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**IS THERE A LINK BETWEEN GROWTH MANAGEMENT REGULATIONS AND
HOUSING AFFORDABILITY IN THE TOWN OF MARKHAM?**

by

Anna Henriques, B.E.S, York University, 1999

**A Major research Paper presented to Ryerson University
in partial fulfillment of the requirements for the degree of**

**Master of Planning
in
Urban Development**


Toronto, Ontario, Canada, 2010

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ABSTRACT

The primary objective of this research paper is to identify and understand the potential impacts of growth management regulations (the Greenbelt Plan and the GPGGH) on housing affordability in the Town of Markham and to explore what, if anything, Markham is doing to mitigate potential negative impacts.

Relevant quantitative and qualitative data was reviewed relative to growth management and the Town of Markham and it was found that there are some potential links. Despite finding potential links, it is impossible to make a definitive and causal relationship between the two due to the discrepancies in measuring affordability and myriad variables that have the potential to influence affordability.

The Town of Markham is taking a proactive and sensible approach to ensuring the diversification of an affordable housing stock, yet it is impossible to predict whether what they are doing (and considering doing) will be enough given the complexities involving affordability.

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Also, a special thank to Professor Ron Keeble for providing comments and guidance as a Second Reader.

DEDICATION

This is dedicated to Miranda, Markus and Daddy.

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EXECUTIVE SUMMARY

Growth management regulations adopted by various levels of government seek to respond to the negative effects associated with urban growth and sprawl by limiting and stopping growth or by accommodating growth in a more sustainable manner. Equitable access to affordable housing, for varying income groups, is often an important component of the objectives of growth management. However, despite their good intentions, many growth management regulations have been widely criticized as impediments to affordable housing.

The primary objective of this research paper is to identify and understand the potential impacts of growth management regulations (the Greenbelt Plan and the GPGGH) on housing affordability in the Town of Markham and to explore what, if anything, Markham is doing and can do in response to any potential negative impacts.

A review of the literature revealed the complexity of growth management regulations as well as the many variables influencing housing affordability and prices. Essentially, some potential links may be made between growth management regulations and housing affordability, however, definitive and causal relationships are difficult to confirm.

Within the context of the Town of Markham, quantitative data relating to growth management and housing affordability was examined. The data included the following:

- historic and forecast population numbers;
- growth management strategy density and housing stock targets;
- median family income and average value of owned dwellings for census data years (1996, 2001, 2006);

- Average housing price, by housing type (1993-2009); Housing starts by dwelling type (1990-2009); and,
- Owner households spending 30% or more of household income on housing (census data, 2006).

This data was examined within the context of the absence of regional growth management and within the context of the Greenbelt Plan, the Growth Plan for the Greater Golden Horseshoe and the Region of York servicing constraints. Several potential connections were found between growth management regulations and the affordability of home ownership in Markham.

A review of Town of Markham policies and initiatives indicates that the Town is working towards improving its stock of affordable housing in the Town. A shift in housing stock supply from low to higher density will result in a diversified housing stock, potentially increasing affordable housing options for low and moderate income people.

Incentives are being provided (financial or otherwise) and partnerships are being forged to create affordable housing opportunities. Also, Official Plan policies are containing stronger language with respect to affordable housing and the implementation of Section 37 (Planning Act) benefits as a possible tool for encouraging affordable housing development.

Recommendations are made relating to what Markham can do further such as implementing Inclusionary Zoning By-laws (mandatory or voluntary), dependant on passage of Bill 58 and amendments to the Planning Act. The Town of Markham is taking a good approach towards increasing housing affordability

but will it be enough in light of growth management and the many variables that influence housing costs?

CHAPTER 1

INTRODUCTION

Growth is inevitable. In recent years, the pace and scale at which much urban growth has occurred has led to a substantial amount of land being consumed in an unsustainable manner. This unsustainable growth has led to increasing infrastructure costs, sprawling patterns of development, traffic congestion, air pollution and other undesirable effects (Gordon & Hodge, 2008).

Growth management regulations adopted by various levels of government seek to respond to the negative effects associated with urban growth and sprawl by limiting and stopping growth or by accommodating growth in a more sustainable manner (ibid). Key goals of growth management regulations include improvement in quality of life for the public at large, including future generations, and maximizing social equity. Equitable access to affordable housing, for varying income groups, is an important component of the above stated goals (ibid).

Despite their good intentions, many growth management regulations have been widely criticized as impediments to affordable housing. “.....efforts to control sprawl have led to.....unaffordable housing, higher land costs, housing bubbles and bursts and increasing barriers to home ownership for low and moderate income families” (O’Toole, 2008).

1.1 Research Topic and Questions

Is there a link between growth management regulations and housing affordability in the Town of Markham? Specifically, is there a link between the Greenbelt Plan and the Growth Plan for the Greater Golden Horseshoe (GPGGH) and housing affordability in

the Town of Markham and what, if anything, is the Town doing to ensure housing in Markham remains affordable to all income groups?

1.2 Objective

The general objective of this research paper is to better understand the potential relationships that may exist between growth management regulations and their effects on housing affordability. More specifically, the primary objective is to identify and understand the potential impacts of growth management regulations (the Greenbelt Plan and the GPGGH) on housing affordability in the Town of Markham and to explore what, if anything, Markham is doing and can do in response to any potential negative impacts.

1.3 Method

This research paper will consist of a combination of literature review on growth management regulations and housing affordability, review of quantitative data for the Town of Markham and Town of Markham policies.

The literature review will examine empirical studies and academic literature on the relationships between growth management strategies and their potential impacts on housing affordability. This literature review will also include a review of academic literature defining growth management, the evolution of growth management and the history of growth management in Ontario. Matters with respect to affordable housing; how it is defined and measured will also form part of my review. In addition, a short review of municipal planning tools and measures used to increase housing affordability will also be included.

Municipal documents (upper and lower tier) will also be reviewed to provide some context with respect to Markham's growth patterns over the years and to provide some insight as to where Markham plans to go in the future. Finally, the Greenbelt Plan and the GPGH will also be reviewed. Informal consultations/discussions with my colleagues at the Town involved in specific projects related to the research topic and questions will also be used to inform my work and findings.

The review of the quantitative data for the Town of Markham will include, but are not limited to, the following:

- Historic and forecast population numbers;
- Growth management strategy density and housing stock targets;
- Median family income and average value of owned dwellings for census data years (1996, 2001, 2006);
- Average housing price, by housing type (1993-2009); Housing starts by dwelling type (1990-2009); and,
- Owner households spending 30% or more of household income on housing (census data, 2006)

The quantitative data relating to median household income and average value of owned dwellings (comparing price to income) will be used to assess housing affordability in Markham for the period between 1996 and 2006. The data on population growth will be used to assess overall population growth and peaks experienced by the Town of Markham. This data will then be compared to the data on average housing price, by dwelling type and housing starts, by dwelling type to identify any possible trends. Data will also be examined with respect to the number of owner households experiencing affordability issues (spending 30% or more of household income on housing costs) and

any potential link to growth management in Markham. The identification of possible trends and relationships will then be compared to the literature review findings on the potential links associated with growth management and housing affordability.

Median family income data is not available beyond 2006, therefore, assessing housing affordability is not possible beyond 2006. However, data is available beyond 2006 with respect to housing price (by dwelling type) and as a result, I will be examining the relationship between the growth management plans and housing price instead. This is still relevant as housing prices have the ability to influence housing affordability. Once the data on median family income beyond 2006, is available, it can then be compared to the trend in housing prices to determine its true impacts on housing affordability in Markham.

The results of this study – the potential links and relationships between growth management and housing affordability in Markham and what the Town of Markham is doing to mitigate these potential negative impacts - will be discussed, as well as, a brief discussion on what Markham can do to improve housing affordability moving forward.

CHAPTER 2

BACKGROUND AND LITERATURE REVIEW

2.1 What is Growth Management?

Growth management can be described as “.....a dynamic process for anticipating and accommodating development needs that balances competing community building goals and coordinates local with regional-scale interests.”(Hare, 2001, p. ii) Specifically, growth management is a strategy with regulatory government policies aimed at influencing the pattern of growth and development in order to meet projected needs. These regulatory policies affect density, availability of land, mixture of uses and timing of development (ibid). The most common growth management tools and practices include concurrency, growth limits, greenbelts, growth boundaries and urban service boundaries (Dawkins, C., Knapp, G., Nelson, A., & Pendall, R., 2002).

Growth management strives to achieve five major goals:

- o Preserve public goods
- o Minimize negative externalities
- o Minimize public fiscal costs
- o Maximize social equity
- o Elevate quality of life

Growth management seeks to preserve public goods, improve social equity and minimize adverse impacts of development while still accommodating new housing and economic growth (ibid).

The terms ‘growth management’ and ‘**growth control**’ are often used interchangeably, however, it is important to distinguish between the two. Growth management seeks to accommodate growth rationally, not prevent or limit it. That is

growth control. Typical growth control tools are moratoria, permitting caps and development quotas (ibid).

Smart Growth and growth management are compatible and related concepts, however, a distinction can be made between the two (Hare, 2001). Smart growth is a term referring to a set of initiatives with an overarching goal of counteracting sprawl and enhancing liveability, the environment and the economy. These initiatives usually include: the efficient use of land, encouraging higher density development, encouraging mixing of uses, reducing travel by private vehicles, revitalizing older areas, etc. In contrast to smart growth, growth management is better defined as a strategy, tailored by each community, to guide growth within that community (ibid). Essentially, growth management is a strategy and smart growth is a means for implementing the strategy.

2.2 What is Affordable Housing?

Affordable housing is a difficult term to define and there appears to be a lack of consensus in the academic literature as to what it actually means and how to measure it – price to income ratio or residual income approach? Generally, it involves the capacity of households to consume housing services; specifically, it involves the relationship between household incomes and housing prices and rents (Dawkins et. al., 2002) An often quoted rule of thumb is that households should spend no more than 30% of their income on housing unless they choose to do so (ibid). Measuring housing affordability is therefore complicated by the inability to determine whether households spend more than 30% of their income on housing by necessity or by choice (ibid). Other measurement problems involve the definition of income - is it transitory, liquid or illiquid, personal or household? (ibid). Also, transportation is often not included when calculating housing expenditures

and affordability even though it can significantly increase or decrease housing affordability (ibid).

The Provincial Policy Statement, 2005 (Section 6.0, Definitions) defines the term affordable.

In terms of home ownership, the term affordable is defined as 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 regional market area.

With respect to home ownership, low and moderate income households are defined as “households with incomes in the lowest 60 percent of the income distribution for the regional market area.” (ibid)

For the purposes of this paper, housing affordability is measured by examining the price to income ratio. For example, to what extent can a typical median income family in Markham afford a typical median priced home in Markham? (Anthony, 2003). Furthermore, the number of owner households in Markham spending more than 30% of their income on housing will also be examined to provide further insight.

2.3 Literature Review

i. Is There a Link Between Growth Management Regulations and Housing Affordability?

Many studies examining the link between growth management regulations and housing prices and affordability are very ambiguous and offer differing conclusions. This is mainly due to the complexity of growth management regulations and the myriad

factors that can contribute to housing price fluctuations. The following condensed literature review will summarize some of the empirical evidence linking different types of growth management regulations and housing price and affordability.

