Town should also consider taking actions to prevent the loss of rental supply that has occurred in Newmarket in recent years through rental stock preservation measures.

	Gap 1	Gap 2	Gap 3
Key Findings	There is a need to increase the stock of purpose-built rental housing in the primary rental market in Newmarket.	There is a need for affordable housing for a range of ages , including housing options for young people looking to form households and seniors looking to age-in-place .	There is a need to diversify the housing stock to provide housing options for a range of household sizes, from one-person households to family-sized households .
Demand			
1. There is a need for diverse housing options that are suitable across a range of household incomes and compositions.	-	-	✓
2. There is a growing need for diverse, purpose-built rental options.	✓	-	✓
3. There is a growing need for housing options that are suitable for diverse populations (including senior households, younger age cohorts, immigrant households).	-	✓	✓
4. There is a growing need for more accessible housing and housing with supports.	-	-	-
Supply			
5. The new supply being added in Newmarket has been historically misaligned with demand.	✓	-	✓
6. House prices have increased rapidly which has likely impacted the increased demand for rental housing options.	✓	-	-
7. The demand for rental housing is not being met by the primary market and renters are increasingly turning to the secondary market to meet their needs.	✓	-	-
8. Renter households are more likely to require major repairs in their living accommodations.	✓	-	-
9. There is increasing demand for non-market, community housing options in Newmarket.	-	-	-
Affordability			

	Gap 1	Gap 2	Gap 3
10. Deep housing affordability challenges appear to have stagnated or declined in Newmarket; however, this trend is likely misleading and due to temporary Covid-19 relief programs.	-	-	-
11. Renter households are significantly more likely to experience deep core affordability challenges as compared to owner households.	✓	-	-
12. Low-income households are much more likely to experience housing affordability challenges as compared to households in any other income decile.		✓	-
13. There is diversity in the type of households that are facing affordability challenges in Newmarket.	-	-	✓
14. The current ownership housing market is not accessible to any household outside high-income deciles.	-	-	-
15. The lack of rental supply and ownership opportunities are creating a need for more rental options that are affordable to moderate income households.	✓	-	-

3.0 Inclusionary Zoning Impact Assessment

This section describes what inclusionary zoning is, the methodology used to assess the impact of implementing inclusionary zoning in the Town of Newmarket and the results of that process.

This section is structured to respond to the requirements in subsection 2(1)6 of O. Reg 232/18, and the assessment considerations described in clauses 35.2 (2) (a), (b), (e) and (g) of the Planning Act.

3.1 Definition of Inclusionary Zoning

Inclusionary zoning is a tool that can be used by municipalities to increase the supply of affordable housing. Typically, developers are required or encouraged to dedicate a proportion of new residential developments to affordable housing. Inclusionary zoning has enabled the development of affordable housing in markets where such housing would not normally be developed.

Most of the experience with inclusionary zoning has been in jurisdictions in the United States although some Canadian municipalities have used it to some extent, such as Victoria, British Columbia and Montreal, Quebec. Two municipalities in Ontario have recently introduced inclusionary zoning by-laws: Toronto and Mississauga; however, there have not been any housing developments that have finished construction under their IZ by-laws to date.

Inclusionary zoning is being considered in Newmarket to help address the significant need for rental and ownership housing options which are affordable to households with low and moderate incomes as demonstrated in this needs assessment.

3.2 Provincial Enabling Legislation

The ability to implement inclusionary zoning in Ontario is relatively new and has undergone many changes. In 2016 the Provincial government amended the Planning Act through the Promoting Affordable Housing Act, 2016 and provided municipalities with an inclusionary zoning tool. On June 6, 2019 the More Homes, More Choice Act (former Bill 108) received Royal Assent and directed that inclusionary zoning could only be applied within Protected Major Transit Station Areas or where a Development Permit System (also called a Community Planning Permit System) has been approved by Council.

In October 2023 additional modifications to the Inclusionary Zoning regulations were proposed through Bill 23, *More Homes, Built Faster: Ontario's Housing Supply Action Plan 2022 – 2023 Act*. Though the changes to the IZ regulations proposed in Bill 23 have not been enacted at this time, this analysis incorporates this direction from the Province.

The major differences to potential inclusionary zoning policies in the draft Bill 23 changes are:

- The percentage of affordable units (or GFA) can be a maximum of 5%. The current regulations do not specify a maximum percentage.

- The depth of affordability is specified as 80% of market prices; which is interpreted as 80% of average market rent as reported annually by CMHC for rental units, and 80% of the average resale price of homes in Newmarket for ownership units. The current regulations do not provide guidance on what “affordable” means, leaving this up to the municipality to define in their IZ by-laws.
- The maximum period that the IZ units can be retained at their affordable price is 25 years in the draft changes. The current regulations do not specify a maximum period.

All of the potential changes noted above would be allowable under the current regulations; if Newmarket were to pass IZ by-laws using the proposed new criteria from the Province, the by-laws would not be in conflict with the existing IZ regulations.

The preliminary analysis was conducted before Bill 23 was tabled, and explored a range of policy options that would be allowed under the existing regulations. Should the Town wish to pursue IZ policies with longer affordability terms, higher proportions of IZ units or alternative depths of affordability, the preliminary analysis would need to be updated to consider these parameters and the results of the new analysis incorporated into this report.

Ontario Regulation 232/18 on inclusionary zoning provides further detail on how a municipality can implement inclusionary zoning policies. The regulations state municipalities are required to complete an assessment report analyzing housing need and demand and the impact on land values of inclusionary zoning. More specifically, the assessment report must contain the following, and are addressed in the following sections of this report:

Table 15: Inclusionary Zoning Regulatory Requirements

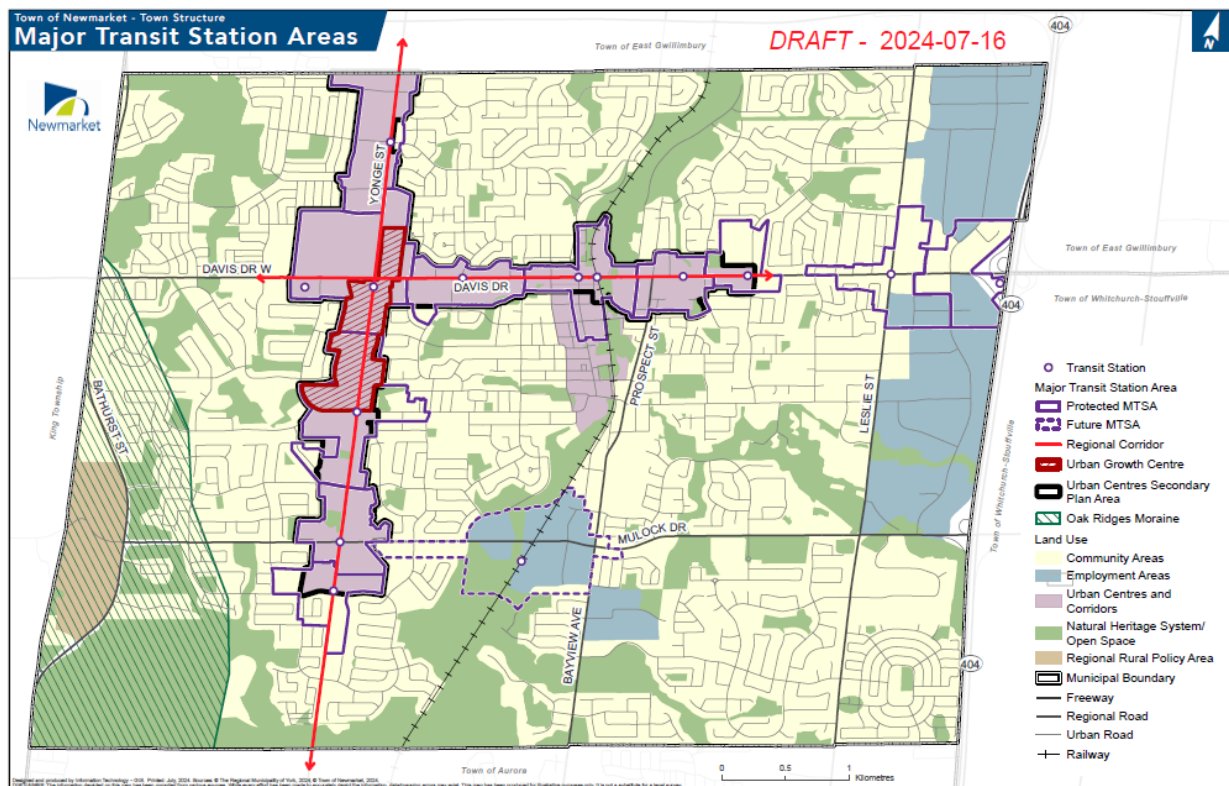
Regulatory Requirement	
1.	An analysis of demographics and population in the municipality
2.	An analysis of household incomes in the municipality
3.	An analysis of housing supply by housing type currently in the municipality and planned for in the Official Plan
4.	An analysis of housing types and sizes of units that may be needed to meet anticipated demand for affordable housing
5.	An analysis of the current average market price and the current average market rent for each housing type, taking into account location in the municipality
6.	<p>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, including requirements in the by-laws related to the matters mentioned in clauses 35.2 (2) (a), (b), (e) and (g) of the Act, taking into account:</p> <ul style="list-style-type: none"> i. value of land ii. cost of construction iii. market price iv. market rent v. housing demand and supply <p>The analysis of the value of land shall take into account provincial policies and plans and Official Plan policies related to growth and development in the municipality.</p>
7.	A written opinion on the analysis described in Paragraph 6 from a person independent of the municipality and who, in the opinion of the council of the municipality, is qualified to review the analysis

3.3 Areas Where Inclusionary Zoning Can Be Implemented

Inclusionary zoning can only be applied within Protected Major Transit Station Areas or where a Development Permit System (also called a Community Planning Permit System) has been approved by Council. The IZ analysis examined the Protected Major Transit Station Areas in Newmarket, shown in the image below.

The analysis found that there is not sufficient housing market differences across the study area to require separate analysis by location. The IZ analysis treats all of Newmarket's protected major transit station areas as a single housing market.

Figure 37: Major Transit Station Areas (MTSAs) in Newmarket



Source: City of Newmarket, 2024

3.4 The Process for Implementing Inclusionary Zoning

An assessment report is one of the prerequisites for implementing inclusionary zoning. An assessment report must include an analysis of Newmarket's demographics, housing supply, and the potential impacts to the housing market and financial viability of residential development of potential inclusionary zoning policies.

The components of this assessment report include:

- an overview of the IZ enabling legislations and requirements of the assessment report;
- a demographic and housing market analysis;
- an explanation of the IZ assessment methodology;
- a summary of the results; and
- presentation of the recommended IZ policies.

The Inclusionary Zoning assessment report does not implement IZ policies. The assessment report provides background analysis to support a future report to Newmarket Town Council for creation of inclusionary zoning Official Plan policies and Zoning By-laws.

3.5 Implications on Planning Policy

Inclusionary zoning has potential implication on the ability of other Town of Newmarket planning policies to accomplish their objectives. The primary risk is that IZ policies could create a large enough impact to residential land values that non-residential uses such as retail or office development could become more viable than residential development, or residential development interest may slow for an extended period. This risk needs to be considered against the other community-building objectives for protected major transit station areas.

3.6 Approach

This section outlines the approach that was used to analyze the impact of a suite of potential inclusionary zoning policies in Newmarket.

Based on the findings from the assessment of housing needs in the Housing Needs Assessment portion of this report, an analysis of potential impacts on the housing market and on the financial viability of development or redevelopment from inclusionary zoning by-laws in multiple market areas and three levels of density (low-rise, mid-rise, high-rise) was conducted. The baseline analysis included apartment condominium and apartment rental analysis, with the inclusionary zoning scenarios only examined for condominium apartments, as it was found that purpose built rental projects do not appear to be viable, and are unlikely to come to market, in the near future.

At the outset of the inclusionary zoning impact assessment, the financial and site specifications were vetted with Town of Newmarket staff and with select individuals from the not-for-profit and for-profit development sectors, who were interviewed individually to receive feedback.

This analysis assumes that there is a single residential housing market for IZ purposes in Newmarket. After the preliminary analysis, it was found that there is insufficient housing market differences between sites in the protected major transit station area to identify multiple housing markets for use in the inclusionary zoning policies.

3.6.1 Overview

The inclusionary zoning impact assessment involves an analysis of residual land values. A residual land value (RLV) analysis is used to analyze the viability of a potential project, often to determine whether a parcel of land should be purchased or not, based on the financial analysis of the potential project. The RLV analysis compares the potential costs (including, hard costs,

soft costs, and expected profit margins) to the revenues the project is expected to generate. Any surplus revenues (i.e. residual amount) is what can be paid for the land and is therefore referred to as the residual land value for the project scenario.

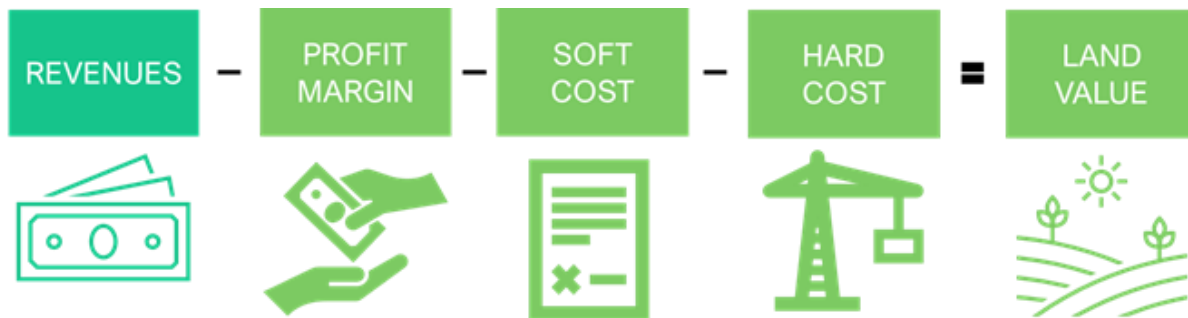
For this inclusionary zoning impact assessment, the residual land value is calculated for several scenarios. The resulting RLVs are compared against the RLV of a residential condominium at the same location with no inclusionary zoning applied, quantifying the difference between the most viable development for that building size and development scenarios where some of the potential revenue is allocated to providing affordable housing through inclusionary zoning.

Residual land value is a method for calculating the value of development land.

It is the value of the land that remains after all costs of developing the land have been subtracted. It is used to help developers determine the appropriate land prices to be paid.

The equation used to calculate residual land value is the gross development value less the total project cost, including fees and developer profit.

Figure 38: Residual Land Value Method



Source: SHS, 2024

Figure 39: Illustration of Inclusionary Zoning Impact on Land Value



Source: SHS, 2024

In this illustration, each conceptual project uses the same building and site specifications. What differs is the percentage of the gross floor area (number of units) set aside for inclusionary zoning. In the illustration, the hard costs, soft costs, and profit margins are the same with or without inclusionary zoning. The figure also shows that there is some amount of project revenue generated from the inclusionary zoning component of the project, but not enough to match the total project revenue of the project, on the left, since units are provided at affordable rates under an inclusionary zoning policy. As the revenues decrease under an inclusionary zoning policy, how much the proponent can afford to pay for the land, the residual land value, also decreases.

