

Town of Newmarket

Housing Needs Assessment and Inclusionary Zoning

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Presentation to the Committee of the Whole

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Meeting Purpose

- Present **feedback from consultation** events
- Present **key housing gaps** identified in the housing needs assessment
- Present **key findings of the Inclusionary Zoning analysis**
- Discuss **next steps** regarding the Federal Housing Needs Assessment and Housing Action Plan



Study Purpose

Housing Needs and Inclusionary Zoning Assessment

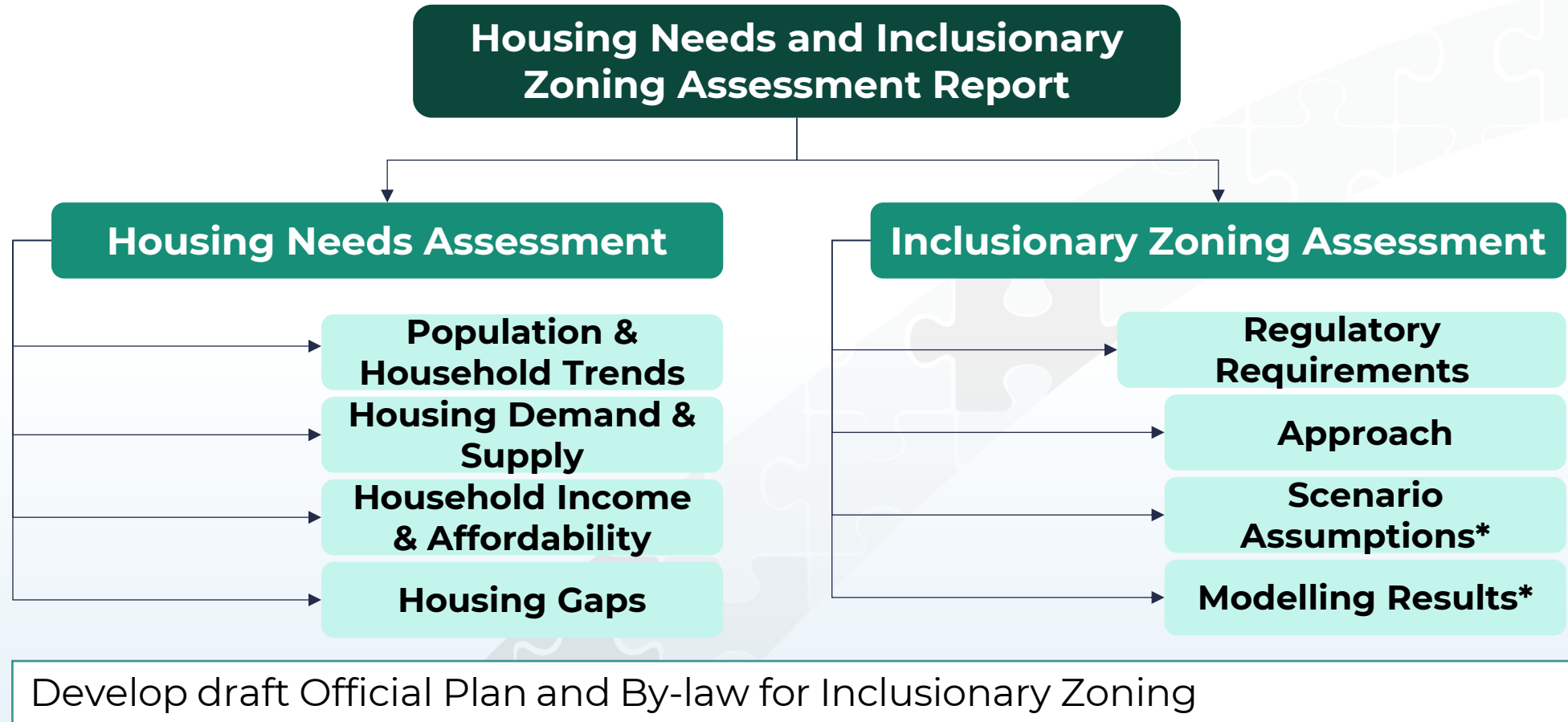
- Identify **current and emerging housing needs and** gaps in Newmarket, particularly as it relates to affordable rental and ownership housing and market-rate rental housing
- Define **affordable rental and ownership housing** in accordance with the definitions in the 2024 Provincial Policy Statement
- Meet the **provincial requirement for an assessment report** to support the implementation of enabling policies and an inclusionary zoning by-law for inclusionary zoning in the Town
- **Recommend policy directions** and a **draft policy framework** for implementing **Inclusionary Zoning**
- Inform the Town's future Housing Action Plan in 2026