One of the earliest studies to examine the effect of urban growth boundaries as an element of a growth management strategy is Correll, Lillydahl and Singell (1978) and their study of Boulder, Colorado's greenbelt plan. By examining a hedonic model (a statistical model that allows one to estimate the price buyers will pay for certain aspects of a house such as square feet, land area, age, bedrooms, etc), Correll et al. found that landowners place a premium on properties that are close to the edge of a greenbelt. They also found that the preservation of open space is captured into land prices. They conclude that the benefits of open space preservation are reflected in local housing prices.

A study conducted by Landis (1986) provides evidence that different growth management regimes affect housing markets in differing ways. In his study, Landis compares the growth management plans of 3 California cities using a variety of local and national data sources. It is important to note that each of the 3 communities studied pursues different types of growth management. At one extreme is Sacramento, which provides flexible urban growth boundary expansions and frequent amendments to the plan. Fresno's growth management approach is unique in that it is implemented with a charge or tax issued to new development depending on the distance to the existing urban area. Ultimately, if one builds close to the city centre, the tax is avoided and vice versa. Unlike Sacramento and Fresno, San Jose relies primarily on growth controls that are intended to stop rural land conversion. Landis found that in Sacramento, a competitive housing market was maintained and new homebuilders faced no barriers to entering or

exiting the market. As a result, housing was provided in a wide range of prices and styles. In the Fresno market, the highly concentrated structure of the homebuilding industry created an uncompetitive housing market where incumbent homebuilders consistently had an advantage over new homebuilders in the market. As a result, the Fresno market had limited housing choices in all price ranges. In San Jose, the primary effect of its growth control policy was to raise land costs thereby creating market entry costs for all developers. Due to the higher cost of land, small homebuilders were not able to compete with incumbents and as a result, have been forced from the market. In addition, the price and size of new homes were found to have substantially increased.

In another study, Lowry and Ferguson (1992) examine the cumulative impacts of land use regulation in three different housing markets, Sacramento, California, Orlando, Florida and Nashville, Tennessee. Land supply constraints combined with rapid increases in housing demand contributed to the rampant price inflation and a decline in housing affordability in Sacramento. Orlando on the other hand, was able to keep pace with the demand for new development by increasing its supply of developable land. The resultant housing price inflation in Orlando during the same period was modest despite the complex web of state, regional and local regulations. Interestingly, housing prices rose more rapidly in Nashville's unregulated market than in Orlando's regulated market. Regardless of abundant land supplies, Nashville developers engaged in rampant land speculation in the 1980's and constructed far too many homes, exceeding the demand by residents and short term prices were high because developers wanted to recover their speculative costs. The authors conclude that housing affordability is impacted more by the type of land use regulations and processes that are in place rather than the total number of such regulations.

In a subsequent study conducted by Landis (1992), Landis compared seven growth controlled cities in California with six similar cities without growth controls to determine the effects of the growth controls. Landis found the following:

- o slower population growth increases in only 3 of the 7 controlled cities when compared to the uncontrolled cities.
- o housing shortfalls were not always higher in the controlled cities when compared with the uncontrolled cities.
- o median single family home prices did not increase more rapidly in the growth controlled cities when compared to the uncontrolled cities.

Why are the California growth control studies so ambiguous? One possible explanation is that California's growth management policies are locally regulated, without state oversight. This allows different California cities to enact different growth management strategies (ie. growth controls vs. UGBs) which are also designed and implemented differently. This is contrast with Portland, Oregon's growth management policies which are sub-national and involve state oversight over local activities.

In Oregon, local governments are required to adopt urban growth boundaries to curb sprawl and preserve farmland. Additional policies are included to ensure that urban containment does not reduce the supply of land for economic growth and housing. These policies have provided for substantial density increases in zoning by-laws and have encouraged mixed use development and efforts to stream line the permitting process (Knapp & Nelson, 1992). Knaap & Nelson (2001) argue that the Oregon growth management program, of which UGBs are an integral part, has been successful in reducing the potentially negative supply side effects associated with growth management.

This is partly due to housing density increases and housing supply targets for communities.

Two other studies support the findings of Knaap & Nelson (2001). A study by Phillips and Goodstein (2000) examines the differences in Portland's housing prices compared to all other western US cities during the period 1991-1996. After controlling for differences in income, unemployment rate, etc., they found no statistically significant link between Portland's UGBs and housing prices. In conclusion, they state that although UGBs can reduce the supply of developable land, higher density housing has the potential to offset this reduction.

Similarly, Downs (2002) comes to the same conclusion. He found that the only period since 1980 where Portland's housing prices rose significantly faster than the national average was 1990 - 1994. This corresponds to Portland's emergence from the recession of the late 1980's that hit Oregon's timber based economy hard. Also, using regression analysis, Downs found no statistically significant association between Portland's housing price changes when compared to other metropolitan areas since 1994. Although he did find a statistically significant relationship for the period of 1990 to 1994, he attributes it mostly to rapid job and wage growth. Downs concludes that UGBs, even if inflexible, do not necessarily cause housing prices to increase at a faster rate than comparable regions without UGBs. However, Downs adds that a strictly drawn and enforced UGB can, in the short term, produce rising pressure upon the rate of increase in housing prices if it is combined with factors that increase the regional demand for housing. Downs concludes by stating that, "there is no simple relationship between containment programs and housing prices....." (Downs 2002, p. 21).

Downs (2001) points out that the key to separating supply-side effects from demand side effects is to examine the interaction between the price of housing and the quantity of housing produced, since demand side price increases suggest associated increases in the volume of housing units produced, whereas supply-side increases suggest just the opposite (Fischel 1989). Although this seems like a logical approach to better understanding the dynamics of a growth management related effects, few studies have considered housing quantity variables as part of their studies.

Lastly, Pendall (2000) examines the relationship between growth management programs and the production of affordable housing. He found that low-density-only zoning consistently reduced housing supply, shifted housing stock away from multi-family and rental housing, and reduced the affordability of rental housing. The resultant supply restrictions (especially reductions in the amount of rental housing) reduced the overall growth of low and moderate income families in the study area. To a lesser extent, building permit caps and moratoria were also found to have exclusionary results. However, Pendall found, in contrast with low-density-only zoning, urban growth boundaries and adequate public facilities ordinances were associated with shifts toward multi-family housing which is often rented, thereby having inclusionary benefits that help offset any potential housing price increases.

ii. Summary of Findings from Literature Review

In summary, several studies have examined the housing price and affordability impacts of various types of growth management regulations. From these studies, we can conclude that certain growth controls act as supply constraints particularly in housing markets where there is a strong demand for new housing. This often results in housing

price increases that can be substantial. On the other hand, communities engaging in growth management strategies that incorporate smart growth policies relating to intensification, the supply of housing may actually increase in the form of higher density dwelling units. These higher density, multi-family units are often rented which then translates into inclusionary benefits that offset the negative impacts potential housing price increases (Pendall, 2000). The production of higher density housing also has the capability of mitigating housing price increases related to supply constraints. Lastly, other studies suggest that although some growth management strategies reduce land and housing supply and increase housing prices, the housing price impact, if any, depends greatly on the type of regulation adopted, the overall regulatory regime within which the regulation is implemented and the overall demand for new housing (Dawkins et. al., 2001).

CHAPTER 3

PROBLEM INVESTIGATION

3.1 Historical and Forecast Population Growth in Markham

Since the inception of the Town of Markham in 1971, tremendous population growth has occurred. Within a 30 year period, from 1971 - 2001, the Town of Markham grew from a population of 36,700 to 217,800. This represents a total population increase of 181,100 and is equivalent to an increase of 6,036 people per year. It is projected that by the year 2011, Markham's total population will reach 303,500. This represents a total population increase of 266,800 over a 40 year period (1971 - 2011) and is equivalent to an increase of 6,670 people per year. Based on the data provided on the following page, Markham will experience its greatest ten year growth from 2001 – 2011 (assuming the 2011 projection is correct). During this time, Markham will have grown by 85,770 people which is equivalent to 8,570 people per year.

Historic and Forecast Population Growth in Markham

Year	Population	↑ in people per year
1971	36,700	
1981	77,000	4,030
1991	154,000	7,700
2001*	217,800	6,380
2011	303,500	8,570
2021	370,500	6,700
2031	423,500	5,300

*2006 population is estimated at approximately 275,000

Source : http://markham.ca/Markham/Departments/Planning/PopStats_HisFore.htm

3.2 Markham's Catalyst for Growth

Much of Markham's growth has been facilitated by the construction of the York Durham Sewage System (YDSS) which was completed in the early 1980's (Appendix A) (York Region, 2007). Prior to the YDSS, Markham was serviced by on-site private well and septic systems, two stream based sewage treatment systems and limited water service from the City of Toronto. The change in population growth during the two time periods demonstrates a correlation between substantial population growth in the Town and the YDSS. For example, during the time period when Markham relied on private wells and septic systems (1971-1981) the Town experienced a total population increase of 40,300 people which is equivalent to a population increase of 4,030 people per year. However, during the time period when Markham relied on the YDSS for servicing (1981-2001) the Town experienced a population increase of 140,800 people which is equivalent to a population increase of 7,040 people per year. This represents a substantial increase in the rate of population when comparing the per year figures.

In many ways, the YDSS can be considered as the catalyst that fuelled Markham's growth, as well as, the Region of York's growth. By examining the map of the YDSS as it is today (Appendix B) it becomes apparent that much of the growth has taken place in locations that follow the general pattern of the YDSS. It is also interesting to note that the location of the YDSS closely relates to major transportation routes, which has the potential to further encourage growth and sprawl, such as the mostly low density development Markham has historically experienced.

From a regional perspective, the YDSS runs north, conveniently located in between two major highways, highway 400 and highway 404. Similarly, a good portion of the YDSS runs east to west along Steeles Avenue, a regional arterial road and City of Toronto

arterial road. With respect to Markham, a similar pattern is observed. The YDSS runs east to west along 16th Avenue, a regional arterial road and it generally follows the path of Highway 7, another regional arterial road.

Since the initial construction of the YDSS, there have been several additions to the system in order to meet the growing needs of the Region's communities (including Markham) and to address environmental protection initiatives (Appendix B) (York Region, 2007). It is interesting to note the difference, as it relates to Markham, between the YDSS as it was originally constructed and the YDSS as it is today. There have been significant improvements/additions to the system within the Town of Markham. For example, the following YDSS additions were completed and/or are under construction within the Town:

- o Extension north along 9th line, beyond the northern limit of Markham and into the Town of Whitchurch – Stouffville;
- o Extension west along 16th Avenue from the expansion along 9th Line (half complete, the other half currently under construction)¹; and,
- o Extension north from Highway 7, past 16th Avenue and into the Town of Richmond Hill (The Region of York, 2007).