Due to the recent rapid rise in construction costs, many apartment rental and condominium construction projects are not viable at this time. The total cost of the project is expected to be more than the expected future sales revenue, plus the assumed 15% profit margin. An RLV analysis is still a useful tool in these cases, measuring how much the value the project decreases when IZ is applied. Where the project is not currently viable, the RLV impact will be expressed as a reduction in the profit amount to allow for comparison to the magnitude of the expected profit of a financially viable project. For some projects the profit reduction would reduce the profit to further below 15%, and others the reductions would completely eliminate any profit or result in a project that does not have sufficient revenues to offset construction costs.

An explanation of the methodology and assumptions related to the project revenue, cost and profit aspects are presented in the following sections.

Revenue

The revenues generated by a project are composed of a combination of several elements, including:

- Sale price of market and affordable (IZ) ownership units
- Rental revenues from market and affordable (IZ) units
- Commercial rental income (only in the high rise and mid-rise scenarios)
- Revenue from sale and leasing of parking spaces

For this analysis, prices for condominium units were determined by calculating the required revenue per-square-foot to have a viable 21 storey residential condominium building and examining trends in condominium per-square-foot sales prices. Market rents for purpose-built rental were determined by a point in time scan of current listings in May 2023 for the initial analysis and again in July 2024 for this analysis. Both rents and sale prices were verified by Town staff and developers during this study.

The rental and leasing revenue streams are converted to a land value by examining the net operating revenues after expenses, excluding mortgage payments. The net operating income (NOI) is divided by the capitalization rate. A capitalization rate of 4.75% was used for residential revenues, and 5.5% for commercial revenues where applicable.

3.6.2 Cost to Develop

The cost to develop is broadly categorized as hard costs, soft costs, land costs, and profits.

Hard Costs

Hard costs include the costs associated with constructing the physical building, which includes materials and labour.

The individual components of the hard costs might include:

- Base Construction Cost of the building
- Parking Construction Cost
- Site Servicing
- Appliances, Furnishings, and Equipment
- Contingency

There are several 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. For this project, most hard costs were based on the 2024 Altus Cost Guide for multi-residential development in the Greater Toronto Area (GTA). At the time of this analysis, 2023 annual industry benchmarks were used and 2024 benchmarks were used where available. With the IZ percentage being a proportion of the gross floor area (GFA), changing the hard costs will have a proportional impact when IZ is applied – the percentage decrease in viability due to IZ will stay mostly the same as costs increase. In addition, hard cost assumptions were discussed with developers in Newmarket.

Soft Costs

Soft costs include the costs associated with planning the development, managing the construction project, acquiring development approvals, and building permits.

The individual components include:

- Professional Fees including architect, engineer, cost consultant (Quantity Surveyor), planning consultant, and other consultant fees
- Site Studies
- Real Estate Agent Sales Commission Fee for ownership units
- Legal Fees
- Marketing Costs for rental units
- Property taxes during construction
- Financing Costs
- Fees and Permits including Municipal and Regional Planning Application fees, Building Permit fees, Development Charges, Parkland Dedication fees

Like hard costs, soft costs are largely dependent on the type of building, sites, and other development specifications. For this study, soft costs were determined based on desk research and SHS Consulting's considerable development experience. These assumptions were also verified with developers in Newmarket.

Land Costs

For this study, a certified land appraiser, Janterra Real Estate Advisors Inc., was engaged to provide estimates of the current land values in or near Newmarket's protected major transit

station areas in August 2022. As this data became out of date by the time of the final analysis, this data is used as a reference point, but is not used as a reliable metric for assessing the viability of the modelled projects. To assess the potential impacts of IZ, we used a land acquisition cost of 10% of the total project, which serves as an easily understood reference point for consideration by Council when evaluating the potential impacts of IZ on development.

The analysis assumes that the parcels of land would be purchased, and land transfer taxes would be paid, as opposed to assuming that the land is already owned.

Profit

In this study project profitability is measured as a proportion of the total project value, with a viable project achieving 15% profit on the total project revenues. Interviews with developers in Newmarket confirmed that aiming for 15% profit is a reasonable metric for hypothetical scenarios. Some developers would prefer to have a slightly higher target, while others would be willing to accept slightly lower targets, 15% appears to be a reasonable compromise. SHS has used a 15% profit margin in multiple IZ analysis projects, with the development industry in each community finding it an acceptable benchmark rate.

3.6.3 Revenue

Project revenues from the following sources are included:

- Sale of condominium units
- Capitalized value of revenue streams including: residential and commercial rents, and parking revenue.

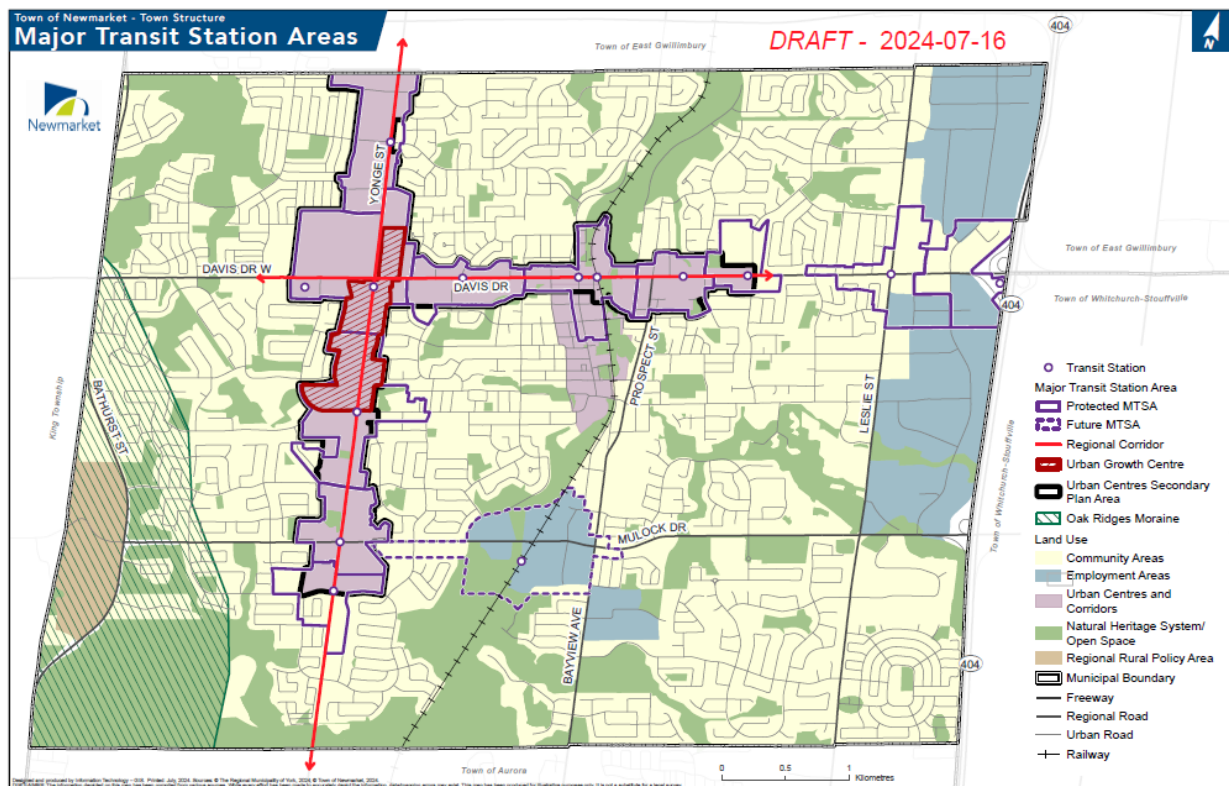
3.7 Selecting Locations for Analysis

This section provides an overview of the housing markets selected for analysis, and the methodology that was used to identify these housing markets.

The IZ analysis examined the Protected Major Transit Station Areas in Newmarket, shown in the image below. The initial analysis examined three PMTSAs to gain insight into potential locational differences across the study area:

- Davis and Yonge
- Yonge and Eagle
- Longford and Davis.

Figure 40: Major Transit Station Areas (MTSAs) in Newmarket



Source: City of Newmarket, 2024

The analysis found that there is not sufficient housing market differences across the study area to require separate analysis by location. There were insufficient land transactions for the land appraiser to differentiate between the areas within the study (3 comparable transactions in all of Newmarket), and there are too few (none) recent apartment condominium or rental projects to obtain purchase price or market rent data within the study area. The IZ analysis treats all of Newmarket's protected major transit station areas (and potential PMTSAs) as a single housing market.

3.8 Determining the Impact of an Inclusionary Zoning Policy

This section includes an overview of the variables that were used to create scenarios to determine the impact of inclusionary zoning.

Three "prototype" buildings were modeled, a 21 storey high-rise building, a 11 storey mid-rise building and a group of 3 storey townhouses. The Town of Newmarket provided the general site and building specifications for the currently in-progress high rise, mid-rise and low-rise developments within the PMTSA to be used in this analysis. For the initial assessment, 78 unique scenarios were produced to examine the impacts of inclusionary zoning. Each of these scenarios included a unique combination of the following variables.

Initial Assessment Parameters:

- Site Location: Three PMTSA locations
- Site Density: high-rise, mid-rise or low-rise
- Base Building Tenure: ownership or rental
- Tenure of the Affordable (IZ) Units: ownership or rental
- Proportion of the GFA that is Affordable: 0%, 10%, 15% and 20%
- Duration of Affordability: 25 years, and 99 years for select scenarios

The analysis identified that Newmarket does not have sufficient housing market differentiation within the study area to justify inclusionary zoning policies that differ by location and the final analysis uses a single housing market.

The initial analysis included three IZ set aside percentages to understand the RLV sensitivity and to provide benchmarks for comparing potential IZ impacts across the various scenarios. The final analysis is for only a 5% IZ set aside percentage and a 25 year affordability period based on the proposed changes to the IZ regulation in Bill 23.

Assessment Parameters for this analysis:

- Site Location: One location
- Site Density: high-rise, mid-rise or low-rise
- Base Building Tenure: ownership or rental
- Tenure of the Affordable (IZ) Units: ownership or rental
- Proportion of the GFA that is Affordable: 5%
- Duration of Affordability: 25 years

In some municipalities, inclusionary zoning policies are implemented with a variety of incentives that off-set some of the financial impact of the policy for developers. Where additional density is provided as an incentive, the residual land value impact analysis begins by calculating the amount of increase the additional density provides. This is followed by an assessment of how much of the additional value can be allocated to IZ. For the purpose of this analysis, no incentives were included at this time.

Process to Determine IZ Impact

The residual land value analysis was conducted in two steps:

1. Calculate the residual land value (using the prototype building specifications)
2. Determine the impact of an IZ policy on the residual land value.

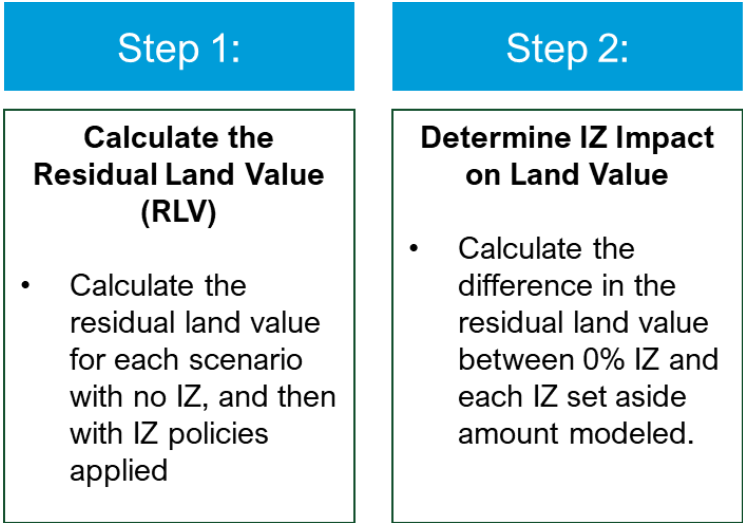
Step 1: Calculate the residual land value (using the prototype building specifications)

In Step 1, the RLV for each scenario with no IZ, and with IZ policies applied was calculated. The resulting residual land values with no IZ were examined to determine which scenario (ownership or rental) had the highest RLV for each of the two housing markets. In all cases, an ownership, condominium development had the highest RLV, and thus became the “base case” value that the subsequent scenarios were compared against.

Step 2: Determine the IZ impact on the residual land values

In Step 2, the RLV for each scenario was compared to the base case with 0% IZ to determine the amount of land value lost, and the amount of profit (%) that would have to be forgone to offset the revenue reductions from the IZ units.

Figure 41: Process to Determine IZ Impact



3.9 Key Financial Analysis Assumptions

This section will provide an overview of the key assumptions used to develop the pro-forma models.

3.9.1 Site and Building Characteristics

The site characteristics are assumed to be the same for all locations within the study area and for each density category. Based on feedback from the second round of stakeholder engagement (in 2024), and shifts in interest rates and construction costs, unit sizes were reduced to increase the number of units and improve the viability of the prototype projects. The unit sizes were reduced by approximately 100 square feet from the previous analysis, resulting in an approximately 10% increase in the number of units in each prototype building. The construction cost estimate has also been shifted from the high end of the range provided in the Altus Group Canadian Cost Guide (2024) to the midpoint between the high and low end of the range.

High Rise Prototype Building and Site

Town of Newmarket staff applied current zoning and urban design guidelines to guide the general massing for a 21-storey building, composed of a 4-storey podium and a 17 storey tower. Analysis was performed for below ground and above ground parking. The podium is 2,400 square metres, with 50% of the ground floor assumed to be occupied by commercial uses. A site area of 6,200 square metres was used to provide sufficient land to physically construct the building.

Mid-Rise Prototype Building and Site

The mid-rise prototype building was based on sample projects provided by Town of Newmarket staff and is a 11-storey building. The site area is 5,611 square metres. The 1,825 square metre ground floor is assumed to be 50% occupied by commercial spaces. The remainder of the ground floor, and each of the ten other 1,825 square metre floors are occupied by residential uses. Parking scenarios included both underground and above ground parking.

Low Rise Prototype Building and Site

The low rise prototype building is assumed to be a collection of 3-storey stacked townhouse units on a 5,611 square metre parcel. The stacked townhouse built form is assumed to include one-bedroom units in the same ratios as the other scenarios.

Table 16: Prototype Building Statistics

	21 Storey	11 Storey	Towns
Total Site Area (m2)	6,200	5,611	5,611
Gross Floor Area (m2)	23,171	20,075	4,800
Commercial Floor Area (m2)	599	456	0
Net Floor Area (m2)	19,695	17,064	4,080
Net Residential Floor Area (m2)	19,096	16,608	4,080
Building Height (Storeys)	21	11	3
Podium Storeys	4	11	3
Total Units	268	218	58
Parking	295	240	67

Table 17: Unit Mix and Unit Sizes

Unit Sizes and Mix	1-Bedroom	2-Bedroom	3+ Bedroom
Mix	40%	45%	15%
Unit Sizes			
Unit Sizes (sq. ft.)	550	800	1100

The unit sizes presented here are used for the entire building, for both the market units and IZ units. The IZ analysis assumes that a similar proportion become affordable units. The IZ policies are usually based on a GFA basis, not a per unit basis. For a developer the costs are (mostly) on a per square foot basis, so whether they provide one 3-bedroom unit (1100 ft. sq.) or two 1-bedroom units (1100 ft. sq. total) the impact to the project is very close to the same.

