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To: **Affordable Housing Advisory Committee**

Agenda Section: Matters for Consideration  
Division: Social and Community Services  
Department: Social Housing

Item Number: **AHA - 2022-229**

Meeting Date: September 16, 2022

Subject: Affordable Rents, House Prices, and Tracking of Secondary Suites

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## **Recommendation**

That Item AHA 2022-229, dated September 16, 2022, regarding Affordable Rents, House Prices, and Tracking of Secondary Suites, be received; and

That changes to the tracking of unfunded secondary suites under Our Community 10-Year Affordable Housing and Homelessness Prevention Strategy (Strategy), as outlined in Item AHA 2022-229, be approved.

## **Executive Summary**

The Strategy aims to create a minimum of 2,685 new affordable housing units from 2014-2024. Units will be achieved through a mix of new development, rent supplements/housing allowances, affordable homeownership, and secondary suites.

Tracking and reporting progress is required under the Housing Services Act, 2011. To track the course of new units, a set of approved definitions for affordable rents and house prices was established. The approved definitions are attached for reference as Schedule 1 to Item AHA 2022-229.

Item AHA 2022-229 provides updated affordable rent and house price information as well as a recommendation to revise the discount rate applied to secondary suites created without government funding for the purpose of tracking units under Our Community 10-Year Affordable Housing and Homelessness Prevention Strategy. It is recommended that effective January 1, 2022, unfunded secondary suites no longer count towards the targets achieved under the Strategy.

## Background/Analysis/Options

### Average Market Rents

In general, under federal-provincial funding programs, units typically must achieve rents at or below Average Market Rent (AMR), as determined by Canada Mortgage and Housing Corporation (CMHC), to be deemed affordable. Average Market Rents (AMRs) are established through CMHCs rental market survey, which is conducted each fall and publishes data for five areas in the County, including Barrie, Collingwood, Midland, New Tecumseth/Alliston, and Orillia. The rents established for these areas are then used as a proxy for other municipalities in close geographic proximity.

The current CMHC AMRs are shown in the table below.

<b>APARTMENTS (RENT PER MONTH)</b>	<b>BACHELOR</b>	<b>1 BEDROOM</b>	<b>2 BEDROOM</b>	<b>3 + BEDROOM</b>
<b>BARRIE, ESSA, INNISFIL, SPRINGWATER</b>	\$979	\$1,286	\$1,502	\$1,592
<b>BRADFORD WEST GWILLIMBURY, NEW TECUMSETH, ADJALA- TOSORONTIO</b>	\$1,083	\$1,027	\$1,274	*\$1,539
<b>COLLINGWOOD, WASAGA BEACH, CLEARVIEW</b>	*\$880	\$1,132	\$1,229	*\$1,539
<b>MIDLAND, PENETANGUISHEN E, TAY, TINY</b>	*\$880	\$996	\$1,177	*\$1,539
<b>ORILLIA, ORO- MEDONTE, RAMARA, SEVERN</b>	\$776	\$1,057	\$1,177	\$1,471

\*In the absence of reliable subzone CMHC data Table 1.1.2 – substitute with PPS Tables 1 and 4. Average Rent by Bedroom - County of Simcoe (October 2021)

In some cases, approved alternate rents may be used, for example, in the rent supplement programs. Alternate AMRs are achieved through local average market rent surveys conducted by County staff and a formal request to the Ministry of Municipal Affairs and Housing (MMAH) for approval. Approved AMRs vary between programs in alignment with each program's respective funding directives, application processes, and reporting requirements.

The current approved AMRs for the Investment in Affordable Housing Rent Supplement Program and Municipal Rent Subsidy Program are attached as Schedule 2 to Item AHA 2022-229.

The CMHC AMRs are typically lower than local average market rent survey AMRs.

The current local Average Market Rent (AMR) Survey 2021 found the average percent difference between Canada Mortgage and Housing Corporation (CMHC) rental rates and the advertised rents for local units was 36%.

### House Prices

A chart showing the affordable house prices by municipality for 2021 is attached as Schedule 3 to Item AHA 2022-229. To clarify, this chart does not depict available inventory within the housing market, nor is it used for the down payment assistance program. It outlines what would be considered an affordable house price for the median income in that area.

Calculated Maximum House Prices unique to each member municipality, and the cities of Barrie and Orillia, are set using calculations based on several variables. Variables include median household income for the area, a 5% down payment, 5-year fixed mortgage rate, mortgage insurance, amortization rate, municipal and city property taxes, and a gross debt servicing ratio not exceeding 30%.

The Affordable House Price for each area is determined by the lower value of the Calculated Maximum House Price or 10% below the Average Resale Price for the regional area.

Since the onset of the Strategy, the County's down payment assistance program has helped to make home purchases more affordable for moderate income households. In recent years, however, rapidly rising house prices exacerbated by the COVID-19 pandemic have drastically inflated house prices. As there is not a large inventory of homes affordable to moderate income households within the County, participation in the down payment assistance program has diminished.

### Secondary Suites

Provincial policy encourages secondary suites as an important form of affordable housing and promotes zoning by-laws allowing up to two accessory dwelling units (ADUs) on certain properties. This policy has now been legislated through the Planning Act.