Markham's newer communities are often referred to as **'OPA 5' communities**. Official Plan Amendment # 5 (1993) provided secondary plans, incorporating policies and guidelines that reflect new urbanism and smart growth principles, for the development of new communities in Markham (Town of Markham, 1996). These communities are outlined in Appendix C, and include Markham Centre, Cornell, Greensborough, Wismer, Box Grove, etc. When comparing the location of these 'OPA 5' communities relative to

¹ According to a Region of York staff report dated February 2007, a portion of the YDSS along 16th Avenue is under construction. It is possible that this construction is now complete.

the most recent YDSS map (Appendix B), it becomes apparent that without the YDSS and its extensions, many of these Markham communities that have contributed (and continue to contribute) to Markham's tremendous growth, would not exist to the same extent today. A majority of Markham's new community development occurs north of 16th Avenue and east of 9th line. This pattern of development is consistent with the location of the YDSS extensions in Markham. This illustrates the importance and influence of key infrastructure improvements on development patterns and growth.

The significant growth experienced by Markham and other municipalities in York Region since the early to mid 1980's, has placed huge pressure on the YDSS and has resulted in it reaching its capacity in approximately the year 2006 (York Region, 2007). Growth forecasts for the Region indicate that it will continue to experience large population growth well into the future. As a result, another extension to the YDSS is proposed in order to adequately service this growth (ibid). It is anticipated that this extension will be complete sometime in 2012. In the meantime, the YDSS has very limited capacity and the Region of York is rationing servicing allocation to Markham and its other municipalities.

3.3 Growth Management and the Town of Markham

Historically, the Town of Markham has been involved in many regional growth management plans as outlined below:

- o 1970 : Toronto-Centred Region Plan (Appendix D)
- o 1975 : Central Ontario Lakeshore Urban Corridor (Appendix E)
- o 2001 : Oak Ridges Moraine Conservation Plan
- o 2005 : Greenbelt Plan (Appendix F)

- o 2006 : Places to Grow - Growth Plan for the Greater Golden Horseshoe

(Appendix G)

source: <http://www.crsc.ualberta.ca/pdf/Neil%20Rodgers%20Presentation.pdf>

The information above indicates a 29 year gap (1975 to 2005) during which regional growth management plans did not influence development in the Town of Markham². In other words, there were no regional policies in place restricting or directing and informing growth in the Town. Essentially, the Town of Markham was free to grow in whatever manner and pace they saw fit provided they complied with their own policies and by-laws and/or obtained amendments when required.

The Greenbelt Plan (Appendix F), a provincially initiated growth management plan, was adopted in 2005 and effectively, it established an extensive greenbelt surrounding a large urbanized region stretching from Hamilton to Oshawa. The Greenbelt Plan covers approximately 7,300 square kilometres in area with an approximate population of over 6 million. Overall, the Greenbelt Plan has major 2 goals: to contain sprawl in the urbanized area and to permanently protect greenspace and rural areas and activities that surround the urban area (Gordon & Hodge, 2008). The purpose of the greenbelt is as follows:

- o Protects against the loss and fragmentation of the agricultural land base and supports agriculture as the predominant land use;
- o Gives permanent protection to the natural heritage and water-resource systems that sustain ecological and human health and that form the environmental framework around which major urbanization in south-central Ontario will be organized; and,

² The Oak Ridges Moraine Plan (2001) does not significantly affect the Town of Markham and therefore is not being considered in this paper.. Further, the Greenbelt Plan incorporates the Oak Ridges Moraine Lands in Markham.

- o Provides for a diverse range of economic and social activities associated with rural communities, agriculture, tourism, recreation and resource uses (ibid).

The Greenbelt Plan incorporates an UGB to identify where urbanization will not occur.

Appendices H and I illustrate the extent to which the Greenbelt Plan affects the Town of Markham. Essentially, the Greenbelt Plan occupies the eastern portion of the Town (everything east of Reesor Road and everything east of 9th Line, just north of 16th Avenue. A small portion also exists east of 9th line, south of 14th Avenue and north of Steeles Avenue). This portion of the Greenbelt Plan is consistent with Markham's eastern urban settlement boundary. In addition to the eastern portion, the Greenbelt Plan affects strips of land, generally running north and south, outside of Markham's urban settlement boundary³. These strips of land are often referred to as 'fingers' amongst Town of Markham Planning Staff. These greenbelt 'fingers' coincide with the Rouge River tributaries within the Little Rouge Creek Policy Area and the Middle Reaches Policy Area. The area north of Major Mackenzie that does not form part of the Greenbelt Plan is known as Markham's "whitebelt". The whitebelt lands are located outside of the current urban settlement boundary; however, they have the potential for future urban development. The table on the following page summarizes Markham's urban and non-urban areas as it relates to the Greenbelt Plan:

³ Markham's northern urban settlement boundary is Major MacKenzie Drive, with the exception of lands west of Woodbine Avenue. In this case the northern urban settlement boundary is 19th Avenue.

Land Distribution in Markham

<u>Designation</u>	<u>Approximate Total Land Distribution</u>
Urban Settlement Area	60%
Greenbelt Area	24%
Whitebelt Area	16%

Source: Town of Markham

The Growth Plan for the Greater Golden Horseshoe (GPGGH) (released June 16, 2006)(Appendix G) is the Ontario government's growth management program to manage growth and development in a way that supports economic prosperity, protects the environment and helps communities achieve a high quality of life across the province. Through the GPGGH, regional growth plans are developed to help achieve its primary goals, as outlined below:

- o Revitalize downtowns to become vibrant and convenient centres;
- o Create complete communities that offer more options for living, working, learning, shopping and playing;
- o Provide housing options to meet the needs of people at any age;
- o Curb sprawl and protect farmland and green spaces;
- o Reduce traffic gridlock by improving access to a greater range of transportation options (Gordon & Hodge, 2008)

The Places to Grow Act requires municipal planning decisions and Official Plans to conform to the policies of the GPGGH. The Plan specifically requires that a minimum of 40% of all new residential development be provided in existing urban areas by the year

2015 and for each year thereafter until 2031. This growth management plan incorporates UGBs that identify areas where growth is and is not to occur. In addition to the UGB, the plan also incorporates smart growth policies that encourage intensification (higher densities) and mixing of uses within the UGB (existing built up areas)(Province of Ontario, 2006).

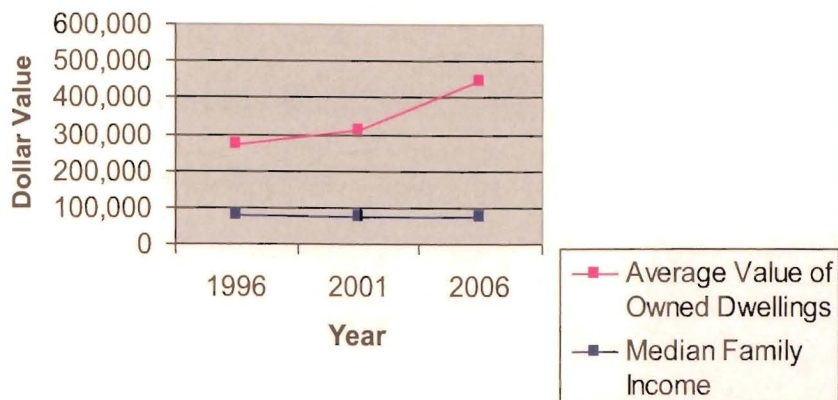
3.4 Affordability

i. Median Family Income vs. Average Value of Owned Dwellings in Markham

According to data from Statistics Canada for the years 1996, 2001 and 2006, the median family income in Markham has remained relatively constant and in the range of approximately \$73,000 to \$78,000. Conversely, the average value of owned dwellings in Markham has significantly increased from approximately \$280,000 in 1996 to approximately \$450,000 in 2006. An increase in housing values does not necessarily equal a decrease in housing affordability, unless household/family income fails to increase proportionately (Florida). The data for Markham suggests a decline in housing affordability during the time period of 1996 - 2006. No significant relationship can be made between this finding and the Greenbelt Plan and the GPGGH as these plans were newly adopted and the market most likely had not experienced any potential effects of these plans. There is also a sharp increase in the value of owned dwellings in Markham after the year 2001. Again, it is unlikely that the Greenbelt Plan and the GPGGH contributed to these increases as they were adopted in 2005 and 2006.

The following graph illustrates the relationship between median family income and the average value of owned dwellings in Markham for the years 1996, 2001 and 2006.

Median Family Income vs. Average Value of Owned Dwellings

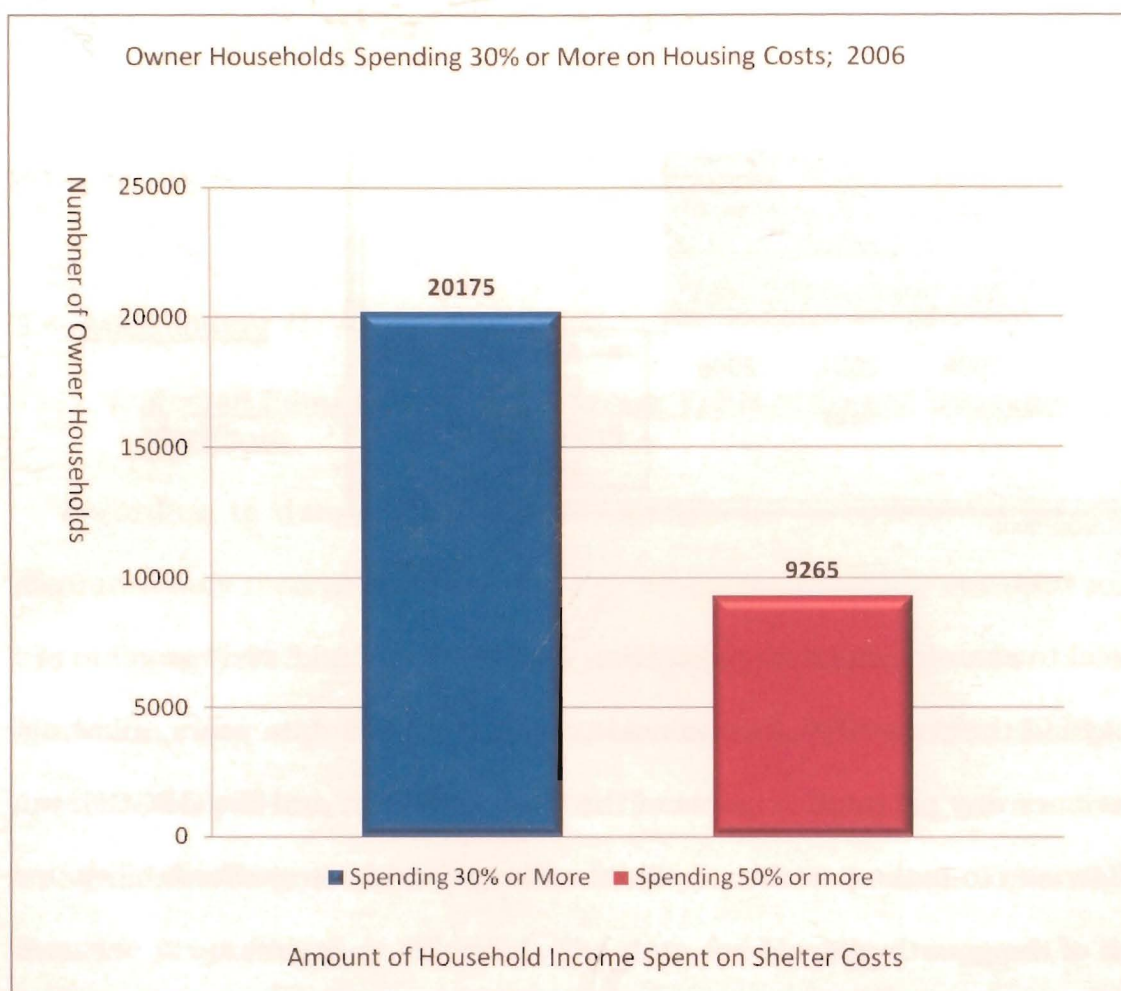


Source: Census Canada, 2006

It would be beneficial to examine the data on median family income and average value of owned dwellings beyond the year 2006, for the next couple of census data years, allowing the market to experience any potential impacts of the Greenbelt Plan and the GPGGH. This would also allow one to make possible connections between housing affordability relative to adoption of the growth plans.