During the 2024 stakeholder engagement, the amount of parking to be modelled was discussed, within the context of the Province removing the requirement for parking in PMTSAs. The general feedback from the developers in Newmarket that we spoke with is that developments in Newmarket will need parking to be marketable. The parking ratios used in the initial analysis appear to be in line with what developments in Newmarket are likely to request in the immediate future,

Table 18: Parking Ratios

Unit Size	Parking	
	High Rise	Townhouse
Studio	0.7	N/A
1-bedroom	0.8	1
2-bedrooms	1.0	1
3-bedrooms	1.2	1
Visitor	0.15	0.15

3.9.2 Financial Model Assumptions

Financial model assumptions were developed prior to completing the pro-forma analysis. The assumptions are based on desk research and SHS Consulting’s experience as development consultants. The assumptions were verified with developers and key informants from Newmarket through one-on-one interviews. All the assumptions are based on the data available in 2024.

Unit Pricing

The three tables below provide a detailed overview of the assumptions related to pricing. The average market rents are from the CMHC 2023 rental market survey for Newmarket. Average market rental rates by area and building type were established based on an environment scan of rental prices collected from Padmapper.ca in July 2024²¹. Condominium prices are based on condominium market trends reported by Urbanation in May 2022, and calculating what the necessary price per square foot would need to be for the 21-storey building to approach financial viability.. A price per square foot of \$1,320 was used for pricing the condominium units, inflating the approximately \$1,200 price in the 2022 Urbanation report by 10% to offset the unit size reductions. During stakeholder engagement, the general feedback was that a target of \$1,200 per square foot may be more than what the market can bear, but represents what the sales price range needs to be to bring forward viable projects. One of the inputs on the cost of the project, that must be recouped through the price of the units is the land cost; for this analysis we allocated 10% of the total project cost to land acquisition.

The affordable prices were calculated based on the draft changes to the IZ regulations proposed in Bill 23, where the affordable units are at 80% of the average market price. The affordable

²¹ The viability of purpose built rental projects is of significant interest from an affordability perspective. Two factors on the viability of purpose-built rental were updated to 2024values to ensure this information is up to date: market rent prices through a point in time scan of Padmapper, and the rental capitalization rate from the 2024 CBRE report.

ownership price is 80% of the market price, based on \$1,320 per square foot for the market units. The affordable rental prices are 80% of average market rent (AMR) as reported by CMHC. The required income level to purchase the affordable units has not been included due to the high level of uncertainty in the mortgage market at this time.

Table 19: Ownership Pricing for IZ Analysis

Ownership Pricing		
Unit Size	Affordable Price	Market Price
1-bedroom	\$580,800	\$726,000
2-bedrooms	\$844,800	\$1,056,000
3-bedrooms	\$1,161,600	\$1,452,000

Table 20: Rental Pricing for IZ Analysis

Rental Pricing		
Unit Size	Affordable (80% of AMR)	Market
1-bedroom	\$1,362	\$2,291
2-bedrooms	\$1,509	\$2,436
3-bedrooms	\$1,617	\$2,965

General Assumptions

The table that follows provides some of the financial model assumptions for this analysis.

The construction financing and HST percentages are standard rates. The capitalization rate is sourced from the quarterly report from CBRE, and the discount rate is based on SHS Consulting's experience as development consultants, and telephone interviews with experts.

Table 21: General Financial Assumption for IZ Analysis

Financial Assumptions		
Variable	Assumption	Notes
HST Rate	13%	
Profit Margin	15%	of total revenues
Discount Rate	7.6%	Source: https://wowa.ca/commercial-mortgages November 2024
Capitalization Rate (Rental)	4.75%	CBRE Q3 2024 Canadian Cap Rates & Investment Insights for Toronto. High end of Class A highrise.
Capitalization Rate (Retail)	5.5%	CBRE Q3 2024 Canadian Cap Rates & Investment Insights for Toronto. High end of High Street Residential
Construction Period	120 units or less: 18 months 121 units to 240 units: 24 months 241 units or more: 30 months	
Construction Financing	75%	of construction costs (rental scenarios)

The Discount Rate is the rate of return used to reduce future cash flows back to their present value. The Capitalization rate (also known as cap rate) is used in the world of commercial real estate to indicate the rate of return that is expected to be generated on a real estate investment property; it can also be used to estimate the sales value of a rental property by dividing the net operating income by the capitalization rate.

Hard Cost Assumptions

The hard costs assumptions were primarily derived from the Altus Group Canadian Cost Guide for 2024. Some assumptions were derived from recent comparable projects for which SHS acts as the development consultant. Costs were validated with developers in Newmarket. An overview of the hard cost assumptions can be found in Table 22 below. At the time of this analysis, not all of the 2024 industry benchmarks were available, and 2023 benchmarks were used. With the IZ percentage being a proportion of the gross floor area (GFA), changing the hard costs will have a proportional impact when IZ is applied – the percentage decrease in viability due to IZ will stay mostly the same as costs increase.

Table 22: Capital Costs - Hard Costs

Capital Costs – Hard Costs		
Variable	Assumption	Notes
3 Storey Stacked Townhouse (Wood Frame)	\$258	Source: Altus Group Canadian Cost Guide 2024, middle of range
5 to 6 Storey Wood Framed Condo	\$288	Source: Altus Group Canadian Cost Guide 2024, middle of range
Apartment up to 12 Storeys (per sq. ft)	\$338	Source: Altus Group Canadian Cost Guide 2024, middle of range
Apartment 13 to 39 storeys (per sq. ft)	\$338	Source: Altus Group Canadian Cost Guide 2024, middle of range
Underground Parking (per sq. ft.)	\$238	Source: Altus Group Canadian Cost Guide 2024, middle of range
Free Standing (above ground) Parking (per sq. ft)	\$175	Source: Altus Group Canadian Cost Guide 2024, middle of range
Surface-Level Parking Construction (per sq. ft.)	\$23	Source: Altus Group Canadian Cost Guide 2024, middle of range
Hard Cost Contingency Factor (% of hard costs)	10%	Based on recent projects (SHS Consulting)

Soft Cost Assumptions

The soft costs assumptions were developed with input from Town of Newmarket staff, 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 Newmarket. An overview of the soft costs assumptions can be found in Table 23 below.

As mentioned previously there were draft changes to the IZ regulations in Bill 23; in the same bill there were other changes that have been implemented that reduce some soft costs for new developments. With the changes associated with Bill 23, affordable housing units are exempt from parkland dedication fees and development charges. Additionally, purpose built rental

buildings receive partial exemptions based on the number of bedrooms in each unit. These changes are included in the analysis.

Table 23: Capital Costs - Soft Costs

Capital Costs – Soft Costs		
Soft Costs	Assumptions	Notes
Professional Fees, Site Plan Reports, Legal, Marketing (including commission for real estate agents for rental units), Contingency	20%	of total capital costs (target percentage)
Real Estate Agent Sales Commission Fee	5.0%	of revenues on sale of condominiums
Lender's Administrative Fee (% of total capital costs)	0.75%	Based on recent projects (SHS Consulting)
Construction Loan Interest Rate	7.6%	Source: https://wowa.ca/commercial-mortgages November 2024

The fees and charges are based on the information available as of July 2022. There have been small adjustments to the fees since the data was originally collected.

Table 24: Municipal and Regional Fees 2024

Municipal and Regional Fees		
Variable	Assumption	Notes
Newmarket Development Charges (units under 700 sq. ft.)	\$18,060	Per unit
Newmarket Development Charges (units 700 sq. ft. or more)	\$25,282	Per unit
Newmarket Development Charges (Non-residential)	\$99	Per sq. m.
York Region Development Charges (units under 700 sq. ft.)	\$37,708	Per unit
York Region Development Charges (units 700 sq. ft. or more)	\$57,988	Per unit
York Region Development Charges (Non-residential)	\$766	Per sq. m.
School Board DCs	\$8,184	Per unit
CBC	4%	of the land value. Applicable to buildings of 5 or more storeys AND adds 10 or more units.
Parkland Dedication	# units / 1000 * 0.7 hectare land value	Up to 50% of the land value
Parkland Dedication: Pedestrian Mews	6 metre frontage	For sites over 1,000 m2. Will include as part of the land area, when calculating land price

Inclusionary Zoning Assumptions

The assumptions for inclusionary zoning were established in collaboration with Town of Newmarket staff and directed by the draft Bill 23 regulations. It was determined that:

- IZ should apply to the entire building,
- IZ set aside percentage of 5%,
- Affordable rental units priced at 80% of average market rent by number of bedrooms,
- Affordable ownership units priced at 80% of the assumed sales prices by number of bedrooms,
- The duration of affordability for any units resulting from an IZ policy would be 25 years.

3.9.3 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.

This analysis considers the residual land value implications for a development under current market conditions. The COVID-19 pandemic has resulted in construction cost escalations, rapid changes in housing sale prices, and rapid changes in rental pricing. As of 2024, the construction

cost escalation through the pandemic has not reversed and is being treated as a reliable cost benchmark. This analysis suggests that construction costs exceed potential revenues for purpose built rental, and some condominium projects, which suggests that there should be downward pressure on construction costs over the longer term, but has not been seen to date.

Of note is that no financial incentives, other than those required by Bill 23 and through the purpose-built rental incentives to reimburse HST in Ontario, were considered in this testing to offset the financial impact of the IZ policies. The Town has pre-zoned the MTSAs with higher density permissions, with the expectation that some of this additional density would result in affordable housing.

Another significant limitation of this analysis is that a residual land value analysis cannot assess historical and speculative land purchases. The analysis of land values showed that many of the land transactions were assembly of lots, and that there were few transactions in the last five years. These previously assembled parcels may support higher amounts of inclusionary zoning due to paying a lower price than the current market price for land, though often these assembled parcels have ongoing costs or are financially leveraged and have a total land acquisition cost that is higher than the parcel purchase price.

The analysis isolates a development to a single phase. Large lots suitable for multi-residential development are generally accumulated over time and developed in multiple phases. The analysis assumes that each phase of a development could be assessed as one of the prototype developments.

A limitation specific to Newmarket is that there has not been a significant amount of new apartment condominium or rental apartment development recently, providing few reference points to ground the analysis on. Additionally, there is a very small rental market, with insufficient numbers of studio units and three-bedroom units for CMHC to include these in their annual rental market report. The currently advertised rents in Newmarket do not appear to support construction of new purpose built rental apartments in the MTSAs.

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 Newmarket:

- This report assumes 'typical' developer costs and prototypical built form
- Site specific aspects (such as: heritage components, ground contamination) that are not accounted for in this analysis could affect cost or revenue
- Zoning assumptions in this analysis does not include site-specific zoning
- Parkland dedication estimate in this analysis assumes no fees have been paid previously, which may overstate the fee.

It is important to note that this analysis only provides a high-level overview of the impact of an IZ policy in Newmarket. 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.

3.10 Analysis of Inclusionary Zoning Impact to Land Value

This section will provide the analysis on the impact of inclusionary zoning on land value in Newmarket near the major transit station areas.

Financial pro-forma tests were developed to analyze the change in land value that occurs when inclusionary zoning requirements are applied to prototypical development scenarios. 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 Town of Newmarket in developing an inclusionary zoning by-law.

The results from the pro-forma scenarios present the impact to residual land values resulting from the inclusion of an inclusionary zoning policy which requires some units to be affordable within a high-rise, mid-rise or low-rise development.

The results are presented based on the two steps of the methodology as shown in Figure 41. As a reminder, these three steps are:

1. Calculate the residual land value of the prototype developments with and without inclusionary zoning
2. Determine the impact of an inclusionary zoning policy on the residual land value

Step 1: Calculate the residual land value (using the prototype building specifications)

In Step 1, the RLV for each scenario with no IZ, and with IZ policies applied was calculated. The resulting residual land values with no IZ were examined to determine which scenario (ownership or rental) had the highest RLV. In all cases, an ownership, condominium apartment development had the highest RLV, and thus became the “base case” value that the subsequent scenarios were compared against.

Of note is that only the Townhouse ownership base case was a viable project that showed at least 15% profit margin. Three other scenarios could allocate 10% of costs to land acquisition, but less than the target 15% profit margin which suggests that the project would not likely be pursued at this time (the project is not viable).

None of the purpose-built rental projects had viable RLVs, including the townhouse scenarios.

For ownership condominiums, the 21-story base case has a negative RLV of -\$18,805,000 and a profitability of 4.6% after 10% of development costs are allocated to land acquisition. This makes this scenario not likely viable at this time. The 11-story base case condominium has a negative RLV of -\$18,934,000 which is also not a viable project. The base case condominium stacked townhouse project has an RLV of \$8,851,000 and a profitability of 25.8% after land costs.

The purpose-built rental scenarios with 0% IZ show similar outcomes. The 21-story building is not viable as the analysis shows a negative RLV of -\$66,271,000. The 11-storey rental project has a negative RLV of -\$58,497,000 and would result in a 33.1% lower profit margin than an 11-storey ownership condominium project. The rental townhouse project is also not viable with a profit margin 8.9% after land costs.

Table 25: Inclusionary Zoning Analysis Base Cases

Base Cases								
Base Tenure	Density Scenario	IZ Tenure	IZ Scenario	RLV (FV)	RLV / GFA	Project Viability	IZ Term (years)	Profit with 10% Land Cost
Ownership	21 Storey	None	None	-\$16,894,000	-\$68	Not Viable	0	-0.3%
Ownership	11 Storey	None	None	-\$17,479,000	-\$81	Not Viable	0	-2.2%
Ownership	Towns	None	None	\$8,851,000	\$171	Viable	0	23.3%
Rental	21 Storey	None	None	-\$123,578,000	-\$495	Not Viable	0	-112.3%
Rental	11 Storey	None	None	-\$105,568,000	-\$489	Not Viable	0	-119.2%
Rental	Towns	None	None	-\$10,793,000	-\$209	Not Viable	0	-38.7%
Rental with Incentives	21 Storey	None	None	\$13,908,000	\$56	Not Viable	0	13.5%

For purpose built rental projects in Newmarket today, the analysis shows that they are not viable, with very substantial financial losses. To provide some insight into how much the purpose built rental financial scenario would need to change for projects to become viable four changes were introduced to the model: a 150% increase in market rental prices, a \$105,000 grant per unit to reduce the construction cost, a 2% reduction of interest rates, and a 100% rebate of property taxes. These four changes bring the project to 13.5% profit after land costs, which is close to viable. A more detailed analysis of potential incentive would need to be performed to understand which of these types of incentives (operating and capital) the Town of Newmarket could potentially use to incentivize new rental construction.

Step 2: Determine the IZ impact on the residual land values

To establish the comparison point for the inclusionary zoning scenarios, the RLV for each scenario with 0% IZ set aside was calculated in Step 1. All analysis in Step 2 assumes that the required parking is provided in below ground parking structure. Because these affordable rental units will eventually become market units and will need parking once this occurs all units are assumed to have parking.

The purpose of this assessment report is to identify the residential market impact and project viability of including affordable units through inclusionary zoning. Table 26 quantifies the RLV and profitability reduction that results when 5% affordable units at 80% of market value for a term of 25 years, are included in the prototype projects. This discussion will focus on the profit reductions, not the final RLV or project viability, as the final RLV and project viability is mostly driven by the overall health of the current residential market in Newmarket, not the impacts of a potential IZ policy.

Each of the three density scenarios were examined with the IZ units being ownership tenure, then again with rental tenure. Overall, the ownership IZ units were found to have a lower financial impact.