The County continues to administer federal and provincial funds for the creation of secondary units under the National Housing Strategy (NHS) and the Ontario Priorities Housing Initiative (OPHI). Additionally, the County invests funds in its own municipally run secondary suites program that, while similar, allows for added flexibility.

In addition to secondary units created through government-funded programs, many secondary suites have been created outside government funding. Private-built secondary suites are tracked through a Municipal Liaison Group (MLG), which meets quarterly.

At the onset of the Strategy in 2014, staff projected that most privately created secondary suites would be affordable due to the smaller size of these units and lower operating costs

compared to multi-residential market rental units. Accounting for outliers, a discount rate applies to all new or legalized secondary suites created outside government funding. This discount rate has been reviewed and amended on an ongoing basis to account for changes in average market rents.

- Item AHA 15-015 (June 19, 2015) applied a discount rate of 10%, counting 90% of secondary units created.
- Item AHA 2018-010 (April 20, 2018) increased the discount rate to 30%, counting 70% of secondary units created.
- Item AHA 2020-101 (September 18, 2020) amended the discount rate to 75%, counting 25% of secondary units created.

The Local Average Market Rent Survey 2021 includes a study of secondary suites. As in previous years, the study reports a reduction in the affordability of rents. Overall, 2%, or five of the 206 secondary suites listed, were below the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) for their unit size and location.

Therefore, it is recommended that, as of January 1, 2022, unfunded secondary suites are not included in the count of affordable units created towards the target under Our Community Ten Year Affordable Housing and Homelessness Prevention Strategy. To maintain reporting systems for future tracking and preserve complete data sets, staff will continue to track secondary suite creation outside government funding. New units created since January 1, 2022, however, would not count towards the approved minimum target of 2,685 if this recommendation is approved.

Despite no longer supporting the achievement of targets under the Strategy, market rent secondary suites still contribute to an increase in overall housing stock. They remain a beneficial addition to the local housing rental market.

### **Financial and Resource Implications**

There are no financial or resource implications associated with this Item.

### **Relationship to Corporate Strategic Plan**

Strengthen Social, Health and Educational Opportunities: Establish partnerships to identify opportunities for strengthened Human Services and Education to support improved health and well-being of our residents.

Growth Related Service Delivery: Create and strengthen partnerships with key stakeholders to support communities through the delivery of sustainable services.

Specifically, the Social and Community Services strategic initiative:

- Develop and implement a Long-Term Affordable Housing Strategy

This Item is consistent with *Our Community 10-Year Affordable Housing and Homelessness Prevention Strategy*.

## Reference Documents

- AHA 2021-071 (March 19, 2021) Affordable Housing Targets Update 2020
- AHA 2021-012 (January 15, 2021) Implementation Plan – Phase 3: Our Community 10-Year Affordable Housing and Homelessness Prevention Strategy
- AHA 2020-101 (September 18, 2020) Affordable Rents, House Prices, and Tracking of Secondary Suites
- CCW 18-442 (November 12, 2018) Ontario Renovates, Secondary Suites, Homeownership, and Operating Programs Policy Updates
- AHA 18-011 (May 18, 2018) Housing First Allocations in Simcoe County Housing Corporation New Builds
- AHA 18-010 (April 20, 2018) Secondary Suites Affordability and Marketing
- AHA 16-011 (March 18, 2016) Definitions Related to Tracking Targets on Progress – Update
- AHA 15-015 (June 19, 2015) Update on Definitions Related to Tracking Progress on Targets

## Attachments

Schedule 1 – Approved Definitions

Schedule 2 – Approved Average Market Rents (AMRs) for the Investment in Affordable Housing, Rent Supplement Program, and Municipal Rent Subsidy Program

Schedule 3 – 2021 Affordable House Prices

**Prepared By**                      Brittany Doner-Gilroy, Project Coordinator, Social Housing

## Approvals

John Connell, Implementation Manager, Social Housing

Brad Spiewak, Director, Social Housing

Greg Bishop, General Manager, Social and Community Services

Trevor Wilcox, General Manager, Corporate Performance

Mark Aitken, Chief Administrative Officer

## Date

July 27, 2022

August 30, 2022

August 30, 2022

September 8, 2022

September 9, 2022

## Approved Definitions Related to Tracking Progress on Targets 2016

Definition of a Unit	
A unit can be a “self-contained” unit with kitchen and bathroom facilities contained within the unit and/or it may include a shared accommodation where individuals have private sleeping areas and share a kitchen, bathroom and living space. The unit is to be modest in size and amenities and is offered at or below annual Canada Mortgage and Housing Corporation* (CMHC), or as otherwise set through local research, market rent for the area.	
Type of Unit Counted Towards Target	Considerations
Rent Supplement / Housing Allowance	Subsidy must be available for a minimum of five years and the rent for the unit cannot exceed the annual market rent* established by CMHC, or alternate approved AMR's
New Rental Development, New Supply Built With or Without Government Funding	Rent cannot exceed the annual CMHC market rent* or alternate approved AMR's for the area at initial take up
Second Suite/Garden Suite, New Supply Built With Government Funding	Rent cannot exceed the annual CMHC market rent* or alternate approved AMR's for the area at initial take up
Second Suite/Garden Suite, New Supply Built Without Government Funding	No rent cap however a discount rate will apply to address exceptions
Homeownership, New Supply Built With Government Funding	Price of the house cannot exceed average annual resale* for area. These affordable homeownership units are created under the federal-provincial funding programs.
Homeownership, New Supply Built Without Government Funding	Maximum house price amounts are set uniquely for eighteen municipalities using the lower value of: calculated maximum house price based on median household income, or of regional maximum 10% below average resale price*.