It is worth noting that examining household income would also be beneficial and appropriate when measuring housing affordability using the price to income ratio. The use of median family income data is also considered appropriate and suitable, however, using data on median household income would be particularly important in areas where there is increased tendency for multiple families to live in one home and share housing costs.

ii) Markham Owner Households Spending 30% or More of Income on Housing Costs, 2006



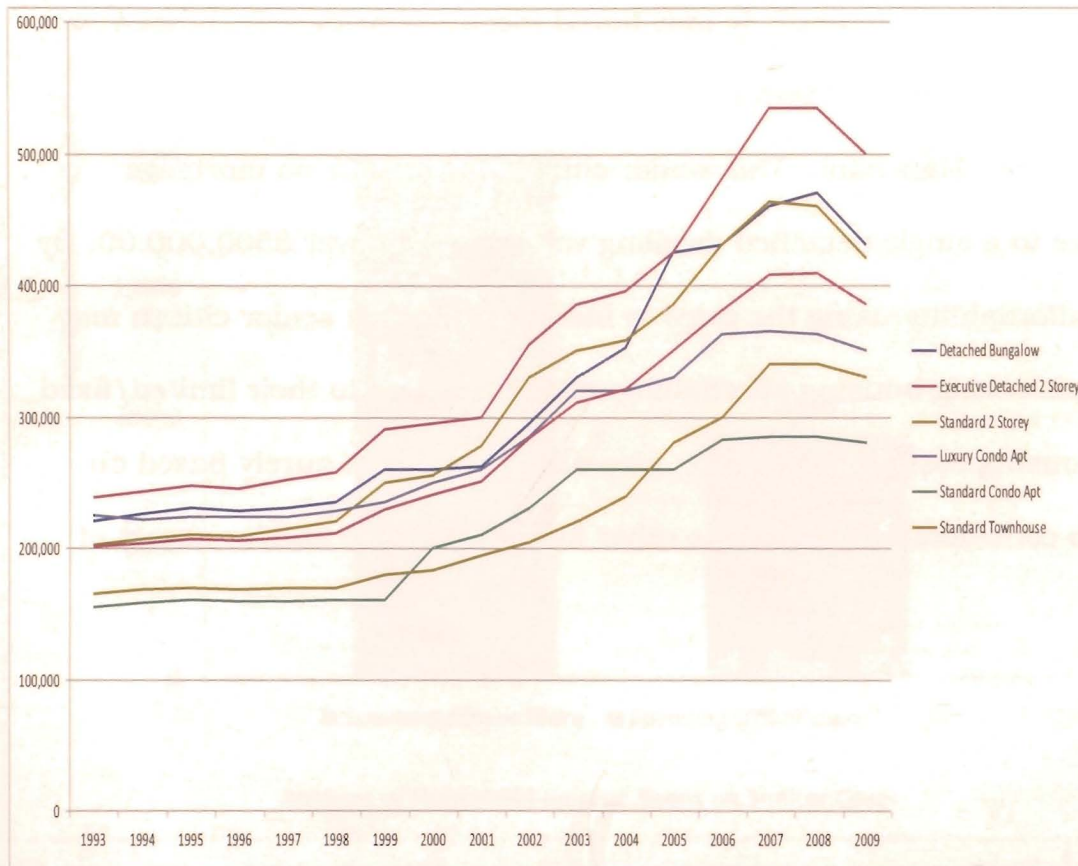
Source: SHS Consulting, 2010

The graph on the above indicates that approximately 43.1% (29,440 households) of all Town of Markham owner households are spending 30% or more of their income on housing costs, as measured by price to income ratio. Of the 43.1% of owner households, approximately 29.5% (9,265 households) are spending 30% or more of their income on housing costs and approximately 13.6% (9,265 households) are spending 50% or more of their income on housing costs. This represents a significant portion of all owner households in Markham, nearly half. On the surface, these figures suggest that a

significant portion of owner households in Markham are experiencing housing affordability challenges. Although this may be true for a number of households, it is important to note that these numbers may be misleading, based on the earlier discussion with respect to measuring housing affordability. For example, using the price to income ratio, how is income actually measured? Is only liquid income considered? What about assets? Take for instance, a senior citizen on a limited and fixed income residing in a single detached dwelling in Markham. This senior citizen has little or no mortgage remaining and resides in a single detached dwelling valued at well over \$500,000.00. By measuring housing affordability using the price to income ratio, this senior citizen may be considered as experiencing housing affordability challenges due to their limited/fixed income, relative to housing costs. In this case, measuring income is purely based on liquid income and no consideration is given to other forms of income and/or assets of significant value.

iii. Average Cost of Dwelling in Markham, by Dwelling Type, 1993-2009

The following graph below provides data on average housing price, by dwelling type, in the Town of Markham between 1993 - 2009. See Appendix J for data in table format.



Source: Canadian Real Estate Board, 2009

This data is generally consistent with the data provided on the previous graph in the sense that it also indicates a distinct increase in the value of homes after the year 2001. What is more interesting is that the period 1993-2001 experienced less significant price increases when compared to the 2002-2008 period.

For example, the following table demonstrates the dollar price increase, relative to housing type, for 1993-2001 and 2002-2008.

Dwelling Type	1993-2001	2002-2008
Detached Bungalow	\$42,000	\$175,000
Executive 2 Storey	\$61,000	\$180,000
Standard 2 Storey	\$75,000	\$130,000
Luxury Condo	\$25,000	\$78,000
Standard condo	\$55,000	\$55,000
Standard Townhouse	\$29,000	\$135,000

Source: Canadian Real Estate Board, 2009

This clearly indicates the tremendous difference in price increases during the two time periods. It is worth noting that during 1993-2001, the Town of Markham experienced significant population growth without any growth restrictions such as YDSS constraints, the Greenbelt Plan and the GPGGH. This helped create a market where the supply of housing was able to keep up with the demand, potentially resulting in less dramatic housing price increases.

It is also interesting to note that the more typical suburban dwelling types such as the detached bungalow and executive 2 storey homes experienced the most significant increases. On the other hand, standard condo and the luxury condo, which are not considered typical suburban dwelling types, experienced the least amount of price increase, regardless of period of time. This may be reflective of the low demand for these units within Markham's suburban context. According to Knaap et al (2002), "If the demand for multifamily homes is weak or difficult to assess, housing producers may not economize on high land costs by constructing higher density housing....." (p. 33). As discussed previously in the literature review, this may result in exclusionary effects

which can subsequently lead to a decrease in housing affordability. It is also quite possible that as Markham continues to intensify that these condo units will become more desirable, thereby possibly increasing the demand for and price of these types of units. With the exception of 2 dwelling unit types (standard and luxury condos), all dwelling types experienced substantial price increases during 2002-2008. This will be discussed further in the next section of this report.

iv) Markham Annual Housing Starts, by Type

Markham Annual Housing Starts				
Year	Single	Semi- detached	Row	Apt
1990	430	0	0	491
1991	333	0	307	100
1992	616	0	122	0
1993	448	0	12	14
1994	1,199	0	0	0
1995	1,023	4	22	211
1996	1,011	0	124	81
1997	1,170	0	484	0
1998	1,182	96	748	215
1999	1,774	296	582	90
2000	2,165	162	633	224
2001	1,860	436	403	0
2002	2,389	392	682	115
2003	2,167	554	650	614
2004	1,669	820	654	710
2005	1,847	436	720	0
2006	1,422	522	709	722
2007	1,038	206	364	2,267
2008	1,554	366	324	893
2009	396	112	217	138

Source: CMHC, Custom Tabulation 2009

The data above demonstrates a substantial increase in housing starts for single detached dwellings from 1994 and onward. This may be as a result of OPA 5 (1993)

which provided the policy framework for Markham's new communities and subsequently contributed to Markham's explosive population growth. Further, when this data is pieced together with other data in this report, it is possible that a connection exists between housing starts, population growth and a demand induced increase in housing prices.

3.5 High Growth = High Starts = High Prices?

Single detached housing starts substantially increased in 1999 (peaked in 2002) and remained relatively high until 2005-2006. During roughly the same time period (2001-2006), Markham experienced a substantial increase in its population growth (approximately 60,000 people in 5 years) potentially due to the development of its OPA 5 communities. This population growth, in addition to the high housing starts for single detached dwellings, and the increased housing prices during 2002-2008, point to a possible connection between all three variables. According to Knaap et al. (2002), market demand, not growth management, is the single most important variable affecting housing prices with demand largely influenced by population growth. To further support this possible connection, Downs (2001) indicates that, demand side price increases are often associated with increases in the volume of housing units produced, whereas supply-side increases suggest the opposite. However, the ability of housing supply to respond to demand is dependent on a variety of factors including the supply of developable land (Calgary Chamber of Commerce, 2008). During 2001-2005, there were no growth management induced supply constraints on land or housing in Markham. Much of the literature states that land and housing supply constraints lead to increased housing prices and therefore one would think that an abundant supply of land/housing would

lead to housing price decreases or cause them to remain relatively constant, at the very least. However, many factors contribute to the ability of supply to respond to demand. These factors include, but are not limited to, the cost and availability of inputs and local government permitting and approval processes (ibid). Therefore, the supply of land and housing, as well as, the factors that influence the supply to demand relationship would need to be examined further in order to better identify and substantiate any potential relationships.

The housing starts data also demonstrates another interesting trend commencing in 2006 when housing starts for single detached dwellings decreased in 2006 and 2007, then increased slightly in 2008 and decreased again in 2009. During the same time period, the data for the other dwelling types (semi-detached and townhouses) indicate much significant housing start decreases, with the exception of the 2007 and 2008 starts for apartments. Also, apartment starts dramatically increase from 722 (previous peak) in 2006 to 2267 in 2007 and then decrease to 893 in 2008.