Table 26: Inclusionary Zoning Scenario Results

Inclusionary Zoning Scenarios

Base Tenure	Density Scenario	IZ Tenure	IZ Scenario	RLV (FV)	RLV / GFA	Project Viability	Profit with 10% Land Cost	Profit Reduction
Ownership	21 Storey	Ownership	5%	-\$19,468,000	-\$78	Not Viable	4.3%	-0.4%
Ownership	21 Storey	Rental	5%	-\$23,504,000	-\$94	Not Viable	2.4%	-2.3%
Ownership	11 Storey	Ownership	5%	-\$19,395,000	-\$90	Not Viable	1.3%	-0.4%
Ownership	11 Storey	Rental	5%	-\$22,475,000	-\$104	Not Viable	-0.5%	-2.2%
Ownership	Towns	Ownership	5%	\$8,634,000	\$167	Viable	25.6%	-0.2%
Ownership	Towns	Rental	5%	\$7,286,000	\$141	Viable	23.6%	-2.1%

For the 21-storey scenario, 5% IZ as ownership units resulted in a profit reduction of 0.4%. If the IZ units were rental in this scenario, the profit reduction would be 2.3%. To clarify, compared to a 21-storey project without IZ, including 5% affordable ownership IZ units would reduce the profitability from 4.6% to 4.3% or if 5% affordable rental IZ units were provided, the profitability would decrease to 2.4%.

The analysis found that for the 11-storey scenarios, 5% affordable ownership IZ units resulted in a profitability reduction of 0.4% and 5% IZ affordable rental units resulted in a 2.2% decrease.

For the stacked townhouse scenarios, 5% IZ units as affordable ownership resulted in a profitability reduction of 0.2% and 5% IZ units as affordable rental resulted in a 2.1% decrease.

3.11 Inclusionary Zoning Assessment Conclusions

This analysis found that requiring 5% of new units to be affordable for 25 years at 80% of market value has a profit impact of between 0.2% and 0.4% for affordable ownership units and between 2.1% and 2.3% for affordable rental units. Comparing these profitability impacts to common contingencies in residential construction projects, the potential IZ impact to project viability is fairly small; hard cost contingency amounts of 10% or more are common at this time, a soft cost contingency of 10% or more is advisable, and hard cost escalation of 6% or more per year are common.

When considering potential IZ policies, a future-looking lens must be used. The IZ policies will only be applicable if projects come forward, which will only happen if the base project is fundamentally viable. At this time, the overall residential development business is extremely challenging. Construction costs exceed reasonable expectations for project revenue; for both ownership and rental tenure projects. Should an IZ by-law be implemented, the development industry will understand that there is an additional 0.2% to 2.3% cost associated with the IZ units, and this will be priced into their financial analysis before bringing forward a new project. There are much bigger impacts to current viability of residential construction projects that must be resolved by the construction and development industries, than a 5% inclusionary zoning requirement.

4.0 Inclusionary Zoning Regulatory Requirements – Recommendations

The inclusionary zoning enabling legislation includes a detailed list of requirements for the assessment report, Official Plan policies and zoning by-law amendments. This section includes a summary of the provincial requirements, results of the financial analysis, and recommendations based on the draft Bill 23 requirements, for the IZ policy.

With the Bill 23 changes to the inclusionary zoning requirements still in draft form, final recommendations may need to wait until the legislation is finalized, though the proposed recommendations comply with the current in-force requirements and could be implemented.

4.1 Inclusionary Zoning Framework

This section addresses subsection 3(1) of O. Reg 232/18, and relates to 35.2 (a), (b), (e), and (g) of the *Planning Act* and subsection 4 (1), (2) and (3) and subsection 5 (1), (2), (3) and (4) of O. Reg 232/18.

4.1.1 Minimum Size of Development

PROVINCIAL REQUIREMENT: The minimum size, not to be less than 10 residential units of development or redevelopment to which an inclusionary zoning by-law would apply.

Analysis

This requirement exposes two interrelated issues that are found in the implementation of inclusionary zoning policies: protecting the financial viability of small projects and limiting the number of individual affordable units (or small number of units) that are widely distributed throughout many developments. Smaller projects have less land value to off-set the IZ financial impact, which may make smaller projects less viable for a longer period of time while land prices adjust. When determining the minimum project size for IZ, we must also consider whether it is desirable for the organization that receives the IZ units to have a small number of affordable units in many buildings. It is much more expensive to operate and maintain a scattered portfolio. Additionally, the administrative costs for creating and monitoring IZ agreements will be similar, regardless of the number of units in the project, making small projects relatively more expensive for the Town of Newmarket to acquire and manage.

During stakeholder engagement, there was mixed feedback on when a distributed portfolio of scattered units becomes problematic. Some organizations would be very interested in having access to one or two units in a building, whereas others suggested that they would want ten or more units in a building to realize the economies of scale they need to operate effectively.

Recommendation: Minimum Size of Development

For all developments, the minimum recommended project size is 40 units or more, which would achieve at least 2 or more units with the IZ set aside at 5%.

4.1.2 Locations Where Inclusionary Zoning Would Apply

PROVINCIAL REQUIREMENT: The locations and areas where inclusionary zoning by-laws would apply.

Analysis

There are three main geography criteria may be used for indicating where IZ would apply: protected major transit stations (PMTSAs), areas under a community planning permit system (CPPS), and by housing market.

Through the IZ assessment process, it was determined that there is insufficient market differentiation across protected major transit station areas in Newmarket.

Recommendation: Locations Where Inclusionary Zoning Would Apply

The initial recommendation is that IZ be applied to all PMTSA locations.

4.1.3 Range of Incomes

PROVINCIAL REQUIREMENT: The range of household incomes for which affordable housing units would be provided.

Analysis

The household incomes targeted must be considered in conjunction with the price of the units. An outcome to avoid is creation of a policy that results in the eligible household incomes being too low to afford the prices of the IZ units. As an example, targeting households with incomes below the 30th percentile income threshold for renter households of \$48,844 (in 2024 dollars; being able to afford rents of up to \$1,221) would mean that they would not be able to afford the modelled affordable rents of one-bedroom units (\$1,590) or two-bedroom units (\$2,010).

As of 2024, the 40th percentile renter households income of \$63,403 would be able to afford rents of up to \$1,585 which is below the highest modelled affordable rent (\$1,617) at 80% of AMR. The 60th percentile renter household income is \$93,344 and can afford rents of up to \$2,334 which provides some leeway in selecting households for the affordable units, and for household incomes to change while occupying the IZ units.

Recommendation: Target Households

To provide the maximum flexibility in setting the IZ unit prices, the recommendation is to use the income threshold for the 60th percentile renter household income, which is commonly referred to as the “moderate income” threshold.

4.1.4 Housing Types and Unit Sizes

PROVINCIAL REQUIREMENT: The range of housing types and sizes of units that would be authorized as affordable housing units.

Analysis

Housing Gap 3 identifies that there is a need for one bedroom units and some larger units with three or more bedrooms, to respond to the needs of larger households with low income.

Looking at the amount of livable space per unit is important for affordable housing, because small units though they are less expensive to construct are also less usable for a lower income household that may not be able to afford custom furniture to fit into a very small unit.

A potential policy is to allow the IZ unit mix to be selected on a per project basis, responding to the needs of the organization that will operate the units or would respond to a specific, or exceptional, need in that area of the Town. Further, specifying unit sizes for the IZ units may not align well with the physical structure of the building, and complicates the design and review process.

Recommendation: Housing Types and Sizes of Units

The recommendations for IZ unit types and sizes are to be proportional to the diversity of unit types and sizes within the building as a whole. This responds to the need for more smaller units, while also providing a few larger units to ensure there is diversity in the size of the affordable units.

4.1.5 Number of Units/Gross Floor Area

PROVINCIAL REQUIREMENT: For the purposes of clause 35.2 (2) (a) of the Act, the number of affordable housing units, or the gross floor area to be occupied by the affordable housing units, that would be required.

Analysis

The amount of affordable housing is referred to as the IZ set-aside throughout this analysis. This analysis examined the impact of requiring 5% as a percentage of the gross floor area (GFA) as the IZ set-aside, as this is the maximum allowable amount in the draft Bill 23 changes. The results suggests that the tenure of the IZ units makes a small impact on the project viability, with ownership IZ units having a marginally lower RLV or profitability impact. GFA is used instead of number of units to avoid the scenario where only small units are provided to meet the IZ requirements, and to provide flexibility when the units are selected to get an appropriate mix of unit sizes that total the amount IZ GFA.

Recommendation: Amount of Affordable Housing

Affordable Housing Requirements in Ownership Buildings (Condominium):

The recommendation for affordable housing set-aside in ownership buildings (condominiums) is 5% of the GFA for all density scenarios.

Affordable Rental Requirement in Purpose-Built Rental Projects:

The recommendation for affordable housing set-aside in purpose-built rental tenure buildings (purpose-built rental) is 5% of the GFA for all housing markets in all density scenarios, with the caveat that each purpose built rental project may request a waiver of the IZ requirements.

The affordable rental requirements are a key element to review in the first, and subsequent reviews of IZ policies.

4.1.6 Affordability Period

PROVINCIAL REQUIREMENT: For the purposes of clause 35.2 (2) (b) of the Act, the period of time for which affordable housing units would be maintained as affordable.

Analysis

The proposed changes to the IZ regulations in Bill 23 limits the affordability period to 25 years. Providing affordable housing for a period lower than 25 years can result in potentially significant costs to set up and maintain the housing, with an insufficient period to justify the costs.

Recommendation: Affordability Period

The recommendation for the affordability period is 25 years, which balances the creation of affordable units with the upfront and ongoing costs associated with managing the units.

4.1.7 Determination of Incentives

PROVINCIAL REQUIREMENT: For the purposes of clause 35.2 (2) (e) of the Act, how measures and incentives would be determined.

Recommendation: Measures and Incentives to Offset IZ Impacts

The Town of Newmarket has not modeled measures or incentives to offset the IZ impacts to project viability because it is anticipated that by the time IZ regulations would be in place, the land in the PMTSAs will be “pre-zoned” to provide additional development permissions and realize IZ contributions from future developments.

Bill 23 introduced a number of incentives for affordable housing, reducing development charges and parkland dedication, which are included in this analysis.

4.1.8 Determination of Price Points for Affordable Units

PROVINCIAL REQUIREMENT: For the purposes of clause 35.2 (2) (g) of the Act, how the price or rent of affordable housing units would be determined.

Recommendation: Price or Rent of Units

- 4.1.9** The proposed changes to the IZ regulations in Bill 23 limits the affordability to 80% of market prices. For rental IZ units this was modelled as 80% of AMR by number of bedrooms. For ownership IZ units, the price was modelled as 80% of the estimated sale price of units in the building.

4.1.10 Proportion of Proceeds to be Distributed

PROVINCIAL REQUIREMENT: For the purposes of section 4, the approach to determine the percentage of the net proceeds to be distributed to the municipality from the sale of an affordable housing unit, including how net proceeds would be determined.

The regulations specify the following requirements:

- An inclusionary zoning by-law may require a portion of the net proceeds from the sale of an affordable housing unit to be distributed to the municipality.
- An inclusionary zoning by-law shall set out the percentage of the net proceeds to be distributed to the municipality, which shall not exceed 50 per cent.
- If a by-law is in force, an inclusionary zoning agreement shall provide that, where an affordable housing unit is sold, a percentage of the net proceeds from the sale shall be distributed to the municipality in accordance with the by-law.

Analysis

This policy only applies to ownership IZ units and only if they appreciate in value. The affordable sale price limits how much appreciation can occur until the IZ period expires and the unit can be sold at market value. The trade off for this policy is between allowing IZ owners to accumulate capital and gathering funds for affordable housing when the IZ units are sold at full market value.

Administering a policy that requires sharing of the net proceeds when an affordable IZ unit is sold could be politically contentious, if the owner of the unit is not fully aware of the requirement to share the proceeds and if there is a perception that the Town is taking part of the value of their home.

Recommendations: Approach to Determine Sharing of Net Proceeds

The recommendation to have 0% of the net proceeds to be shared with the municipality to enable accumulation of capital by the affordable unit owners when the unit eventually exits the affordability period.

4.1.11 Conditions for Offsite Units

PROVINCIAL REQUIREMENT: The circumstances in and conditions under which offsite units would be permitted, consistent with paragraphs 2, 3 and 4 of section 5 of O. Reg. 232/18.

For the purposes of paragraph 2 of section 5 of O. Reg. 232/18, the circumstances in which an offsite unit would be considered to be in proximity to the development or redevelopment giving rise to the by-law requirement for affordable housing units.

Section 5 of O. Reg. 232/18: The authority of a council of a municipality under clause 35.2 (5) (a) of the Act is subject to the following restrictions:

1. Offsite units shall not be permitted unless there is an Official Plan in effect in the municipality that sets out the circumstances in and conditions under which offsite units would be permitted.
2. Offsite units shall be located in proximity to the development or redevelopment giving rise to the by-law requirement for affordable housing units.
3. The land on which the offsite units are situated shall be subject to an inclusionary zoning by-law.
4. Offsite units shall not be used to satisfy the by-law requirement to include a number of affordable housing units, or gross floor area to be occupied by affordable housing units, that applies to the development or redevelopment in which the offsite units are permitted.

Analysis:

Permitting the IZ units to be provided in a separate building or development may be desirable in some instances but will increase the complexity of the IZ agreements and will fetter both the “donating” and “receiving” projects until the IZ units are constructed on the receiving site, increasing the risk to each of them. The largest risk to offsite units is that one of the projects experiences financial or technical problems and does not get built or is significantly delayed. The municipality needs to have sufficient assurance that the IZ units will be built, which normally is in the form of a large bond, complicating and adding risk to the project finances. The provision of a bond or assurance can be avoided if the units can be constructed and agreements registered on title on the alternative site ahead of time.

Offsite IZ unit may be desirable when the operator of the alternative site is able to provide higher levels of affordability or social services that would not be available to the residents if the units were located in the other building. Another benefit of amalgamating IZ units from one or more other buildings is the improved economy of scale for management of the units, particularly if the amalgamation can result in an entire building, or most of a building, being composed of IZ units.

Requiring all buildings to have IZ units normalizes the practice of having mixed incomes in new projects and avoids stigmatization of certain buildings.

Recommendation: Conditions for Offsite Units

The recommendations for the conditions for offsite units are as follows:

- Offsite provision of IZ units is to be generally discouraged.

- Offsite units can be allowed by Council, where the residents of the IZ units would benefit from being in the alternative building due to social services being offered in the building, the units being more affordable due to a non-IZ mechanism, or where the units can be occupied significantly in advance of when they would otherwise be ready for occupancy.
- Sufficient financial assurance is provided by the development that is requesting offsite IZ units that the Town would be able to build the units with the funds, should the original project fail to be built.

4.1.12 Exemptions

PROVINCIAL REQUIREMENT: 8.

- (1) An inclusionary zoning by-law does not apply to a development or redevelopment where,
- (a) the development or redevelopment contains fewer than 10 residential units;
 - (b) the development or redevelopment is proposed by a non-profit housing provider or is proposed by a partnership in which,
 - (i) a non-profit housing provider has an interest that is greater than 51 per cent, and
 - (ii) a minimum of 51 per cent of the units are intended as affordable housing, excluding any offsite units that would be located in the development or redevelopment;
 - (c) on or before the day an Official Plan authorizing inclusionary zoning was adopted by the council of the municipality, a request for an amendment to an Official Plan, if required, and an application to amend a zoning by-law were made in respect of the development or redevelopment along with an application for either of the following:
 - (i) approval of a plan of subdivision under section 51 of the Act, or
 - (ii) approval of a description or an amendment to a description under section 9 of the Condominium Act, 1998; or
 - (d) on or before the day the inclusionary zoning by-law is passed, an application is made in respect of the development or redevelopment for a building permit, a development permit, a community planning permit, or approval of a site plan under subsection 41 (4) of the Act.
- (2) Despite clause (1) (b), an inclusionary zoning by-law applies to any offsite units that would be permitted in a development or redevelopment.