New Federal HNA Template

- The federal government requires that municipalities **complete an HNA to qualify for funding under the Canada Community-Building Fund (CCBF)** and to inform funding for local housing needs and priorities.
- Municipalities with **populations over 30,000**
- Once completed, HNAs must be **updated every five years** to remain compliant with federal standards.
- The HNA must be submitted to the Ministry of Housing, Infrastructure and Communities Canada (MHICC) **by the end of June 30th.**



Project Components



*re-examined based on Peer Review comments



Needs Assessment Overview – Housing Gaps Analysis

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

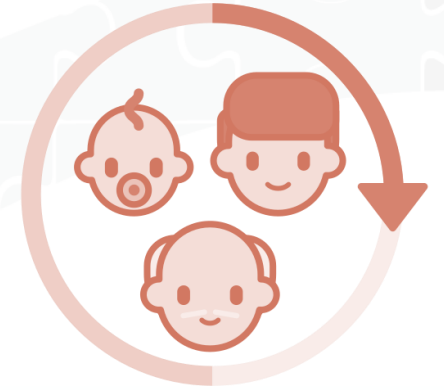
- **Renter households drove household growth** from 2016 to 2021
- These growth trends have occurred as the **rental housing stock in the Town has been largely stagnant**
- This has led to **increasing rental prices** on the primary rental market and **lowering vacancy rates**
- The rate at which **tenants report that major repairs** are required in their dwelling has **increased** since 2016
- In 2021 in Newmarket, over **one third of renter households were facing affordability issues** and **over one-in-six were facing deep affordability issues**



Needs Assessment Overview – Housing Gaps Analysis

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

- From 2016 to 2021, the **young households decreased** in Newmarket as these young households increased throughout York Region.
- Young households were the **most likely to be facing affordability issues and deep affordability issues** in 2021.
- Seniors made up the **fastest growing age cohort** in the Newmarket between 2016 to 2021; households maintained by adults aged 65 years and older experienced the fastest growth during this period.
- Senior households were the **second most likely to be low-income** of all age cohorts.



Needs Assessment Overview – Housing Gaps Analysis

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**.

- The average size of households in Newmarket (**2.9 persons**) was higher than Ontario (**2.6 persons**) and GTA (2.4 persons) in 2021
- In 2021, households with **4 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 **1 and 2-bedroom households**
- **One-person households**, across all indicators, have the **highest housing need** in Newmarket
- There has been a **lack of bachelor and three-bedroom units** in the primary rental market
- Recent development activity **demonstrate a more diverse range of housing forms being planned in the Town**



Understanding Affordable Housing Definitions

Provincial Planning Statement, 2024

Rental: Least expensive of:

- **Local AMR**
- **Rent at 30% of GAHI for low- and moderate-income households** (6th renter income decile)

Ownership: Least expensive of:

- **90% resale AAP**
- **Price at 30% of GAHI for low- and moderate-income households** (6th income decile)

**Used for:
Land Use Planning**

Development Charges Act, 1997

Rental: Least expensive of:

- **AMR** as set out in ARUB
- **Rent at 30% of GAHI for low- and moderate-income households** (6th renter income decile)

Ownership: Least expensive of:

- **90% APP** in ARUB
- **Price at 30% of GAHI for low- and moderate-income households** (6th income decile)

**Used for:
Determining Eligibility for
Development Charge Exemptions**

York Region Official Plan, 2022

Rental:

- **125% of AMR** in the region market area by bedroom type

Ownership:

- **Price at 30% of GAHI for low- and moderate-income households** (6th income decile)

**Used for:
Land Use Planning**

- **AMR:** Average Market Rent **APP:** Average Purchase Price **GAHI:** Gross Annual Housing Income
- **ARUB:** Affordable Residential Units Bulletin As set out by the Minister of Municipal Affairs and Housing



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

Note: The cells shaded in light green 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



Affordable Ownership in Newmarket

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

- The ownership market was not affordable to households outside the high-income decile group.
- Only households in the 10th income decile can afford market rates for a single detached home.
- Apartment dwellings, the most affordable housing type, are the least common dwelling type in the Town.

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



Affordable Rental In Newmarket

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

- Bachelor unit rent prices not available due to lack of available data
- Lack of new supply of large units keeps 3+ bedroom average rents low
- While market appears affordable, supply of rental units has been insufficient for existing demand
- Lack of available units has led to consistently low vacancy rates in the Town
- Secondary rental market was much more expensive (up to 100% higher rent prices)