3.6 Low Starts, High Prices, YDSS constraints and Growth Management?

When this data is reviewed relative to average housing prices (by type), it becomes apparent that there may also be a connection between the decrease in housing starts and an increase in housing price. For example, most housing types reached their price peak in 2008. The analysis of the housing starts with the average housing price data for the period of 2006-2008 is significant as it coincides with the adoption of the Greenbelt Plan (2005) and the Places to Grow Plan (2006). According to the literature, some growth management controls have the effect of limiting the supply of land which then can result in decreased housing production. When housing demand exists (ie. population growth)

and the supply is low, potentially substantial housing price increases may occur. Lowry and Ferguson (1992) found that land supply constraints combined with rapid increases in housing demand contributed to dramatic price increases and a decline in housing affordability in Sacramento. Although the Greenbelt Plan and the Places to Grow Plan are not considered growth controls, they may have similar effects and the servicing constraints of the YDSS and York Region's rationing of servicing allocation (and essentially building permits) for Markham, is consistent with growth control. Further investigation is warranted to better understand what, if any, role the Greenbelt Plan and the GPGGH played in contributing to the decrease in housing starts for certain dwelling types (and the increase in starts for condo/apartment units) and associated price increases.

CHAPTER 4

WHAT IS MARKHAM DOING?

4.1 Markham's Response to the Growth Management and Affordable Housing

A key component of the GPGGH is intensification within existing urban areas. In conjunction with the UGB, policies are in place in the Town of Markham encouraging smart growth principles such as the mixing and intensification of uses, including higher density housing, as mandated by the Provincial Growth Plan. Markham is targeting a 60% intensification rate within its urban areas in order to meet the projected population of 423,500 by 2031. This ambitious intensification target (Growth Plan requires minimum 40% intensification) will likely result in less pressure on Markham's whitebelt in accommodating growth to 2031. By achieving this intensification target, it is estimated that approximately half of all new dwelling units constructed to 2031 will be condo/apartment units. This shift in housing supply is dramatically different from what has typically been Markham's standard housing type, low density single family homes. The table below, created by Hemson Consulting for the Town of Markham, outlines and compares the historic mix of housing units in the Town with two scenarios: a base case which is a more market-based forecast that represents what we would have expected to occur in the absence of the Provincial Growth Plan policies; and the growth scenario proposed for the Town for Growth Plan conformity (Staff's recommended growth option endorsed by Council in May, 2010).

4.2 Housing Stock Analysis

Years	Base Scenario	60% Intensification
	Singles & Semis	
1986-96	74%	74%
1996-06	59%	59%
2006-2031	51%	30%
	Townhomes	
1986-96	3%	3%
1996-06	19%	19%
2006-2031	19%	19%
	Apartments	
1986-96	23%	23%
1996-06	22%	22%
2006-2031	30%	51%

Source: Town of Markham, June 2009

It is clear from the above table that achieving the intensification target of 60% currently proposed by the Town will require a shift in current housing preferences and stock away from the historic single and semi-detached units and towards apartments. While these types of shifts can be assumed from an analytical perspective, from a practical perspective, achieving them may present some challenges. However, moving forward, this shift will result in a more diversified housing stock and greater housing options for all income groups in Markham, thereby potentially increasing housing affordability in the Town. However, an

increase in diversity in supply does not necessarily result in an increase in affordable dwelling units. For example, townhomes and condos/apartments in key locales in Markham may be priced the same, or more, than single detached dwellings in other areas of the Town. The challenge is providing a diversity of housing options at affordable prices, considering the price to income ratio of low and moderate income households in the Town.

Providing housing options to all income groups, particularly for those with low and moderate incomes is an important goal of growth management and the GPGGH itself. According to Dawkins et al. (2002), “successful growth management plans are ones that are designed to mitigate the adverse effects of urban growth and expand housing opportunities available to lower income households”(37).

4.3 Town of Markham Growth Plan Conformity – Preferred Growth Option

Town Council recently approved (May 2010) the Town’s preferred Growth Option (60% intensification in existing built up areas) to guide growth and development to the year 2031. This local initiative supports provincial and regional policy through more compact forms of development and includes planning for a diverse range of housing, including affordable housing. Several key studies have taken place to help inform the Town’s decisions with respect to where and how to grow, as will be outlined in the new Official Plan anticipated to be complete within the next 1 .5 – 2 years.

4.4 New Town of Markham Official Plan – Key Studies/Initiatives

The Town of Markham has undertaken several studies and initiatives in preparation for drafting a new Official Plan, as part of the Growth Plan conformity

exercise. Council's recent endorsement of a 60% intensification target in existing built up areas, together with the many studies/initiatives completed and/or near complete will form the basis for a new Town of Markham Official Plan. The following is an example of some of the Town of Markham studies/initiatives relating to the provision of affordable housing that will be used to guide policy direction in the new Official Plan document.

i) Green Print Community Sustainability Plan

The Town is currently in the process of creating its Green Print Community Sustainability Plan. The Green Print Plan has a social/housing component that emphasizes the need for a range of housing options in order to accommodate the needs of all income groups and ages in the Town. This Plan recognizes the importance of providing affordable housing when planning sustainable communities. Sustainable communities consider not only the environment but the economy and social issues as well. Providing affordable housing options to all income groups increases social equity and has the potential to improve environmental air quality by reducing commutes and commute times – assuming employees working in Markham can afford to purchase homes in Markham and choose to live in Markham.

ii) Markham 20/20

In 2008, the Town approved Markham 20/20; an economic development strategy to realize the Town's goal of transitioning from a suburban bedroom community to an urban centre for growth within York Region. The strategy strives to accommodate the housing needs of current and future workers, of all income levels, in addition to residents. This strategy recognizes the value in creating complete communities that do

not simply contain housing and employment opportunities but more importantly, housing opportunities for those (with varying incomes) who work in Markham. In addition to the environmental benefits mentioned above (reduced commute times), this strategy creates a potential benefit to current and prospective employers in Markham as affordable housing has the potential to attract prospective employees into the Markham area. The Town recognizes that by providing affordable housing opportunities, the Town may experience economic development benefits in return, by attracting more businesses. In addition, those who choose to live **and** work in Markham may increase their housing affordability by simply reducing their transportation costs, an important variable when measuring housing affordability that is not normally considered.

iii) Affordable Housing and Special Needs Housing Strategy

The Town of Markham is currently working on a study to develop a new Affordable Housing and Special Needs Housing Strategy. The purpose of this study is to re-examine the 2003 strategy and to create new policies to reflect the context of current needs, provincial/regional policies and the Town's emerging approach to growth. It is anticipated that the study will culminate with a final report and recommended strategy to be presented to Council in Fall 2010 or early 2011 for endorsement. The results of this study and the resultant recommended strategy will be used to guide/direct policies with respect to affordable housing in the Town's new Official Plan.

CHAPTER 5

MOVING FORWARD: Measures to Encourage Smarter Growth

5.1 Financial Incentives

The Town continues to work towards providing incentives to encourage the development of affordable housing in the Town. For example, in 2008, Town of Markham Council authorized financial incentives for an affordable housing project, East Markham Non-Profit Homes Inc. with a total of 120 affordable housing units. The conditional grant pertained to development charges and a reduced cash-in-lieu of parkland contribution. This grant was conditional on a number of commitments such as the execution of an agreement between East Markham Non-Profit Homes Inc. and the Town, respecting affordable rental rates, to the satisfaction of the Town and that the Region of York make a similar grant of regional development charges for the affordable housing project, demonstrating the Region's commitment to partnering with senior and local municipal levels of government in support of affordable rental housing development in Markham and York Region. This example demonstrates Markham's commitment to forging important partnerships and providing financial incentives to the private sector to encourage the development of affordable rental housing in Markham. Although this example does not relate to affordable home ownership, similar partnerships and financial incentives may be realized for affordable home ownership development in Markham.

5.2 Policies Encouraging Affordable Housing - Langstaff/Gateway Secondary Plan

The Langstaff/Gateway Secondary Plan will create a newly planned community (since the Provincial Growth Plan for the Greater Golden Horseshoe and the subsequent

new Region of York Official Plan (2009)), conforming to the Growth Plan. Given this context, the Langstaff/Gateway Secondary Plan must be consistent with these policy frameworks, the regional growth management regulation and the upper tier municipal official plan. The Langstaff/Gateway Planning District is generally bound by Highway 407 to the north, Yonge St to the west, Bayview Avenue to the east and the Holy Cross Cemetery to the south. The area currently accommodates a generally low density mix of older industrial and residential uses and has an overall area of approximately 47 hectares (116 acres).

The Langstaff Gateway Secondary Plan was adopted by Council in June 2010 and has been forwarded to the Region of York for approval. The Secondary Plan emphasizes more compact urban forms and complete communities that offer amongst other things, a range of housing types to meet the needs of current and future residents. This newly planned community conforms to the Provincial Growth Plan, targets density above what is required by the Growth Plan and is based largely on the principles of smart growth such as mixed use, higher density, transit dependency, etc.

The plan provides for an ultimate population of approximately 32,000 people and employment of approximately 15,000 at maturity. The secondary plan envisions a complete, transit dependant urban growth centre that accommodates significant residential and employment population in a healthy and sustainable form. Consistent with the new York Region Official Plan, the Secondary Plan contains policies with respect to affordable housing. Specifically, secondary plan policies require a minimum of 35% of new housing units to be affordable. Examples of specific policies relating to affordable housing are outlined and discussed briefly below:

Section 4.4.4 (residential development) states;

To create a compact community that provides:

- A variety of housing types and tenures in largely multiple residential and mixed use forms in safe and attractive settings;
- Opportunities to respond to the Region's affordable housing target;
- Housing, retail, open space and employment in close proximity;
- More intensive housing development in proximity to transit stations.

This section essentially outlines the primary objectives of the secondary plan, two of which specifically relate to affordable housing.

Section 4.5 (c) (Principles, Sustainable Development) states:

The Langstaff Gateway will be developed as a sustainable community promoting a compact development form at transit dependent densities with a mix of residential and employment uses. Provision of live-work and affordable housing opportunities and community infrastructure, will respond to the needs of residents and employees.

This section emphasizes the importance of providing affordable housing not only for residents of Markham but for employees as well. It is critical for complete live-work communities to provide housing options for all And this policy captures some key objectives as identified in the Markham Green Print Plan and the Markham 20/20 Strategy, as discussed previously.

Section 6.1.2 (b) General Housing Policies states:

It is the intent of this secondary plan to accommodate a broad range of compact housing forms, in keeping with a Regional Centre context. The density of housing forms is intended to accommodate a variety of housing types with a full mix and range of unit sizes, including family-sized and smaller units...

In order to ensure that the Langstaff Gateway community provides a variety of housing types to support diversity in housing needs by income, age and other demographic characteristics, the implementing zoning by-law(s) may include provisions that require a variety of unit types and sizes including minimum floor areas and bedrooms.

This section reiterates the intent and objective of the secondary plan as it relates to housing and provides the basis for the Town to pass zoning by-laws that contain specific provisions relating to the type and size of dwelling units. This is a significant and improved change relating to housing policy in Markham. It is anticipated that this policy will assist Markham in diversifying its housing stock. This diversified housing stock has the potential to increase housing affordability, however, it is essential that this diversified housing stock is priced appropriately, relative to the price to income ratio for low to moderate income households, in order to truly be affordable housing. The Town of Markham needs to explore means in which to ensure that their new housing stock is and remains affordable for those with low and moderate incomes wishing to purchase homes.