Analysis

The regulations allow for IZ exemptions for non-profit housing, and housing where more than half of the units would meet Newmarket's definition of affordable housing. These limitations to the IZ policies appear to align with the City's goals of achieving affordable housing through a variety of tools and mechanisms.

Recommendation: IZ Exemptions

There are no additional IZ exemptions recommended in this report.

4.1.13 Monitoring

The inclusionary zoning regulations have clear requirements on how often a report must be brought forward to municipal council on the status of inclusionary zoning units and proceeds from the units. The regulations also specific what information must be provided in the reports to council.

Reports of municipal council

7. (1) For the purposes of subsection 35.2 (9) of the Act, if a council of a municipality passes an inclusionary zoning by-law, the council shall ensure that a report is prepared and made publicly available at least every two years.

(2) The council shall ensure that each report describes the status of the affordable housing units required in the by-law, including the following information for each year that is the subject of the report:

- 1. The number of affordable housing units.*
- 2. The types of affordable housing units.*
- 3. The location of the affordable housing units.*
- 4. The range of household incomes for which the affordable housing units were provided.*
- 5. The number of affordable housing units that were converted to units at market value.*
- 6. The proceeds that were received by the municipality from the sale of affordable housing units.*

4.2 Summary of Recommendations

O.Reg 232/18, 3.(1) Policy Requirement	Provincial Requirement	Proposed Policy Direction
1. Size of development (minimum unit threshold)	The minimum size, not to be less than 10 residential units.	A minimum project size of 40 units which would achieve 2 or more units with the IZ set-aside at 5%.
2. Locations and areas of inclusionary zoning	The locations and areas where inclusionary zoning by-laws would apply.	All current PMTSAs.
3. Eligible household incomes	The range of household incomes for which affordable housing units would be provided.	Use the income threshold for the 60th percentile renter household income, which is commonly referred to as the “moderate income” threshold.
4. Housing types and sizes of units	The range of housing types and sizes of units that would be authorized as affordable housing units.	All housing types. The unit types (number of bedrooms) must be proportional to the building as a whole, and the unit sizes must be in keeping

O.Reg 232/18, 3.(1) Policy Requirement	Provincial Requirement	Proposed Policy Direction
		with the rest of the units in the building as a whole.
5. Required amount of affordable housing	For the purposes of clause 35.2 (2) (a) of the Act, the number of affordable housing units, or the gross floor area to be occupied by the affordable housing units, that would be required.	<p>Affordable Housing Requirements in Ownership Buildings (Condominium): Affordable housing set-aside in ownership buildings (condominiums) is 5%.</p> <p>Affordable Housing Requirements in Purpose-Built Rental Projects: Affordable housing set-aside in purpose-built rental tenure buildings (purpose-built rental) is 5% of the GFA, with the caveat that each purpose built rental project may request a waiver of the IZ requirements.</p>
6. Affordability period	For the purposes of clause 35.2 (2) (b) of the Act, the period of time for which affordable housing units would be maintained as affordable.	25 years.
7. How measures and incentives are determined	For the purposes of clause 35.2 (2) (e) of the Act, how measures and incentives would be determined.	No incentives provided to achieve IZ set asides, as the MTSA's have been "pre-zoned" to provide additional development permissions and realize IZ contributions from future developments. The Town may provide incentives to deepen the affordability of the IZ units.
8. Determination of Price Points for Affordable Units	For the purposes of clause 35.2 (2) (g) of the Act, how the price or rent of affordable housing units would be determined.	<p>Rental: 80% of the city-wide average market rent, by number of bedrooms, as published annually by CMHC. (Corresponds to approximately the 4th renter household income decile.)</p> <p>Ownership: Unit price of 80% of average resale price in Newmarket. (Corresponds to the 9th or 10th household income decile)</p>
9. Approach to determine sharing of net proceeds	For the purposes of section 4, the approach to determine the percentage of the net proceeds to be distributed to the municipality from the sale of an affordable housing unit, including how net proceeds would be determined.	0% of the net proceeds from any sale of an affordable unit will be distributed to the municipality.

O.Reg 232/18, 3.(1) Policy Requirement	Provincial Requirement	Proposed Policy Direction
	<p>4. (1) An inclusionary zoning by-law may require a portion of the net proceeds from the sale of an affordable housing unit to be distributed to the municipality.</p> <p>(2) A by-law referred to in subsection (1) shall set out the percentage of the net proceeds to be distributed to the municipality, which shall not exceed 50 per cent.</p> <p>(3) If a by-law referred to in subsection (1) is in force, an agreement referred to in clause 35.2 (2) (i) of the Act shall provide that, where an affordable housing unit is sold, a percentage of the net proceeds from the sale shall be distributed to the municipality in accordance with the by-law.</p>	
10. Offsite unit circumstances and conditions	<p>The circumstances in and conditions under which offsite units would be permitted.</p> <p>5. The authority of a council of a municipality under clause 35.2 (5) (a) of the Act is subject to the following restrictions:</p> <p>1. Offsite units shall not be permitted unless there is an Official Plan in effect in the municipality that sets out the circumstances in and conditions under which offsite units would be permitted.</p> <p>2. Offsite units shall be located in proximity to the development or redevelopment giving rise to the by-law requirement for affordable housing units.</p> <p>3. The land on which the offsite units are situated shall be subject to an inclusionary zoning by-law.</p> <p>4. Offsite units shall not be used to satisfy the by-law requirement to include a number of affordable housing units, or gross floor area to be occupied by affordable housing</p>	<p>Offsite provision of IZ units is to be generally discouraged.</p> <p>Offsite units can be allowed by Council, where the residents of the IZ units would benefit from being in the alternative building due to social services being offered in the building, the units being more affordable due to a non-IZ mechanism, or where the units can be occupied significantly in advance of when they would otherwise be ready for occupancy.</p> <p>Sufficient financial assurance is provided by the development that is requesting offsite IZ units that the Town would be able to build the units with the funds, should the original project fail to be built.</p> <p>Offsite location complies with all applicable conditions in the Act.</p>

O.Reg 232/18, 3.(1) Policy Requirement	Provincial Requirement	Proposed Policy Direction
	units, that applies to the development or redevelopment in which the offsite units are permitted.	

5.0 Draft Official Plan Policy for Inclusionary Zoning

DRAFT OFFICIAL PLAN AMENDMENT FOR INCLUSIONARY ZONING *As of <date>*

CONTEXT

This first page provides references to important sections of the draft Official Plan and provides a short description of the intention of the changes.

Some items are still under discussion; explanatory text is provided to outline what has been provided and what changes may need to be incorporated in subsequent versions of this document.

Existing Text in the Draft Official Plan

3.9 Housing (p.43)

6.1.2 Protected Major Transit Station Areas

General Description of the Proposed Changes

3.9 Housing

Add Section 3.9.5 with the Inclusionary Zoning Official Plan policies in this document.

Add Section 3.9.6 “Implementation Framework for Inclusionary Zoning”.

Draft Inclusionary Zoning Official Plan Amendment

Town of Newmarket By-law No. ##

Amendment 1. Section 3.9 Housing is amended by adding section 3.9.5 with the following:

5. The Town shall implement an inclusionary zoning by-law as outlined in Section 3.9.6 of this Plan to increase the supply of affordable housing for households and individuals at and below the sixth income decile. New development containing residential units and subject to an inclusionary zoning by-law, shall not be approved unless for development that is located in an area identified on **Map XX** and:

- a) if a condominium development is proposed, a minimum of 5 per cent of the total new residential gross floor area shall be secured as affordable ownership housing or affordable rental housing; or
- b) if a purpose-built rental development is proposed, a minimum of 0 per cent of the total new residential gross floor area shall be secured as affordable rental housing; and
- c) the affordable housing is secured at affordable rents or affordable ownership prices, for a period of 25 years from the date of first residential occupancy of the unit.

Amendment 2. Section 3.9 is amended by adding the following policy as Section 3.9.6:

"Inclusionary Zoning Implementation"

Inclusionary zoning is a tool that allows the Town to require affordable housing units to be provided in new developments. Policies for inclusionary zoning are required to ensure the provision of affordable housing keeps pace with the growth of new market housing, supporting neighbourhoods across the Town to provide a diverse range of housing options in all areas of the Town.

1. Zoning by-laws for inclusionary zoning, pursuant to the *Planning Act* and accordance with the policies of this Plan, may be enacted to require affordable housing to be included in development or redevelopment located within an area, as shown on **Map XX**;
 - a) Protected Major Transit Station Area, under **Section XX of this Plan**, pursuant to the *Planning Act*; and
 - b) An area where a development permit system is adopted or established under **Section XX of this Plan**.

Note: A separate set of amendments are needed to implement Protected Major Transit Station Areas and a development permit system.

Note: For clause 3. this draft suggests that Council must approve the exemptions, but staff and Council may prefer to have purpose built rental projects be automatically exempted during the transition period.

2. Zoning by-laws for inclusionary zoning will include the definition of affordable housing applicable to units and agreements entered into under Section 3.9.5 of this Plan.
 - a) Zoning by-laws for inclusionary zoning will include the methodology for determining the unit mix of the affordable housing and will take into account the local need for affordable housing by number of bedrooms.
 - b) Zoning by-laws for inclusionary zoning will include direction on the minimum sizes of the affordable housing units.
3. At the discretion of the Town, some or all of the affordable housing requirement may be provided on an alternate site subject to the following:
 - a) the offsite affordable housing units shall be located in proximity to the proposed development or redevelopment. The requirements for proximity will be met if the offsite development is located within an area outlined in Policy **<PMTSA Policy Number>**; and

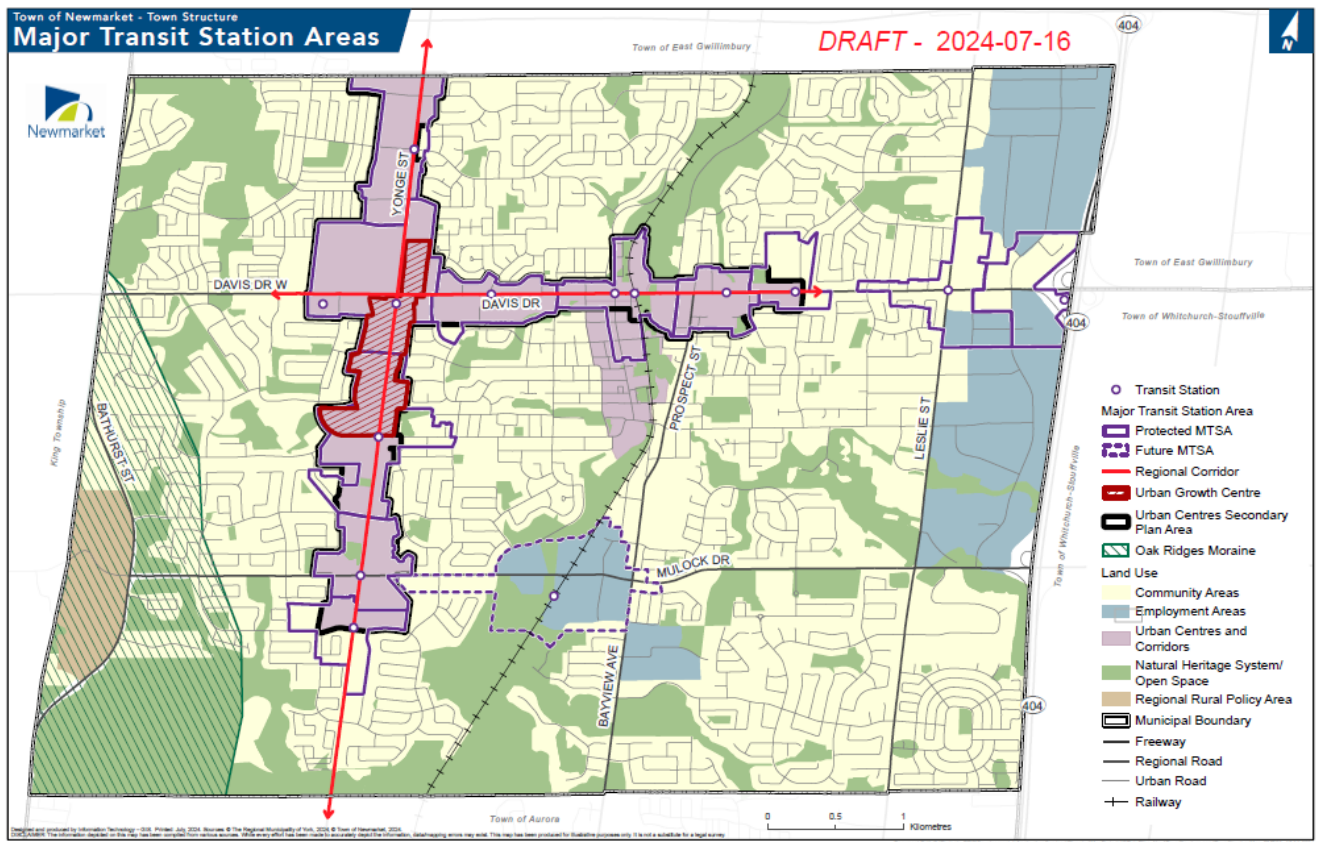
- b) the offsite affordable housing units shall be ready and available for occupancy prior to occupancy of the residential units in the proposed development or redevelopment; and
 - c) that the residents of the affordable housing units would benefit from being in the building on the alternative site due to social or health services being offered to residents in the building, or where the units are more affordable due to a non-inclusionary zoning policy or program;
- 4. Financial or regulatory incentives provided by the Town will only be considered where a development or redevelopment proposes to exceed the requirements set out in Policy 3.9.5 of this Plan.
- 5. Development or redevelopment subject to affordable housing requirement in a Secondary Plan or Area Specific Plan defined in this Plan must conform to the higher standard of the requirements of 3.9.5 or the policies applicable to the Secondary Plan Area or Area Specific Plan described this Plan.
- 6. For development or redevelopment subject to an inclusionary zoning by-law, one or more agreements that are registered on title to the lands shall be entered into with the Town securing:
 - a) the requirements of Policy 3.9.5 of this Plan and this Section;
 - b) requirements for timely delivery of the affordable units, and if applicable, any phasing of such affordable units, in development or redevelopment;
 - c) sufficient financial assurance to ensure offsite units can be built should either the development on the alternate site or this development be substantially delayed;
 - d) requirements for additional affordable housing to meet Policy 3.9.5, should a proposed purpose-built rental development that did not provide inclusionary zoning units through Policy 3.9.5 b), convert to condominium;
 - e) requirements for ongoing reporting and monitoring of the affordable housing units; and
 - f) that the owner of an affordable ownership unit would receive 100 per cent of the net proceeds of that unit when it is sold, including the first sale after the affordability period."

Sidebar Explanatory text: The provincial regulation for Inclusionary Zoning (O. Reg. 232/18) defines non-profit housing providers as:

- (a) a corporation to which the *Not-for-Profit Corporations Act, 2010* applies that is in good standing under that Act *and whose primary object is to provide housing*,
- (b) a corporation without share capital to which the *Canada Business Corporations Act* applies, that is in good standing under that Act and whose primary object is to provide housing,

- (c) a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act, or
- (d) an organization that is a registered charity within the meaning of the Income Tax Act (Canada) or a non-profit organization exempt from tax under paragraph 149 (1) (I) of that Act, and whose land is owned by the organization, all or part of which is to be used as affordable housing.

Map XX: Inclusionary Zoning Market Areas



6.0 Appendix I: Policy Framework

This section provides an overview of the policies and strategic documents that impact the development of an inclusionary zoning policy in Newmarket as well as policies which support and encourage the development of a broad range of housing options.

