

The Shell Game of Affordable Housing

The recent introduction of Ontario's Bill 23, the *More Homes Built Faster Act, 2022* was accompanied by a news release that introduced the legislation's purpose as being a support to Ontario's newest Housing Supply Action Plan, More Homes Built Faster. "*This plan is part of a long-term strategy to increase housing supply and provide attainable housing options for hardworking Ontarians and their families*". But does it?

Affordability of housing is a hot button with anyone trying to find a way on to the housing ownership ladder. According to a report published in May 2022 by [Generation Squeeze](#) based in BC, Canadian Real Estate Association data shows the average price of an Ontario home in 2018 was \$571,771. When adjusted for inflation into 2021 dollars, this equals \$606,917. By 2021, average home prices had risen to \$871,688 – an increase of nearly \$265,000, or 44%, thereby eroding affordability for many.

The report also noted "*As younger residents are increasingly locked out of home ownership, ... they face rising rents that have become the norm across Ontario. This hurts their housing security and standard of living in the moment, and their ability to save for other investments in the future – like home ownership*". In fact, the report calculates it will now take a young worker in Ontario 27 years to save for a 20% downpayment on a home.

For many renters, it's even worse. In 2021, Community Development Halton reported "*56% of renter households in Ontario cannot afford the average rent for a 2-bedroom apartment (\$1,266). Rising housing costs have a significant impact on low-income households, and many require some form of assistance through the community housing system*".

Locally, our Halton Regional government produces an annual [State of Housing Report](#). For years, it has used the following guideline to define Affordable Housing:

Affordable housing is housing with a market price (for purchase) or rent that is affordable to households of low and moderate income, spending no more than 30 per cent of their gross household income on housing, without government assistance.

Bill 23 has an alternate take on Affordable Housing. It describes affordable housing as a residential unit, not intended for use as a rented residential premises, that meets the following criteria:

1. The price of the residential unit is **no greater than 80 per cent of the average purchase price, as determined in accordance with subsection (6)**.
2. The residential unit is sold to a person who is dealing at arm's length with the seller.

Subsection (6) referenced above states the average purchase price applicable to a residential unit is the average purchase price for the year in which the residential unit is sold, **as identified in the bulletin entitled the "Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin", as it is amended from time to time, that is published by the Minister of Municipal Affairs and Housing on a website of the Government of Ontario.**

A search for the Bulletin turns up nothing. Thus, it is a document, planned to be created in future, based on data that will be drawn from average resale purchase prices, or in the case of rentals, the average market rental.

To determine if this is a genuine method to reflect affordability, requires a comparison of information.

The aforementioned Halton Region *State of Housing Report 2021*, pegs affordability for both small (1 to 2 persons) and large (3+ persons) households.

- In the case of a small household, the annual income threshold is \$80,400 with a maximum purchase price of **\$320,600**. The maximum monthly rental is established as \$1,730.
- Larger households reflect an annual income of \$167,500 and a maximum purchase price of **\$660,200**. Maximum monthly rental is \$2,940.

The report further notes “*Despite the increase in new affordable units, resale home prices outpaced household income and overall shortfall of affordable units has continued to trend upward from 6.9 per cent in 2020 to 8.9 per cent in 2021*”. In Oakville, for example, the average cost of a new sale home was \$1,245,817. Of the total sales, only 34.6% were at or below the affordable threshold with an average price of \$369,791.

In the rental market, a summary of average rent and units by size revealed only one-bedroom and bachelor apartments averaged price within the \$1,730 affordability price, with the largest portion of units being 2-bedroom that averaged \$1,801 per month and 3-bedroom averaging \$1,959.

Using Bill 23’s definition of affordable housing, the following information taken from the Oakville, Milton and District Real Estate Board for September 2022, shows the following: The benchmark price for single-family homes was **\$1,500,500**, unchanged on a year-over-year basis in September. By comparison, the benchmark price for townhouse/row units was **\$852,100**, a small gain of 3.2% compared to a year earlier, while the benchmark apartment price was **\$653,700**, increasing by 2.8% from year-ago levels.

Based on the above and using the 80% method devised for Bill 23 a single-family home priced at **\$1,200,400** would qualify as affordable housing, Likewise, a townhouse/row unit at **\$681,600** and an apartment unit at **\$522,900** would be considered affordable.

These figures stand in stark contrast to those of Halton Region’s, which are based on income and ability to pay and as noted above, to be \$660,200 for a 3 person family and \$320,600 for small 1-2 person households.

Affordable housing as we have always known it is home ownership accessible to buyers who would otherwise be unable to buy. It is based on ability, not on a percentage of the going market price. For the people Premier Ford identifies as those whose “dream is to have a little white picket fence”, changing the rules on housing affordability through Bill 23 just dealt those dreams a fatal blow.

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