5.3 What else can Markham do?

The Town of Markham relies heavily on partnerships and senior government to provide funding/initiatives and community based sponsorship for affordable housing opportunities. However, the Town can play a proactive role and has many tools that can be used to provide affordable housing opportunities within Markham.. The following is a list of tools and initiatives that the Town may choose to implement and use to encourage and secure the development of affordable housing.

i) Section 37 Benefits

Section 37 of the Planning Act is a planning tool that allows municipalities to grant increases in height/density and receive additional services, facilities and matters (community benefits) from the owner of a contributing development. Any increase is subject to 'good planning' principles, neighbouring compatibility and a reasonable

relationship between the negotiated benefit and the approved height and/or density. In return for permitting an increase in height and/or density under a Section 37 zoning by-law, a municipality may request the provision of community benefits by the owner of the development. The community benefits obtained through Section 37 are those that would not otherwise be provided for through the Planning Act or Development Charges Act and may be of particular benefit to a specific area and/or the municipality as a whole.

Section 37 benefits may be in the form of cash contributions that may be used to contribute towards infrastructure services and facilities that address service needs/deficiencies in the community or for future growth. Possible community facilities include day care centres, community centres, recreational facilities, environmental restoration/enhancement and affordable housing. The Town of Markham is currently in the process of considering amendments to the Official Plan (or new policies for new Official Plan) to implement Section 37 and has made reference to its use in the Langstaff/Gateway Secondary Plan. If approved by Town Council, Section 37 Official Plan policies and implementing zoning by-laws will likely prove to be a valuable tool in achieving inclusionary community benefits by providing housing opportunities that are affordable to lower income groups.

ii) Inclusionary Zoning

Bill 58 is an Ontario proposal to amend the Planning Act to include the adequate provision of a full range of housing including housing that is affordable to low and moderate income households as a matter of provincial interest. Specifically, the Act proposes to amend Section 34 of the Planning Act to allow the councils of local municipalities to pass zoning by-laws requiring inclusionary housing in the municipality

and regulating the required percentage of affordable housing units in new housing developments in the municipality. Bill 58 also proposes to amend section 51 of the Act is amended to allow the approval authority to impose as a condition to the approval of a plan of subdivision a requirement that a specified percentage of housing units in all new housing developments in the subdivision be affordable to low and moderate income households.

These proposed amendments to the Planning Act will have the effect of granting municipalities the authority to require that new housing development be affordable. Inclusionary zoning by-laws can only be passed if the Official Plan in effect contains provisions relating to inclusionary housing requirements. Consistent with the Region of York Official Plan and the newly adopted Langstaff/ Gateway Secondary Plan, it is recommended that the Town of Markham's new Official Plan contain policies with respect to affordable housing targets and inclusionary zoning.

Municipalities that adopt an inclusionary zoning by-law may require a developer to enter into one or more agreements with the municipality dealing with the affordable housing requirements. The agreement entered into may require that the affordability of units be maintained and may restrict the purchase and sale of units to eligible persons as determined in accordance with the regulations.

This Bill has received 2 readings in Provincial Parliament – one more is required for the Bill to take effect. If and once this Bill is passed into law, the Town of Markham will have a very powerful affordable housing tool that they may choose to implement and use.

iii) Secondary Suites (basement apartments)

Secondary suites are not permitted in the Town of Markham, except in the following circumstances:

- 1) in specific areas where the zoning permits them; or,
- 2) where a secondary suite existed as of November 16, 1995 and
is a permitted use under provincial legislation.

In 2008, the Town initiated a study examining the possibility of allowing secondary suites in all single and semi-detached dwellings in the Town. After much public consultation and input, Town Council had several concerns and decided not to approve secondary suites in Markham. It is recommended that once Council concerns with respect to secondary suites are addressed satisfactorily, that Council reconsider permitting secondary suits. Secondary suites not only offer more affordable housing in the form of rental opportunities, they also offer more opportunities for affordable home ownership by providing home owners with supplementary income that can be used for housing costs.

CHAPTER 6

CONCLUSION

6.1 Is There a Link Between Growth Management Regulations and Housing Affordability in Markham?

The primary objective of this research paper was to examine and understand the link between growth management regulations and affordable housing within the Town of Markham. When data relating to median family income, average value of owned home, average price of dwelling (by type), annual housing starts (by type) and population growth was examined relative to the timing of the Greenbelt Plan, the GPGGH and YDSS constraints, versus the time period with no regional growth management in place, several potential connections were found negatively linking growth management and housing affordability in Markham. However, the relationship between growth management regulations and housing prices and affordability is very complex. Housing prices and affordability are influenced by a myriad of variables, growth management regulations being one of them, and this makes it very difficult to make causal connections between housing prices and the variables that affect it. Factors such as the price of land, the supply and types of housing, the demand for housing, mobility in the area, etc. can influence housing price (Calgary Chamber of Commerce, 2008). In Markham's case, although the examination of relevant data points to a potential negative link between growth management regulations and an increase in housing prices/decrease in housing affordability, it would be careless to believe there is a definitive link and that there are no other influencing variables impacting prices and affordability. Furthermore, "a common assumption is that by limiting the supply of land, all growth management policies reduce the supply of housing. Basic economic theory suggests that if housing supply is low

relative to demand then the price for it will be high, reducing its affordability. While this reasoning may seem logical, it is far too simplistic.” (Dawkins et. al., 2002, p.1).

Due to the lack of census data on median family income beyond 2006, it was not possible to identify any potential connections between the Greenbelt Plan, 2005 and the Places to Grow Plan, 2006, relative to median family income and housing affordability. Instead, the relationship between the growth management plans and housing price increases was examined.

The relative ‘newness’ of the Greenbelt Plan and the GPGGH created a limitation when trying to identify possible links between growth management regulations and housing affordability in Markham. It is recognized that the potential effects of these plans have not been fully realized as of yet. Nelson (1985) identifies a lag of approximately 2 years between initial adoption of urban growth boundaries and market response times. If Nelson is correct, the Town of Markham may have experienced some of the potential effects as early as 2007 which only provides for a maximum of 2 years of data to examine any possible links. Clearly, more data is needed.

In summary, based on the literature review and review of the data relevant to Markham, it is possible to draw some potential links between growth management regulations and housing affordability/housing price increases in the Town of Markham, as discussed throughout this report. The growth management plans, although, relatively new, along with the YDSS constraints and continued population growth and demand, potentially have worked together in contributing to housing price increases in Markham between 2006-2008. More data beyond 2008 is required to further identify and solidify any possible relationships. Also, further data with respect to supply (housing

completions) and further investigation into average housing construction cost for Markham may provide further insight.

6.2 Markham's Response to Growth Management

The secondary objective of this research paper was to investigate what Markham is currently doing, within the context of regional growth management, to encourage and achieve affordable housing development in the Town. An accompanying component to this objective was also examining what more the Town can do to realize their affordable housing objectives.

The Town of Markham's ambitious intensification target of 60% in existing urban areas will likely result in a diversified housing stock that will cater to residents in different income groups. This substantial shift in housing stock from primarily low density housing to higher density housing in the form of townhomes and apartments may be a challenge to achieve due to market forces and preferences. However, by providing more intensive forms of housing, the negative price impacts often associated with growth management regulations may be mitigated and a more inclusionary community environment may be achieved. Furthermore, by intensifying housing supply (relative to demand), housing prices may stay relatively stable and/or experience less dramatic price increases over time, relative to income, thereby possibly increasing affordability. In addition to this, the Town has in place Official Plan policies (Langstaff/Gateway Secondary Plan) and is planning communities based on smart growth principles that are the foundation of the Provincial GPGGH. The policies speak directly to the provision of affordable housing.

The Town of Markham has taken a fairly proactive role with respect to encouraging affordable housing development in the Town. In the absence of stronger Official Plan policies and implementing zoning by-laws, requiring and setting targets for affordable housing (likely to be seen in new Official Plan), the Town has forged partnerships with private organizations, providing incentives (financial or otherwise) for the development of affordable housing in the Town, as illustrated in the earlier example provided in this paper. In addition to this, it is recommended that the Town strongly consider implementing Section 37 of the Planning and Inclusionary Zoning policies within the new Official Plan document, as a means for encouraging and realizing the continued development of affordable housing in the Town. It is also recommended that the Town reconsider permitting secondary suites as they have a win-win affordability effect by increasing affordability for renters and home owners. Clearly, Council concerns relating to secondary suites would need to be addressed as part of this strategy.

Given the forecast population growth for the Town to the year 2031, Markham's sustainability and economic development vision and strategies and within the context of growth management and it's demonstrated potential link to housing affordability, it is critical that Markham consider options for increasing the stock of affordable housing in the Town. Without adequate affordable housing, Markham's larger vision for a sustainable, vibrant and healthy cannot be fully realized. It appears Markham is headed in the right direction, however, the real challenge may be ensuring that newly developed affordable housing in the Town is and remains affordable for those with low and moderate incomes. Also, moving forward with this topic, it is absolutely critical that a more consistent and comprehensive approach to measuring affordability be considered. As mentioned in this paper, senior citizens are a potential group of people that may

appear to be experiencing affordability challenges when in fact, there are others that are truly being affected. This is extremely important when considering the scale and impact of affordability within communities with a large senior citizen population. Furthermore, increased immigration has increased the tendency toward multi-family households. This also has the potential to increase affordability. Given Markham's demographic profile as a highly multi-cultural Town, with an aging population, it is essential to consider these variables when examining the true impact and scale of housing affordability in Markham.

6.3 Closing Comments

Although some possible links and relationships have been identified, it is important to note that establishing a definitive causal relationship is impossible.