6.1 Federal and Provincial Policies and Strategies

6.1.1 National Housing Strategy (2017)

The Federal Government influences the overall direction for housing in Canada through the National Housing Strategy (NHS). Released in 2017, the strategy's goal is to ensure all Canadians have access to housing that meets their needs and that they can afford.

The NHS focuses on creating new housing supply, modernizing existing housing, providing resources for community housing providers, as well as housing innovation and research. The Federal Government provides funding for National Housing Strategy initiatives through the Canada Mortgage and Housing Corporation (CMHC).

These programs include the Affordable Housing Fund, the Affordable Housing Innovation Fund, the Federal Lands Initiative, the Apartment Construction Loan Program and the Canada Housing Benefit.

CMHC also provides funding for the repair and retrofit of community housing units, the development and operation of supportive housing, and mortgage financing to encourage affordable homeownership.

6.1.2 Solving the Housing Crisis – Canada's Housing Plan (2024)

On April 12, 2024, the Government of Canada released *Solving the Housing Crisis – Canada's Housing Plan* (the Plan), containing sweeping changes and new policies. The plan targets three key areas: building more homes, making it easier to rent or own a home, and helping Canadians who can't afford a home.

In tandem with Budget 2024, the Plan earmarks several new or expanded funding programs. This includes expanded funds for the Housing Accelerator Fund for partnerships with additional municipalities, a major intention of which is to streamline permitting and promote missing middle and affordable housing. The Plan also introduces a new Canada Housing Infrastructure Fund to accelerate construction of critical housing infrastructure, and the Infrastructure for Housing Initiative, a financing tool for municipalities and Indigenous communities through the Canada Infrastructure Bank. The expansion or creation of funds for the development and preservation of affordable and non-profit housing (e.g. the Affordable Housing Funds, Rental Protection Fund, etc.) and homelessness prevention (e.g. Reaching Home, Interim Housing Assistance Program, etc.) is also planned.

In addition to funding opportunities, many of the commitments are intended to be implemented in coordination with and supported by provincial, territorial and local governments. Examples that may particularly impact municipalities include targeted funds towards the development of housing above shops and businesses, making use of publicly owned land for affordable and deeply affordable housing (in partnership with other levels of government), updating the National Building Code to support more accessible, affordable and climate-friendly housing, tying public transit funds to increased density, and providing a short-term rental enforcement fund.

The Plan further recommends commitments that provinces, territories and municipalities can take on to complement this Plan, including incentives for the construction of purpose-built rental housing, limiting or waiving planning and development-related fees and charges, zoning reforms to support densification and transit-oriented development, stronger vacancy control, a framework to avoid bad faith renovations and excessive rent increases, supporting non-market and community housing, expediting approvals and permitting processes, and enforcing regulations on short-term rentals.

6.1.3 Municipal Act, 2001

The *Municipal Act, 2001*, sets out the rules for all municipalities in Ontario (except for the City of Toronto) and gives municipalities broad powers to pass by-laws on matters such as health, safety and wellbeing, and to protect persons and property within their jurisdiction. The Act provides direction for land use planning purposes, but it does not directly legislate Official Plans or Zoning By-laws as these are legislated through the Planning Act.

Section 163 of the Act sets out the definition and requirements for group homes within municipalities in Ontario. The Act defines group homes as: A group home is a residence licensed or funded under a federal or provincial statute for the accommodation of three to ten persons, exclusive of staff, living under supervision in a single housekeeping unit and who, by reason of their emotional, mental, social, or physical condition or legal status, require a group living arrangement for their wellbeing.

The Act allows municipalities to enact a business licensing by-law for group homes only if the municipality permits the establishment and use of group homes under section 34 of the *Planning Act*. A business licensing by-law for group homes can restrict the establishment of group homes to only those with a license and may be required to pay license fees.

Section 99.1 of the Act allows municipalities to prohibit and regulate the demolition of residential rental property and the conversion of residential rental property to a purpose other than the purpose of a residential rental property. However, this power does not apply to residential rental property that contains less than six dwelling units. It should be noted that the More Homes Built Faster Act, 2022 (Bill 23) empowers the Minister to make new regulations regarding the powers of municipalities to regulate demolition and conversion of residential rental properties.

Section 106 of the *Municipal Act* prohibits municipalities from directly or indirectly assisting any commercial enterprise through the granting of bonuses. This includes giving or lending municipal property, guaranteeing borrowing, leasing or selling property of the municipalities at below fair market value, or giving a total or partial exemption from any levy, charge or fee. This

prohibition does not apply however to a council exercising its authority under subsection 28 (6) (7) and (7.2) of the Planning Act (Community Improvement Plans) or section 365.1 of the Municipal Act (cancellation of taxes, environmental remediation).

6.1.4 Planning Act, 1990

The *Planning Act, R.S.O. 1990*, as amended, is the primary legislation that establishes how municipalities in Ontario may plan, manage, and regulate land use. It also outlines matters of provincial interest and enables the Province to issue Policy Statements to provide direction to municipalities on these matters.

The *Planning Act* enables municipal Councils to pass a variety of tools to plan and regulate the use of land and the placement of buildings and structures on a lot. Under Section 16 of the Act, most municipalities, including the Municipalities in the District of Nipissing, are required to prepare and adopt Official Plans in accordance with the requirements of the Act. Official Plans contain a vision, objectives and policies to guide decision making on land use planning matters. Municipal decisions, by-laws and public works are required to conform to the policies of the Official Plan (Section 24(1)).

Section 34 of the *Planning Act* enables Councils to pass Zoning By-laws to regulate the use of land and the location, height, bulk, size, floor area, spacing, character and use of buildings and structures, as well as parking and loading requirements, and lot requirements.

In accordance with Section 24(1), Zoning By-laws must conform to the Official Plan and be consistent with the Provincial Policy Statement. Zoning By-laws are viewed as one of the primary tools to implement the policies of the Official Plan.

Section 2 of the act outlines matters of provincial interest that the Minister, the council of a municipality, a local board, a planning board, and the Tribunal shall have regard to in carrying out their responsibilities under this Act. This includes the adequate provision of a full range of housing, including affordable housing.

Changes to the Planning Act

Bill 23: More Homes Built Faster Act, 2022

More Homes Built Faster Act, 2022, received Royal Assent on November 28, 2022. It is now in effect, although some regulations remain outstanding. Bill 23 is intended to support Ontario's *Housing Supply Action Plan*, with a stated aim of increasing housing supply in the Province. The bill introduced various amendments to multiple statutes including: the *City of Toronto Act, 2006*, the *Municipal Act, 2001*, the *Conservation Authorities Act 1990*, the *Development Charges Act, 1997*, the *Ontario Heritage Act 1990*, *Ontario Land Tribunal Act, 2021*, and the *Planning Act, 1990*.

Some of the changes to the *Planning Act* included in this legislation are as follows:

- Removal of planning responsibilities from some upper tier municipalities;
- Exemption of residential development with less than ten (10) units from site plan approval process; and

- New Ministerial powers to exempt lands from complying with Provincial policies and Official Plans.

Bill 185: Cutting Red Tape to Build More Homes Act, 2024

On April 10, 2024, Ontario's provincial government introduced new legislation, *Bill 185: the Cutting Red Tape to Build More Homes Act*, to meet its goal of building 1.5 million homes by 2031. These legislative changes are largely in response to stakeholder feedback on issues preventing or delaying the development of housing, including feedback on changes brought forward under *Bill 23: the More Homes Built Faster Act*. The bill introduced various amendments to multiple statutes including: the *City of Toronto Act, 2006*, the *Municipal Act, 2001*, the *Development Charges Act, 1997*, and the *Planning Act, 1990*.

Some of the changes to the *Planning Act* proposed in this legislation are as follows:

- Allowing municipalities to reallocate infrastructure servicing allocations from stalled developments to ready-to-build ones to better support growth.
- Removing the planning application fee refund framework introduced through 2022's Bill 109,
- Exempting public universities from planning approvals to facilitate faster construction of student residences,
- Limiting third-party appeals for approved Official Plans and Zoning By-laws; and,
- Authorities needed to move forward with removing planning authorities from seven upper-tier municipalities.

6.1.5 Development Charges Act, 1997

The *Development Charges Act, 1997*, regulates development charges, the fees collected by municipalities to fund "hard services" such as roads and servicing infrastructure. The Act enables municipalities to pass by-laws imposing these charges on new development in order to fund the capital costs associated with that growth. Municipalities must complete a development charge background study and conduct statutory consultation before passing a development charge by-law.

Changes to the Development Charges Act

Bill 108: More Homes, More Choice Act, 2019

Under Bill 108, "soft services", such as parks, community centres, libraries, and other community facilities were removed from development charges and financed through a new "community benefits charge" (CBC) based on land value. Further, municipalities are now required to prepare a community benefits charge strategy, including consultation requirements, prior to adopting a new Community Benefits Charge By-law.

The new CBC replaced the existing density bonusing provisions under Section 37 of the *Planning Act*, as well as existing requirements and municipal by-laws for parkland dedication. The Province explained this provides greater certainty regarding upfront costs rather than making these matters subject to negotiation on an ad hoc basis.

Bill 134: Affordable Homes and Good Jobs Act, 2023

Bill 134 was introduced to Provincial legislature on September 28, 2023, and received royal ascent on December 4, 2023. The bill updated the affordable housing definition within the *Development Charges Act*.

Subsection 4.1(1) outlined the creation of an “Affordable Residential Units Bulletin” to be published by the Minister of Municipal Affairs and Housing online. The Bill amended subsection 4.1(2) of the *Development Charges Act* to define rent as the lesser of: the income-based affordable rent or the average market rent for the residential unit as set out in the Affordable Residential Units bulletin. Subsection 4.1(3) was amended to define the price of a residential unit as the lesser of the income-based affordable purchase price or 90-percent of the average purchase price identified for the residential unit set out in the Affordable Residential Units bulletin.

Affordability was defined for both renters and owners as households at the 60th percentile of gross annual incomes for respective local municipalities, where rent or purchase price shall be 30% of gross annual income.

Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin

On May 1, 2024, the first bulletin detailing the thresholds for affordable residential units was released. This bulletin included affordable price thresholds for all 144 municipalities in Ontario and is effective June 1, 2024.

6.1.6 Provincial Planning Statement, 2024

On October 20, 2024, the new Provincial Planning Statement, 2024 (PPS, 2024) came into effect and replaced the former Provincial Policy Statement, 2020 (PPS, 2020) and A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019. The new PPS 2024 is intended to be a streamlined, province- wide land use planning policy framework that builds upon the ‘housing-supportive’ policies of the former documents.

The PPS, 2024 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 requires all local decisions affecting land use planning matters to be consistent with the PPS, 2024. Within this document, local planning authorities shall coordinate land use planning and housing planning with Service Managers to provide an appropriate range and mix of housing options and densities to meet projected needs of current and future residents of the regional market area

6.1.7 Community Housing Renewal Strategy, 2019

The Provincial government announced a new Community Housing Renewal Strategy with \$1 billion in funding in 2019 – 2020 to help sustain, repair and build community housing and end homelessness. The Strategy includes the following elements:

- 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;

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

Provincial Programs under the CHRS

The Province has launched three programs under the CHRS:

Canada-Ontario Community Housing Initiative (COCHI)

COCHI provides funding to Service Managers to replace the federal Social Housing Agreement funding which expires each year beginning in April 2019. Starting in 2022-2023, the COCHI New Build Component was added to support social and community housing regeneration and expansion. This involves build new affordable rental units, including additions on community housing sites.

Ontario Priorities Housing Initiative (OPHI)

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.

Canada-Ontario Housing Benefit (COHB)

COHB program provides a direct, monthly benefit payment to eligible households to help pay their rents. The benefit is portable, which means a household may continue to receive the benefits even when moving to another rental address in Ontario. The program is jointly funded through the 2017 NHS Bilateral Agreement and is provincially delivered.

6.2 Regional Policies and Strategies

6.2.1 York Region Official Plan

Bill 23 has specified that the York Region Official Plan is a Plan of the Local Municipality, and policies will be incorporated into the Local Official Plan through upcoming renewals or amendments. The 2022 York Regional Official Plan (the YROP) was approved with modifications by the Province of Ontario's Ministry of Municipal Affairs and Housing in November 2022, however Provincial Bill 150 in December 2023 and proposed Bill 162 in February 2024 reversed some of those modifications. An amended version of the 2022 YROP reflecting these modifications is available on the York Region Official Plan webpage.

Among the YROP's guiding principles, the Region included the provision of a full range of housing types with a region-wide target of 25% of all new housing units being affordable to low and middle-income households and in addition, a minimum of 35% of all new housing units within Regional Centres and major transit station areas.

Section 2.0: The Foundation for Complete Communities of the YROP contains most the policies pertaining to housing within the Official Plan.

Diversified Housing Stock

Section 2.3 of the YROP contains policies and an objective that aim to promote appropriate mix and range of housing options that meet the needs of residents and workers of all income levels, ages, abilities and stages of their lives. This includes affordable housing to address need throughout the income spectrum, including market and community housing; emergency and transitional housing; co-housing; group, rooming, and special needs housing; and purpose-built rental housing (Sec. 2.3.39).

Section 2.3.43 includes policies to promote housing options, including the use of land use planning, financial and other tools.

Section 2.3.44(d) requires local municipal official plans to include policies permitting, facilitating and appropriately distributing housing options throughout communities, including those identified in Section 2.3.39.

Additional Residential Units

Section 2.3.44(b) requires local municipal official plans to incorporate additional residential unit policies.

Rental Housing

Section 2.3.42 contains a policy that states the minimum of 1,000 new purpose-built rental units be built Region-wide per year, with local municipal targets provided.

Section 4.423 encourages tools such as CIPs to include purpose-built rental housing within strategic growth areas.

Mix of Land Use

Section 2.3.11 encourages retail, commercial, office, and institutional structures shall be designed in a compact form including multi-storey, mixed use buildings, where appropriate and be pedestrian oriented and transit-supportive.

Residential Intensification

Chapter 4 of the YROP provides detailed policy direction to guide the various types of urban communities that comprise the Urban System, phasing of growth and a hierarchical approach to intensification.

Section 2.1.4 contains policies pertaining to minimum intensification targets and transit-supportive intensification in York Region.

Section 2.3.54 encourages retrofitting, intensification and revitalization, in accordance with policy 2.3.13, when redeveloping existing retail, including major retail sites.

Retention of Existing Housing Stock

Section 2.3.44(c) requires that local municipal official plans include policies prohibiting the demolition or conversion of purpose-built rental buildings if the rental vacancy rate is less than 3% for a period or more than three consecutive years in the local municipality.

Affordable Housing

Among the YROP's guiding principles, the Region included a minimum of 35% of new housing affordable within Major Transit Station Areas and Regional Centres and Corridors, and 25% of new housing affordable outside of those areas.

Supportive and Additional Needs Housing

Section 2.3.39(c) lists co-housing; group, rooming, and special needs (additional needs) housing as part of the mix and range of housing options that are required.

Alternative Development Standards

Section 2.3.43(b) includes policies to promote housing options by encouraging the development industry to show flexibility in design and construction choice for new developments and identify approaches for affordable housing early in the development process. This section includes a definition for non-traditional building types.