\*as adjusted from time to time by Canada Mortgage and Housing Corporation (CMHC)

As approved under Item AHA 16-011



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### *Investment in Affordable Housing Rent Supplement and Municipal Rent Subsidy Programs*

#### *Maximum Allowable Rents - Effective June 2021*

Stratified Area	Bachelor	1 Bdrm	2 Bdrm	3+ Bdrm
<b>BARRIE</b>				
City of Barrie				
Town of Innisfil	\$945	\$1,325	\$1,660	\$2,195
Township of Essa				
Township of Springwater				
<b>COLLINGWOOD</b>				
Town of Collingwood	\$995	\$1,365	\$1,460	\$2,060
Town of Wasaga Beach				
Township of Clearview				
<b>MIDLAND</b>				
Town of Midland				
Town of Penetanguishene	\$820	\$1,070	\$1,380	\$1,545
Township of Tay				
Township of Tiny				
<b>ORILLIA</b>				
City of Orillia				
Township of Oro-Medonte	\$875	\$1,105	\$1,435	\$1,795
Township of Ramara				
Township of Severn				
<b>ALLISTON/BRADFORD</b>				
Town of New Tecumseth				
Town of Bradford West	\$965	\$1,340	\$1,590	\$2,285
Gwillimbury				
Township of Adjala-Tosorontio				

#### Household Income Limits - Effective January 1, 2022

Area	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
City of Barrie	\$32,000	\$41,500	\$49,000	\$58,000	\$74,500
Town of Bradford West Gwillimbury, Town of New Tecumseth	\$48,000	\$56,500	\$63,500	\$72,000	\$78,000
Remainder of County	\$27,500	\$34,000	\$40,500	\$45,000	\$59,500

Affordable Homeownership Definition				
2021 Housing Affordability per Municipality				
		Maximum Affordable House Price		
Municipality	Adjusted Median Total Household Income	Affordable Housing Price Including 5% Downpayment	Regional Maximum (CMHC - 10% Below Average Resale Price)	Lower of Calculated House Price or Regional Maximum
Adjala-Tosorontio	\$110,070	\$440,900	\$593,879	\$440,900
Barrie	\$85,303	\$319,800	\$593,879	\$319,800
Bradford West-Gwillimbury	\$102,111	\$397,700	\$593,879	\$397,700
Clearview	\$85,976	\$326,900	\$593,879	\$326,900
Collingwood	\$70,483	\$265,000	\$593,879	\$265,000
Essa	\$95,529	\$383,600	\$593,879	\$383,600
Innisfil	\$91,448	\$352,600	\$593,879	\$352,600
Midland	\$60,090	\$218,300	\$593,879	\$218,300
New Tecumseth	\$94,155	\$369,100	\$593,879	\$369,100
Orillia	\$61,102	\$224,400	\$593,879	\$224,400
Oro-Medonte	\$104,753	\$410,300	\$593,879	\$410,300
Penetanguishene	\$65,412	\$238,600	\$593,879	\$238,600
Ramara	\$79,014	\$306,100	\$593,879	\$306,100
Severn	\$84,323	\$331,700	\$593,879	\$331,700
Springwater	\$109,008	\$429,800	\$593,879	\$429,800
Tay	\$71,382	\$272,100	\$593,879	\$272,100
Tiny	\$76,555	\$305,300	\$593,879	\$305,300
Wasaga Beach	\$68,053	\$262,200	\$593,879	\$262,200
COUNTY OF SIMCOE	\$83,754			

Sources:

1. Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016099.
2. <http://inflationcalculator.ca/ontario/>
3. Affordable Housing Price calculated using the Canada Mortgage Housing Corporation (CMHC) Mortgage Affordability Calculator "[http://www.cmhc-schl.gc.ca/en/co/buho/buho\\_020.cfm](http://www.cmhc-schl.gc.ca/en/co/buho/buho_020.cfm)"
4. Regional Maximum from CMHC based on data from Canadian Real Estate Board

Notes:

1. Consumer Price Index for 2015 is 127.4 and for 2021 is 139.5.
2. Total income refers to receipts from certain sources of all household members, before income taxes and deductions, during a specified reference period.
3. The median income of a specified group is the amount that divides the income distribution of that group into two halves, i.e., the incomes of half of the units in that group are below the median, while those of the other half are above the median. Median incomes of households are calculated for all units, whether or not they had income.
4. For the 2016 Census, the reference period is the calendar year 2015 for all income variables.
5. Data for Christian Island 30A is suppressed to meet the confidentiality requirements of the Statistics Act.