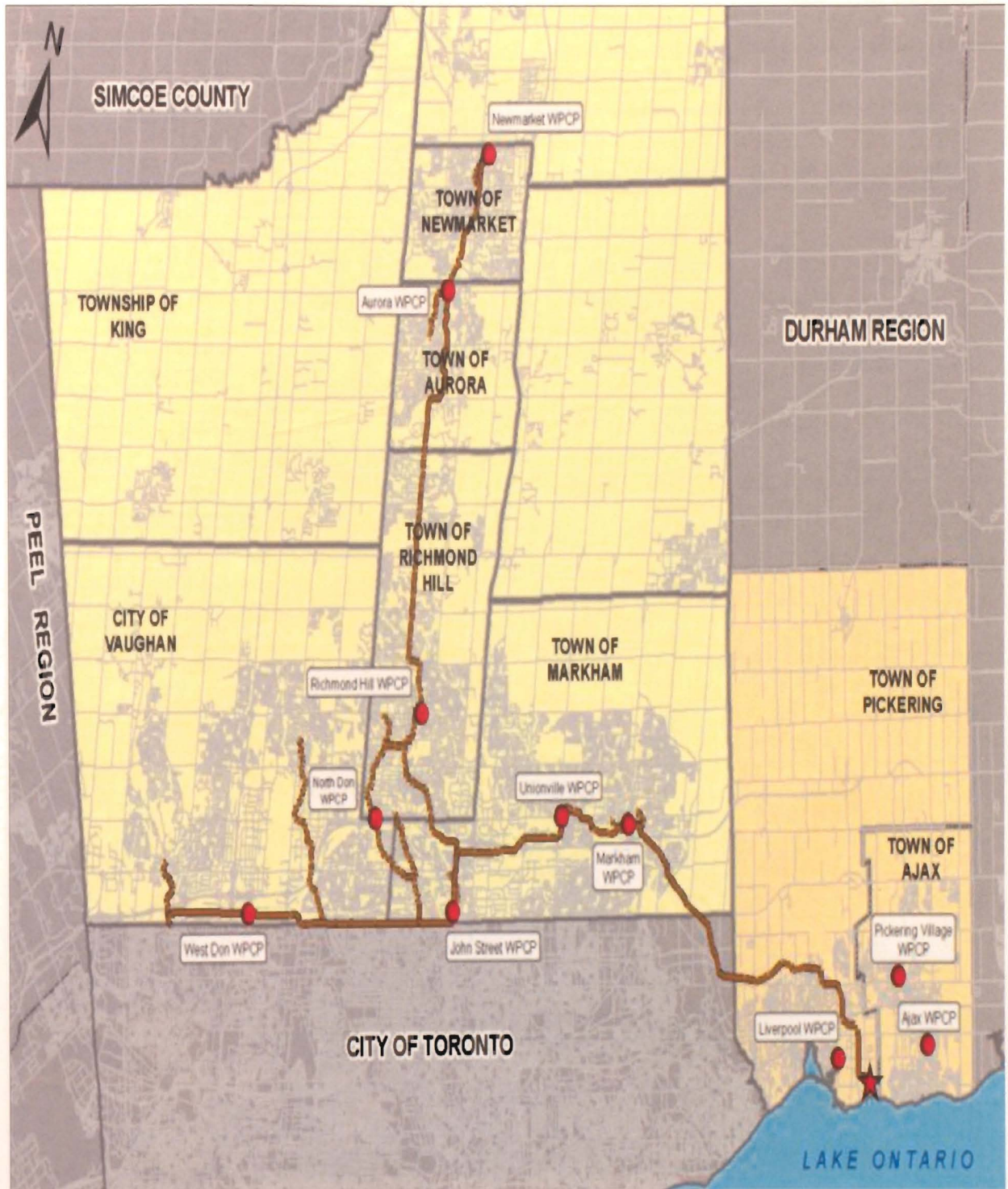
Dawkins et al.(2002) summarize things very well,

.....condemnations of UGBs and other containment programs as always undesirable because they inevitably cause higher housing prices are as unwise and unreliable as unqualified claims that UGBs never accelerate rates of housing price increase. The truth lies somewhere between those extremes (21).

Markham appears to be on the right path towards achieving a more diversified and affordable housing stock, however, it is impossible to predict whether what Markham is doing and considering will be enough to achieve a more sustainable and inclusive Town given the myriad external forces that have the potential to influence affordability.

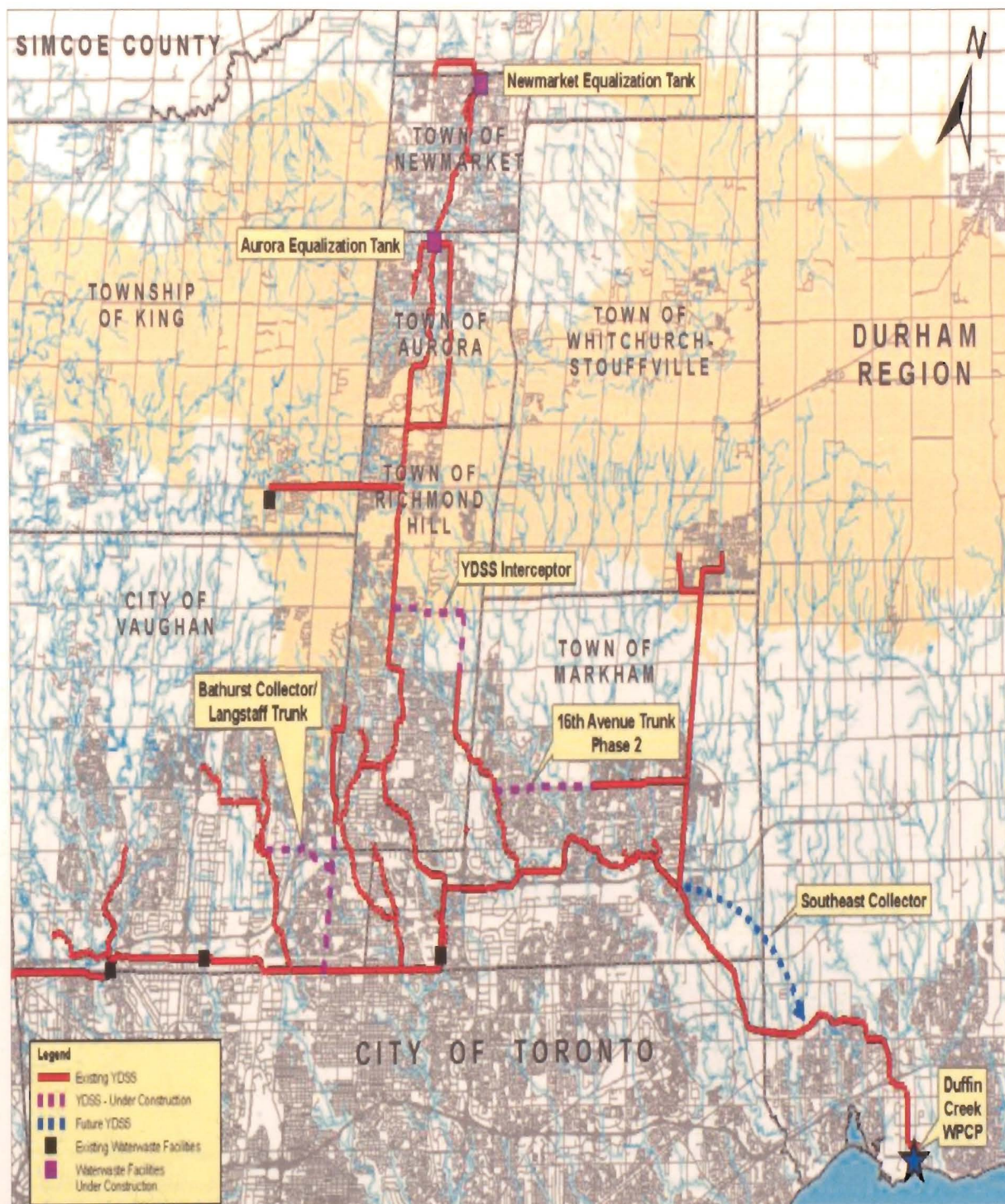
APPENDICES

Appendix A – YDSS, Original (1985)