6.2.2 Housing Solutions: A Plan for Everyone, York Region's 10-Year Housing and Homelessness Plan (2014-2023)

Under the *Housing Services Act*, local service managers are required to develop 10-year housing and homelessness plans to guide the delivery of housing and homelessness programs and services within their respective jurisdictions. *Housing Solutions: A Plan for Everyone* was York Region's 10-year housing and homeless plan from 2014 to 2023. The Plan was divided into two phases. Phase 1 encompassed 2014 to 2018 and identified 47 actions to address four overarching housing goals:

1. Increase rental housing supply;
2. Sustain existing rental housing supply;
3. Support home ownership affordability; and,
4. Strengthen the homelessness and housing stability system.

The Plan emphasized the need to increase the Region's supply of private, moderately-priced purpose-built rental housing. A major financial measure resulting from the plan was the pilot of a 36-month development charge deferral for new rental development. The Region now offers development charge deferral incentives for affordable rental and purpose-built rental developments.

Phase 2 updated the initial plan for 2019 through 2023 and established new, short-term actions (updated annually after 2020) for advancing three new overarching Plan goals:

1. Increase the supply of affordable and rental housing;
2. Help people find and keep housing; and,
3. Strengthen the housing and homelessness system.

The new goals reflected the updated Plan's stronger emphasis on housing and homelessness as an integrated system, housing access and stability, and housing for residents of low and moderate incomes. Among the updated Plan's key actions at the time of approval was the piloting of a local portable rent subsidy to help residents find and retain occupancy of affordable housing in the private rental market. In its final year, the updated Plan called for the

development of an *Affordable Private Market Housing Implementation Plan (AHIP)* “to identify and fund action, advocacy and partnership approaches to increase the supply of private market affordable housing” and directed Region staff to seek Council approval of a Community Housing Development Master Plan. Direction and timelines for the AHIP were adopted by Regional Council in Q1 of 2022.

A report to Council on October 03, 2024, *Actions to Increase Affordable and Community Housing Supply Under the Next 10-Year Housing and Homelessness Plan*, consolidated actions under consideration for the AHIP and the *Community Housing Development Master Plan*. While Housing Solutions has ended, Region is continuing to advance priorities under the previous plan, as well as new actions for consideration to increase affordable and community housing supply under the next 10-year plan (in addition to priorities in the *Homelessness Service System Plan*). A key component of these actions is looking at how we can strengthen partnerships, policy and process coordination efforts between local municipalities and the Region to address housing challenges and achieve shared outcomes.

6.2.3 York Region Corporate Strategic Plan 2023 – 2027

The *2019 to 2023 Strategic Plan: From Vision to Results* (Strategic Plan) provided a common focus and a set of priorities for the Region to ensure that the evolving needs of the communities within the Region are met moving forward. The Strategic Plan identified the following Community Result Areas (CRA) and specific priorities within the CRAs. These CRAs and their specific priorities were as follows.

- Economic Vitality: Increase economic prosperity
- Healthy Communities: Support community health, safety, and well-being
- Sustainable Environment: Build sustainable communities and protect the environment
- Good Government: Deliver trusted and efficient services

Among the objectives for the Healthy Communities CRA is delivering and promoting affordable housing. To accomplish this objective, the Region outlined three key activities that it would be prioritizing:

- Conducting a waitlist study review and identifying actions to support residents in accessing affordable housing options
- Support the creation of new affordable housing rental options
- Advocating to maintain current social housing supply

York Region aimed to measure the success towards this objective by increasing the percentage of York Region clients receiving help to improve their housing stability. This CRA aligns with *Vision 2051*, the Region’s long-term strategy, by prioritizing appropriate housing for all ages and stages of life.

Additionally, among the objectives for the Sustainable Environment CRA is encouraging growth in the Region’s centres, corridors, and built-up urban areas. This objective included performance measures that aim to increase the percentage of development applications that meet timeline commitments and increase the percentage of growth occurring within the built-up areas of the Region.

6.2.4 2024-2027 York Region Plan to Support Seniors – Navigating Forward Together

The *2024 to 2027 York Region Plan to Support Seniors: Navigating Forward* (Navigating Forward Plan) Together identifies priority areas, objectives, and related actions and advocacy York Region will take to enhance the health and well-being of the growing and diverse seniors population. It focuses on supporting seniors to “age in the right place” based on their preferences, circumstances and care needs.

The Navigating Forward Plan builds on the successes of the 2016 Seniors Strategy and core guiding principles:

- Evidence-based decision-making
- Partnerships, alignments and collaboration
- Prevention and promotion, and education
- Fiscal sustainability and balance

The Navigating Forward Plan contains the following priority areas and objectives:

- Keeping Seniors Healthier, Longer - provide seniors, caregivers and staff supporting seniors information to help them improve physical activity and social connectedness, and slow decline of, or prevent chronic disease
- Supporting Seniors to Live in Age-Friendly Complete Communities - better integrate services for seniors
- Connecting Seniors and Caregivers to Right Programs and Services at Right Time - improve system navigation for seniors
- Improving the Coordination, Organization and Planning of Services for Seniors - collaborate on and support strategic improvements for the overall system supporting seniors

6.2.5 A Place to Thrive – York Region’s 2024-2027 Plan for Newcomer Inclusion

York Region’s Plan for Newcomer Inclusion was adopted by York Regional Council on March 21, 2024. *A Place to Thrive: York Region’s 2024 to 2027 Plan for Newcomer Inclusion* (Newcomer Inclusion Plan) builds on previous newcomer inclusion plans and presents a vision for how York Region Local Immigration Partnership will support newcomer health and well-being, build welcoming communities where everyone belongs, and promote equitable and prosperous economic pathways for diverse groups of newcomers.

The Newcomer Inclusion Plan was developed with feedback from York Region residents, community partners and the Newcomer Inclusion Table (formerly Community Partnership Council). By leveraging an evidence-based, community-driven approach, the Newcomer Inclusion Plan reflects the voices of newcomers, service providers and community partners, and aligns with priorities of senior levels of government. To support implementation of the Plan, The

Regional Municipality of York will play a stewardship role, working with newcomers, partners, local municipalities, and service providers.

6.2.6 2024 to 2027 York Region Homelessness Service System Plan

The *2024-2027 York Region Homelessness Service System Plan (System Plan)* identifies a vision, goals, and priority areas to prevent and reduce homelessness in York Region. Guided by the aspirational goals of Ending Chronic Homelessness and Strengthening the Region's Human Rights-Based Approach to Homelessness, the System Plan is centred around four priority areas:

- Enhancing Prevention and Diversion services that help people stay housed,
- Delivering Intervention and Housing stability supports that meet the needs for safety, shelter and food of people who experience homelessness;
- Building a Systems Response, working collaboratively with partners across the homelessness service system to connect people to appropriate and effective supports; and,
- Strengthening York Region's Advocacy and Engagement with other levels of government to address service system gaps, in partnership with the community.

The *System Plan* responds to the immediate and long-term needs of residents experiencing or at-risk of homelessness, including exploring the creation of more emergency, transitional and longer-term housing options. The *System Plan* is informed by research, data, and engagement with local municipalities, community agencies, and people with lived experience. This *System Plan* was approved in June 2024 and will be a key component of the *2024-2025 Housing and Homelessness Plan*.

6.2.7 Approach to Developing the York Region 2024-2035 Housing and Homelessness Plan

York Region staff submitted the *Approach to Developing York Region's 2025 to 2035 Housing and Homelessness Plan* to the Regional Municipal of York Committee of the Whole on March 7, 2024. The report provided Council with an update on the development of York Region's next 10-year housing and homelessness plan, anticipated to be brought to Council in 2025, pending release of new Provincial requirements for Service Manager 10-year plans.

The report notes that the next 10-year housing and homelessness plan will be informed by the implementation plans that were currently underway and were to be brought forward to Council over Q2 and Q3 2024. These include the Affordable Private Market Housing Implementation Plan, Community Housing Development Master Plan, and Homelessness Service System Plan. In October 2024, the Region brought forward a report outlining a range of actions for Council to consider to increase affordable and community housing supply as part of the next 10-year plan. The work that was previously completed for the Affordable Private Market Housing Implementation Plan and the Community Housing Development Master Plan were consolidated under these supply-related actions.

As a Service Manager, York Region is required by the Province to develop and maintain a 10-year housing and homelessness plan. The Region's first plan, *Housing Solutions*, was approved by Council in June 2014 and significantly updated in October 2019.

6.3 Municipal Policies and Strategies

6.3.1 Newmarket Official Plan

The Town of Newmarket's current Official Plan (OP) was adopted by Town Council in October 2006 and approved by the Region of York in May 2008. This review is based on the August 2022 Office Consolidation. It should be noted that the Town is initiating its Official Plan Review (OPR), *Future Ready: Planning OUR #NEWmarket* over the next two years.

Section 3.0, which includes Official Plan Amendments (OPA) #29, 10, and 22 include policies for residential areas, residential character areas, local institutional uses, home occupations, bed and breakfast, and accessory dwelling units.

The Town's OP objectives for Residential Areas (Sec. 3.1) speaks to providing a range of dwelling types, tenure, size, and location, allowing for contextually sensitive development through Planning Act applications, and encouraging a range of innovative and affordable housing types, zoning standards, and subdivision designs where it can be demonstrated that the character of the Residential Area will be maintained.

Diversified housing stock

The Town's OP states that the predominant use in Residential Areas shall be single- and semi-detached dwellings. Row houses, townhouses, duplex, triplex, and quadruplex are also permitted if the applicant can demonstrate that the proposed development is compatible with the existing character of the neighborhood through a Compatibility Analysis Study. Group homes, special needs housing, and accessory dwelling units are also permitted. Stacked townhouses, apartment buildings with four to six storeys, and mixed use live-work units are permitted on Davis Drive west of the Newmarket Bus Terminal.

The Town's OP also states that when considering development proposals in the Residential Areas, it will consider how the proposal contributes to the maintenance and achievement of a balance of housing types and tenures to provide a full range of housing for a variety of demographic types.

Additional Residential Units

The Town's OP (Sec. 3.6) states that one accessory dwelling unit (ADU) is permitted as-of-right in single- and semi-detached dwellings. However, the policy limits the number of ADUs to one per dwelling unit and the property has to be registered in accordance with the Town's By-law for Registration of Two Unit Houses.

Rental Housing

The Town's OP has policies related to rental housing (Sec. 3.9.3) and states that new rental housing as well as the retention of existing medium and high density rental housing, including affordable rental housing, will be encouraged. The OP also notes that a rental housing target may be established. The OP prevents the demolition or conversion of rental housing if the rental vacancy rate is below 3% and identifies considerations for Council as well as the potential for entering into an agreement with proponents of rental conversions to set out conditions.

Mix of land uses

The Town's OP (Sec. 3.4) allows home occupations in Residential Areas and Urban Centres.

Residential Intensification

Intensification is permitted in Residential Areas through accessory dwelling units, townhouses and rowhouses on a site-specific basis, infill on vacant land, through additions, renovations, and redevelopment of existing dwellings.

The Town's OP (Sec. 4.4) states that Urban Centres will be the focus for intensification of residential and employment uses, and that higher density housing is encouraged.

Retention of existing housing stock

The Town's OP has a policy regarding the preservation and maintenance of dwellings and states that Council shall support the promotion of programs for the preservation, rehabilitation, or renewal of the existing housing stock.

Affordable housing

The Town's OP (Sec. 3.9.2) states that the Town will work towards achieving the affordable housing targets set by the Region. Section 3.9.2 states that a minimum of 25% of new housing development outside of the Urban Centres Secondary Plan will be affordable to low- and moderate-income households. Furthermore, a portion of these units should be accessible to people with disabilities and include a range of types, unit size, and tenures.

Section 13.3 of the Town's OP provides policies related to community improvement plans (CIP) and allows Council to implement a CIP to provide direction on a number of actions, including the provision of community and recreational facilities and land acquisition for community uses. The policies also allow the Town to participate in Regional Community Improvement Plans.

The Town's OP (Section 16.2.2) includes policies for bonus by-laws which would permit increases in height and/or density in exchange for community benefits, including housing for low- and moderate-income groups, senior citizens, persons with disabilities, and other special needs groups.

Section 16.2.6 also states that Council may acquire and hold lands for the purposes of implementing the Official Plan.

Supportive/special needs housing

Policies for local institutional uses (Sec. 3.3) permit group homes in Residential Areas and Urban Centres. However, the policies require that no group home be permitted within 300 metres of

another group home and/or 400 metres of a special needs facility. Special needs facilities are permitted in Residential Areas, Urban Centres, and Major Institutional Areas, subject to a Zoning By-law amendment and generally only permitted if located on a collector or arterial road. In addition, special needs facilities are not allowed within 400 metres of another special needs facility or group home.

The Town's OP defines group homes as a residence licensed or funded under a federal or provincial statute for the accommodation of three to eight people living under supervision in a single housekeeping unit. Special needs facilities are defined as those licensed or funded under a federal or provincial statute for the accommodation of more than eight persons.

The Town's OP has policies regarding accessible housing which require that new housing should meet accessibility standards in accordance with the Accessibility for Ontarians with Disabilities Act.

Alternative development standards

Policies related to Urban Centres (Sec. 4.0) state that Council may accept cash-in-lieu of parking where development is in close proximity to and can be accommodated by municipal parking facilities. Minimum and maximum parking requirements may be implemented through the Zoning By-law.

Furthermore, Section 15.5 of the Town's OP has policies related to parking and states that parking standards will be established for facilities for persons with disabilities, reduced standards for senior citizens housing, in areas of frequent transit service, and/or where the mix of uses enables parking to be shared.

Energy efficient housing/ climate change

The Town's OP (Sec. 12.0) identifies the policies related to urban design and compatibility and Section 12.3 has policies regarding sustainability in design. The OP states that innovative energy producing options, green industry, and green building designs and construction practices will be supported and encouraged.

7.0 Appendix II: Glossary

Housing and Dwelling Terms

- **Dwelling Type:** The type of dwelling refers to the built-form or structure type of a dwelling where someone lives.
 - **Single detached dwellings** are not attached to any other dwelling or structure (except its own garage or shed).
 - **Semi-detached dwellings** are one of two dwellings attached side by side to each other, but not attached to any other dwelling or structure (except its own garage or shed).
 - **Row houses** are one of three or more dwellings joined side by side, but without any other dwellings either above or below.
 - **Apartment in a building that has fewer than five storeys** (*or referred to as a low-rise apartment*) is a dwelling unit attached to other dwelling units, commercial units or other non-residential space in a building that has fewer than five storeys. This category contains apartment dwelling or flat in a duplex. This is one of two dwellings located one above the other.
 - **Apartment in a building that has five or more storeys** (*or referred to as a high-rise apartment*) is a dwelling unit in a high-rise apartment building that has five or more storeys. Also included are apartments in a building with five or more storeys where the first floor or second floor is commercial establishments.

Dwelling Age and Condition Definitions

- **Dwelling Condition:** The condition of a dwelling refers to whether the dwelling is in need of repairs (see: Adequate Housing). This does not include desirable re-modelling or additions.
 - **Regular maintenance needed** includes dwellings where only regular maintenance, such as painting or furnace cleaning, is required.
 - **Minor repairs needed** includes dwellings needing only minor repairs such as dwellings with missing or loose floor tiles, bricks or shingles; or defective steps, railing or siding.
 - **Major repairs needed** includes dwellings needing major repairs such as dwellings with defective plumbing or electrical wiring; and dwellings needing structural repairs to walls, floors or ceilings.
- **Dwelling Construction Age:** Period of construction refers to the period in time during which the building or dwelling was originally constructed. This refers to the period in which the building was completed, not the time of any later remodeling, additions or conversions.

Population and Household Terms

- **Household Type:** Household type refers to the composition of persons who occupy the same dwelling.
- **Census family** is defined as a married couple and the children, if any, of either and/or both spouses; a couple living common law and the children, if any, of either and/or both

partners; or a parent of any marital status in a one-parent family with at least one child living in the same dwelling and that child or those children.