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

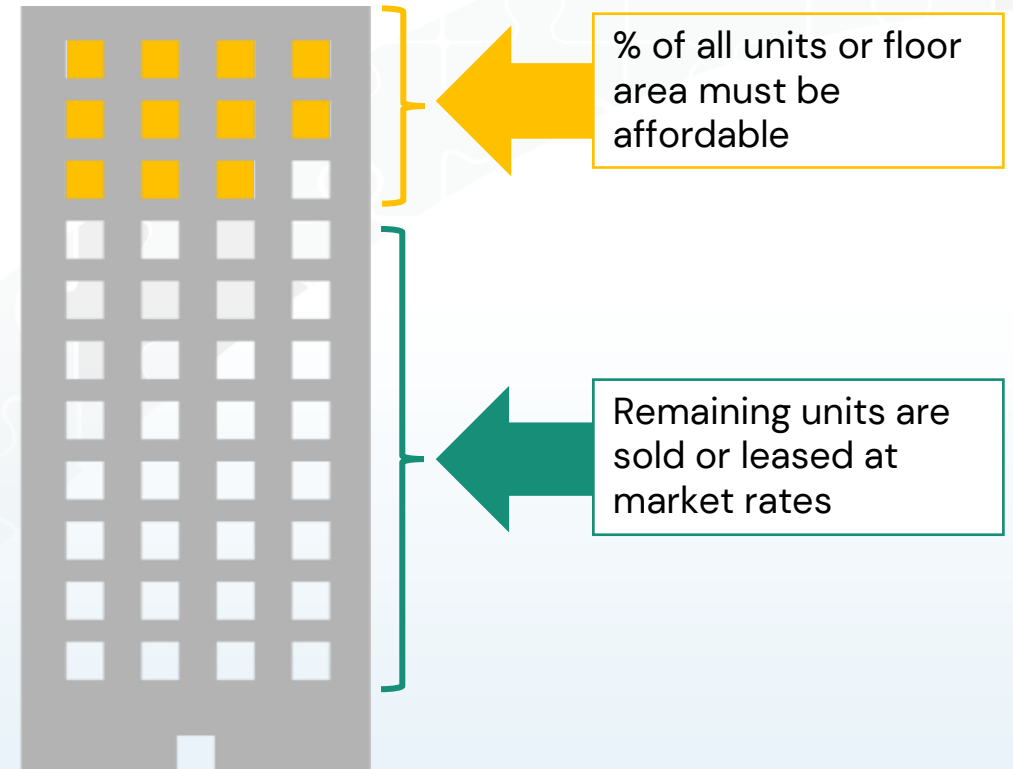
Note: Affordable prices calculated using threshold of 30% of household income spent on shelter; Ontario CPI increase from 2020 to 2024 of +17.4%. Bachelor unit prices unavailable due to a lack of data from CMHC's Rental Market Survey 2024.



What is Inclusionary Zoning?

- A land use planning tool that allows local governments to require the inclusion of affordable housing in new residential developments.
- The quantity of affordable housing is typically expressed as a percentage of housing units and/or residential gross floor area within the new development.

How Inclusionary Zoning Works



IZ Regulation (O. Reg 232/18) and Bill 23

- In addition to a housing needs assessment, the IZ regulation (O. Reg 232/18) requires that municipalities complete a financial impact assessment of implementing IZ on the local housing market in PMTSAs or CPPS areas.
- The Province has amended the IZ regulation to:
 - **Cap affordable units at 5% of the total units or gross floor area,**
 - **Set a maximum affordability period of 25 years, and**



Key Findings

- The analysis found that the potential impact of inclusionary zoning in Newmarket's PMTSAs 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 the variability of other development costs and revenues, the potential IZ impact on project viability is considered small.
- The report notes that IZ policies should be considered with a future-oriented perspective, due to the ongoing adjustments to the residential development environment in Newmarket and across Ontario.
- The **Financial Investigation** found:
 - Little market difference between the various PMTSAs (No need to conduct separate analyses or develop IZ policies that differ by location).
 - Construction costs exceed expectations for project revenue; for both ownership and rental tenure projects.



IZ Financial Modelling

The investigation found:

- Little market difference between the various PMTSAs.
 - No need to conduct separate analyses or develop IZ policies that differ by location.
- Construction **costs exceed expectations for project revenue**; for both ownership and rental tenure projects.

Modelling Parameters

Three (3) building sizes:

- 21 storey high rise (270 units)
- 11 storey mid-rise (220 units)
- 3 storey stacked townhouses (60 units)

Rental and ownership tenure buildings:

- IZ units modelled as affordable ownership and rental

The affordability analysis considered:

- Unit set aside of 5%
- Affordability period of 25 years
- Affordable pricing at 80% of market value



Next Steps

- ✓ The Federal HNA must be submitted to the Ministry of Housing, Infrastructure and Communities Canada (MHICC) in advance of the June 30, 2025 deadline for review.
- ✓ Following any comments from the MHICC and updates to the federal HNA, the Ministry requires municipalities to post the report on their public-facing website **by June 30**.
- ✓ Housing Council Workshop in early Fall to discuss Affordable Ownership and Affordable Rental in the Newmarket Context.
- ✓ Housing Action Plan.
- ✓ Enabling policies in the Official Plan and IZ bylaw.