- **Multigenerational households** means households with three or more generations. These households contain at least one person who is both the grandparent of a person in the household and the parent of another person in the same household.
 - **Other census family household** includes both one-census-family households with additional persons and multiple-census-family households.
 - **Two- or more-person non-family household** means a group of two or more persons who live together but do not constitute a census family.
- **Household tenure** refers to whether the household owns or rents their private dwelling.
 - **Owner households** are considered to own their dwelling if some member of the household owns the dwelling even if it is not fully paid for, for example if there is a mortgage or some other claim on it.
 - **Renter households** are considered to rent their dwelling if no member of the household owns the dwelling.
- **Immigration Status:** Refers to households where the primary household maintainer has immigrant status in Canada.
- **Household Income:** The total combined income from all household members, before taxes and deductions.
- **Primary Household Maintainer:** First person in the household identified as someone who pays the rent or the mortgage, or the taxes, or the electricity bill, and so on, for the dwelling. In the case of a household where two or more people are listed as household maintainers, the first person listed is chosen as the primary household maintainer.
- **Senior Households:** Households for which the primary household maintainer is aged 65 or over.

Specific Housing/Shelter Types

- **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. This can include market rent and subsidized units.
- **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.
- **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 assistance.

Housing Affordability Measures

- **Shelter-to-Income Ratio (STIR):** A commonly accepted benchmark for measuring affordability in the Canadian context is where a household spends no more than 30% of its gross household income on housing costs. This is referred to the shelter-cost-to-income ratio, or STIR, and is a key indicator of affordability.
 - A household facing **affordability issues** is a household spending 30% or more of their gross household income on shelter costs.
 - A household facing **deep affordability issues** is a household spending 50% or more of their gross household income on shelter costs.
- **Core Housing Need:** A more complete measure for defining affordability as it assesses the adequacy, suitability, and affordability of housing. Core housing need refers to whether a private household's housing falls below at least one of the indicator thresholds for housing adequacy, affordability, or suitability, and would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (attains all three housing indicator thresholds).
 - **Dwelling Adequacy:** Adequate housing is reported by their residents as not requiring any major repairs.
 - **Dwelling Suitability:** Suitable housing has enough bedrooms for the size and composition of resident households according to the National Occupancy Standard (NOS), conceived by the Canada Mortgage and Housing Corporation and provincial and territorial representatives.
- **Low-income population:** The low-income measure, after tax, (LIM-AT) refers to a fixed percentage (50%) of median adjusted after-tax income of private households. The household after-tax income is adjusted by an equivalence scale to take economies of scale into account. This adjustment for different household sizes reflects the fact that a household's needs increase, but at a decreasing rate, as the number of members increases.
 - Low-income status is typically presented for persons but, since the LIM-AT threshold and household income are unique and shared by all members within each household, low-income status based on LIM-AT can also be reported for households.

Residential Development Terms

- **Housing Start:** In the Starts and Completions Survey, a start is defined as the beginning of construction work on a building. This is usually when the concrete has been poured for the whole of the footing around the structure or an equivalent stage where a basement will not be part of the structure.
- **Housing Completion:** For purposes of the Starts and Completions Survey, a Completion is defined as the stage at which all the proposed construction work on a dwelling unit has been performed, although under some circumstances a dwelling may be counted as completed where up to 10% of the proposed work remains to be done.

- **Dwelling unit:** In the Starts and Completions Survey, a dwelling unit is defined as a structurally separate set of self-contained living premises. A dwelling unit has a private entrance from outside the building or from a common hall, lobby or stairway inside the building. The entrance must be one that can be used without passing through another separate dwelling unit.

8.0 Appendix III: Impact of Federal and Provincial Taxes

This section provides an analysis of the impact of the Ontario Non-Resident Speculation Tax (NRST) and the federal Underused Housing Tax (UHT) on the housing the housing market in Newmarket.

Ontario Non-Resident Speculation Tax (NRST)

In April 2017, the Ontario government introduced a 15% tax on the purchase or acquisition of an interest in residential property located in the Greater Golden Horseshoe Region (GGH) by individuals who are not citizens or permanent residents of Canada or by foreign corporations and taxable entities. The Non-Resident Speculation Tax (NRST) applies in addition to the general land transfer tax. The NRST is applied to the value of the consideration for a conveyance.

On March 30, 2022, the NRST was increased to 20% and expanded provincewide. The NRST applies to land with at least one and not more than six single detached residences. It does not apply to land containing multi residential rental apartment buildings with more than six units, agricultural land, commercial land, or industrial land.²² The NRST does not apply to other types of land such as land containing multi-residential rental apartment buildings with more than six units, agricultural land, commercial land or industrial land.

Effective October 25, 2022, the NRST rate was increased to 25%.

Federal Underused Housing Tax (UHT)

As part of Budget 2021, the federal government announced a national, annual 1% tax on the value of non-resident, non-Canadian owned residential real estate that is considered to be vacant or underused. The UHT took effect on January 1, 2022.

This tax would apply to residential property, defined as detached homes, duplexes, triplexes, semi-detached homes, row houses, residential condominium units, and any other similar premises that is, or is intended to be, a separate parcel or other division of real property owned.²³ To be exempted, the property must be occupied continuously for at least 180 days in a calendar year by a tenant, the owner's spouse or common law partner who is in Canada under a work permit, a spouse, common law partner, parent, or child who is a citizen or permanent resident, or a prescribed individual.²⁴

²² Queen's Printer for Ontario (2021-2022). Non-Resident Speculation Tax. Accessed from:

<https://www.ontario.ca/document/land-transfer-tax/non-resident-speculation-tax>

²³ Government of Canada (2021). Consultation on the Underused Housing Tax. Accessed from:

<https://www.canada.ca/en/departement-finance/programs/consultations/2021/tax-unproductive-use-housing-non-resident-non-canadian-owners/underused-housing-tax.html>

²⁴ Parliament of Canada (2022). Bill C-8. Accessed from: <https://www.parl.ca/DocumentViewer/en/44-1/bill/C-8/royal-assent>

Impact of NRST and UHT

Given that the Underused Housing Tax has been in effect for a relatively short period of time and the Non-Resident Speculation Tax applies only to a small percentage of property owners, the impacts of the British Columbia (BC) *Speculation and Vacancy Tax* and Vancouver's *Empty Homes Tax* was examined to better understand what the impact of the NRST and UHT would be on the housing market in Newmarket.

British Columbia Speculation and Vacancy Tax (SVT)

This tax applies to properties within the identified taxable regions of BC and was implemented to discourage housing speculation and to discourage vacant homes in BC's major urban centres. For properties owned on December 31, 2018, the tax rate was 0.5% of the assessed value for all properties. For 2019 onwards, the tax rate has been 2% for foreign owners and satellite families²⁵ and 0.5% for British Columbians and other Canadian Citizens or permanent residents who are not members of a satellite family. Property that is a principal residence, or that is rented out for at least three months, is exempt (not including short term rentals).²⁶

As of September 2019, 9,350 owners of residential properties paid the SVT, which makes up about 0.5% of all residential properties in the province. Of these, 78% were in Metro Vancouver where 31% were foreign owners, 19% were satellite families, and the remaining half were a mix of BC residents and other Canadians. Revenue from the tax was \$115 million for the 2018-2019 fiscal year.²⁷ In the third year (2020), the SVT had a total of \$81 million in revenue and 86% of this revenue came from foreign owners, satellite families, Canadians living outside BC, and other non-BC resident owners.²⁸

One of the goals of the SVT was to convert vacant homes into long term rental units. According to the BC Real Estate Association analysis, CMHC data showed that a record number of condominium rentals were added in Metro Vancouver between 2018 and 2019, which coincides with the implementation of the tax. However, the BC Real Estate Association noted that the impact of the SVT cannot be disentangled from the impact of Vancouver's Empty Homes Tax. Other regions where the SVT was applied had mixed results in terms of adding new rental units.²⁹

The SVT seems to have had an impact on the number of sales and average house prices in Metro Vancouver resulting in a 12.5% decline in the number of sales and 5.0% decline in the growth of average prices in 2022. However, the results in other SVT regions were not

²⁵ Satellite family is defined as an individual whose unreported (in Canada) income is greater than their reported (in Canada) total income. An individual's income is combined with their spouse's income for the purposes of this calculation.

²⁶ British Columbia (n.d.). Frequently asked questions about the speculation and vacancy tax. Accessed from: <https://www2.gov.bc.ca/gov/content/taxes/speculation-vacancy-tax/faq-speculation-and-vacancy-tax>

²⁷ BCREA (British Columbia Real Estate Association) (March 2020). Economics: Market Intelligence: Estimating the impacts of the Speculation and Vacancy Tax. Accessed from: <https://www.bcrea.bc.ca/wp-content/uploads/Speculation-and-Vacancy-Tax.pdf>

²⁸ British Columbia (n.d.). Speculation and Vacancy Tax. Accessed from: <https://www2.gov.bc.ca/gov/content/taxes/speculation-vacancy-tax>

²⁹ BCREA (British Columbia Real Estate Association) (March 2020). Economics: Market Intelligence: Estimating the impacts of the Speculation and Vacancy Tax. Accessed from: <https://www.bcrea.bc.ca/wp-content/uploads/Speculation-and-Vacancy-Tax.pdf>

statistically significant for the number of sales and the growth in average prices decreased by only 0.6% during this period. It should also be noted that the federal government's mortgage stress test was implemented at the same time, which likely would have an impact on number of sales and house prices.³⁰

Vancouver Empty Homes Tax (also known as the Vacancy Tax)

The Empty Homes Tax was introduced in 2017 to help return empty and under-utilized properties to the market as long term rental housing. Properties which are deemed empty are subject to a 3.0% tax based on the assessed taxable value. Exemptions include homes that are used as a principal residence for more than six months of the year, homes under construction or renovation, and homes that are rented for at least six months of the year in periods of thirty consecutive days or more, and multi-unit rental buildings where at least one unit is used as a principal residence and/or is rented for at least six months in periods of at least thirty consecutive days.³¹

The City's annual report for 2020 shows that the Empty Homes Tax has resulted in reducing the number of vacant residential properties in Vancouver by 26.0% from 2017 to 2020. There was an increase of 5,920 condominium units in the long-term rental stock for CMHC's rental housing survey for 2018 and 2019 and a further increase of 2,455 in 2020. A total of \$86.6 million in revenue had been raised since the tax was implemented, despite the significant proportion of exemptions. In 2021, a total of \$20.8 million in revenue was collected. These funds have been used for the City's Community Housing Incentive Program (CHIP), land acquisition/development opportunities for affordable housing, and funding for staff working on affordable housing projects.³²

Impact of NRST and UHT on Newmarket Housing Market

In 2023, an analysis of the impact of the non-resident speculation tax and federal underused housing tax had on the Newmarket housing market. According to Statistics Canada, in both 2019 and 2020, 187,325 property owners in Ontario were non-residents, which made up 3.1% of all property owners in the province during this time period³³.

From January 1, 2019 to March 31, 2019, Land Registry Offices data show that there were a total of 5,303 transactions in York Region³⁴ which represents 12.1% of all transactions in the Greater Golden Horseshoe (GGH) during that time period. Of these transactions in York Region, 138 (2.6% of all transactions in York) were foreign transactions, i.e., at least one foreign entity

³⁰ BCREA (British Columbia Real Estate Association) (March 2020). Economics: Market Intelligence: Estimating the impacts of the Speculation and Vacancy Tax. Accessed from: <https://www.bcrea.bc.ca/wp-content/uploads/Speculation-and-Vacancy-Tax.pdf>

³¹ City of Vancouver (n.d.). Empty Homes Tax. Accessed from: <https://vancouver.ca/home-property-development/empty-homes-tax.aspx>

³² City of Vancouver (2021). Empty Homes Tax Annual Report: 2020 Vacancy Reference Year. Accessed from: <https://vancouver.ca/files/cov/vancouver-2021-empty-homes-tax-annual-report.pdf>

³³ Statistics Canada. Table 46-10-0030-01, Ownership type of residential property owners by residency status and number of properties owned, with the number of buyers and sale price, where available.

³⁴ Please note that Land Registry Offices boundaries do not coincide with municipal boundaries, and as such, may have some discrepancies.

was involved. In comparison, 1.8% of all land transactions in the GGH were foreign transactions³⁵.

In 2023, the NRST collected for York Region amounted to \$23.8 million. York Region had the second highest amount of NRST collected in the GGH during this time period, next to Toronto at \$28.6 million.³⁶ These amounts were much lower than 2022 totals (\$43.5 and \$91.5 million, respectively).

The NRST was first implemented in 2017 and, looking at the CMHC data rental universe in Newmarket for 2018 to 2023, the number of purpose-built rental units increased by 189 units during this period. The purpose-built vacancy rate decreased from 2.2% in 2018 to 0.3% in 2023 (data was unavailable in 2023). Data from CMHC's condominium apartment survey shows that the proportion of condominium apartments owned by non-residents in the Toronto GTA has remained relatively stable at around 2.5% from 2017 to 2022. Similar to the findings for the BC SVT, this data suggests that the NRST has not had a significant effect on the availability and affordability of rental housing in Newmarket.

The following data analysis was completed in 2022, using data from 2017 to 2019.

In terms of ownership housing in Newmarket, data from TRREB shows the total number of sales for the first quarter (Q1) of 2017, before the NRST was implemented, was 595 and there were 1,142 new listings. Data for Q1 of 2018 shows a 62.4% decline in the total number of sales and a -33.7% decrease in the total number of listings. There was also a 27.9% decrease in the average house price and a 28.8% decrease in the median house price from Q1 2017 to Q1 2018. However, by Q1 2019, the total number of sales increased by 11.2% although the number of listings still decreased by 15.6%. The average house price increased by 2.6% while the median house price increased by 4.7%. This suggests that the NRST did have an impact on the number of sales, number of listings, and house prices. However, data from 2019 shows that the market stabilized and the number of sales and listings as well as house prices continued to increase to 2021 although the number of sales in Q1 2021 was still down by 8.4% and the number of new listings was still down by 26.9% compared to Q1 2017. It should be noted, however, that the B-20 mortgage stress test was also implemented in 2017 (July 2017), which likely contributed to the decrease in sales, listings, and house prices. Given the relatively low proportion of foreign owned property (approximately 3%), while the NRST may have impacted the number of sales and house prices, it can be assumed that the mortgage stress test had a greater impact on the housing market than the NRST. This is supported by anecdotal information from news articles which noted that, even with the increase to 20% and the province wide application, the NRST will have a relatively low impact on housing affordability and availability.

The federal UHT has recently received Royal Assent and, using the impact of the Empty Homes Tax in Vancouver as a proxy, it can be assumed that this tax may have a greater impact on

³⁵ Queen's Printer for Ontario (2021-2022). Land Transfer Tax – Additional Information Collection. Accessed from: <https://www.ontario.ca/document/land-transfer-tax/land-transfer-tax-additional-information-collection-january-1-2019-march#section-1>

³⁶ Queen's Printer for Ontario (2021-2022). Non-Resident Speculation Tax Collected. Accessed from: <https://www.ontario.ca/document/land-transfer-tax/non-resident-speculation-tax-collected-april-1-2020-june-30-2020#york>

housing availability compared to the provincial NRST. However, based on CMHC data for purpose built rental units as well as secondary rental units in Vancouver, the impact is still not expected to be significant regarding increasing the housing supply or improving affordability. The impact of these two taxes is more significant in terms of the revenue collected and how this revenue is applied.