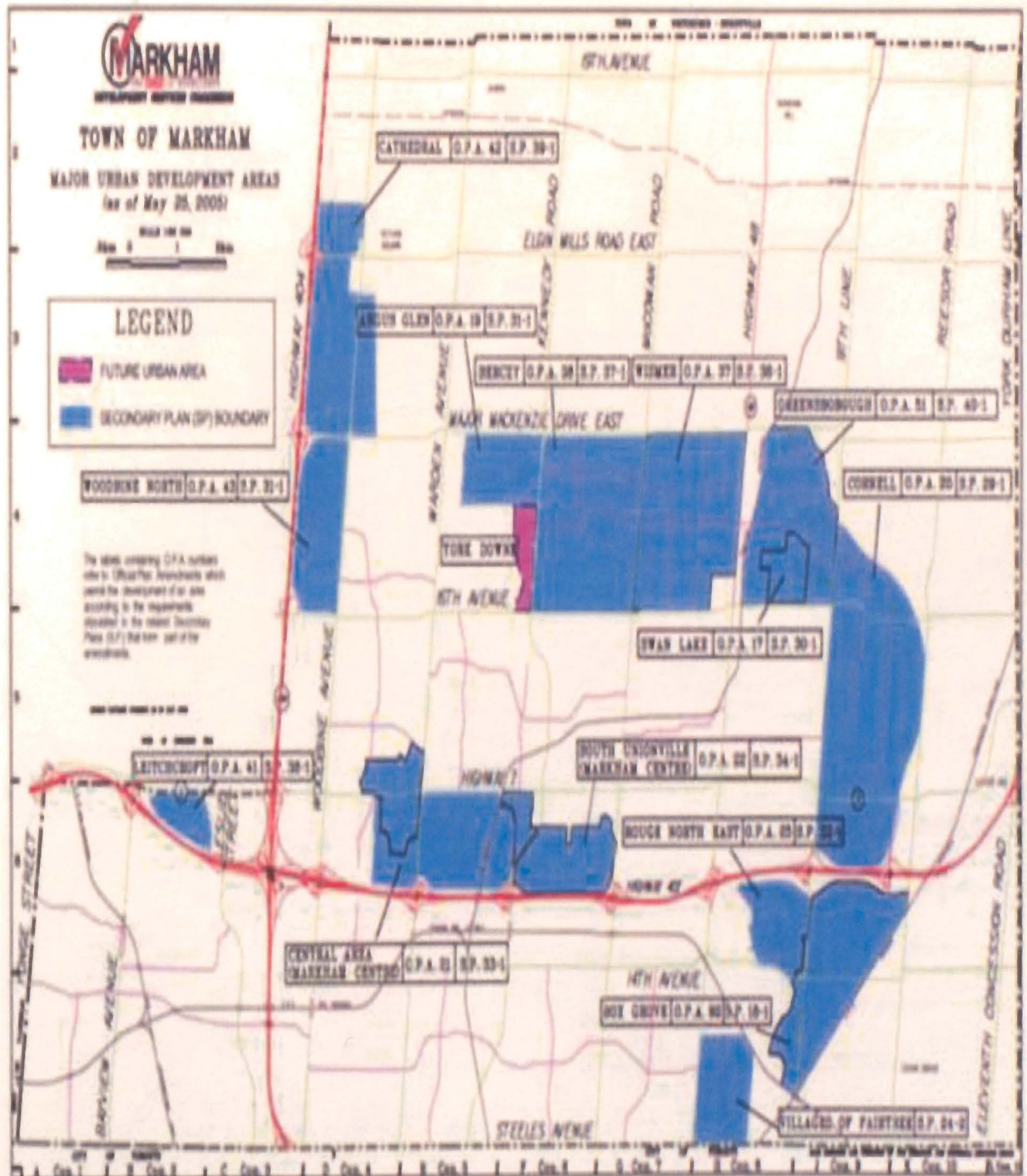
Source: Region of York, 2007

Appendix B – YDSS Today, With Extensions



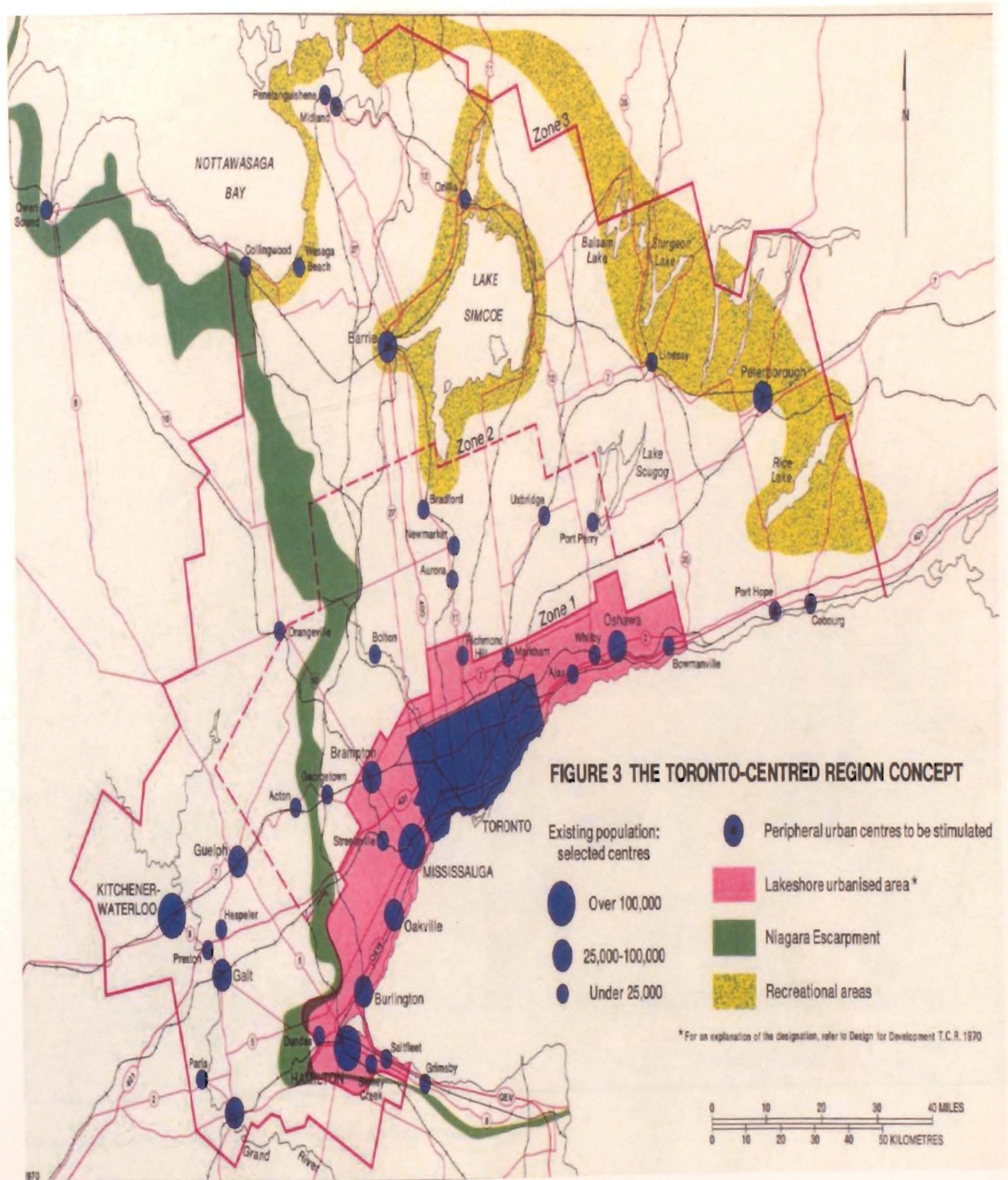
Source: Region of York, 2007

Appendix C – OPA 5 Communities in Markham



Source: Town of Markham, 1996

Appendix D – The Toronto Centred Region Concept, 1970



Source: <http://www.csrc.ualberta.ca/pdf/Neil%20Rodgers%20Presentation.pdf>

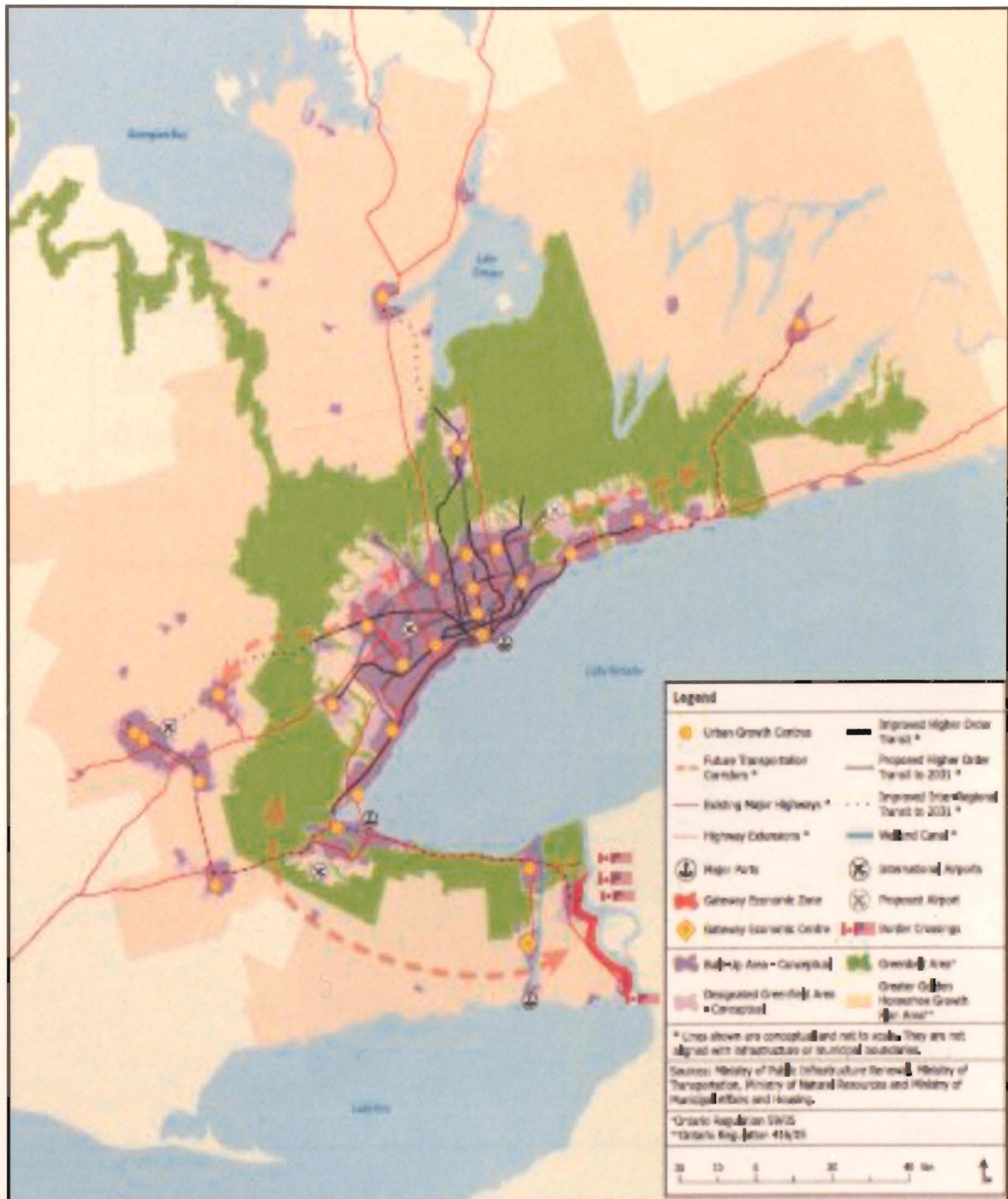
Source: <http://www.crsc.ualberta.ca/pdf/Neil%20Rodgers%20Presentation.pdf>



Appendix F – Greenbelt Plan, 2005

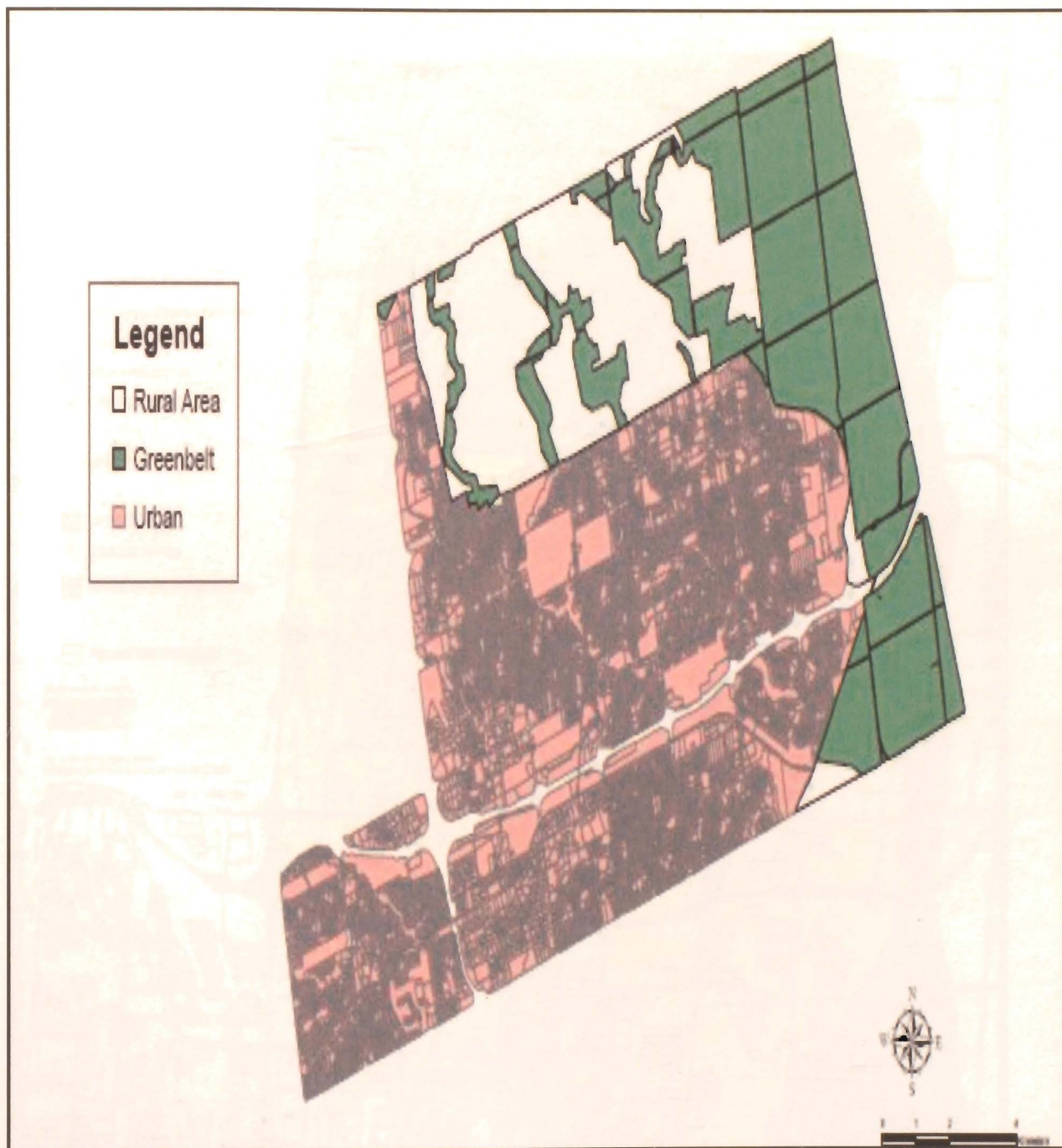


Appendix G – Growth Plan for the Greater Golden Horseshoe, 2006



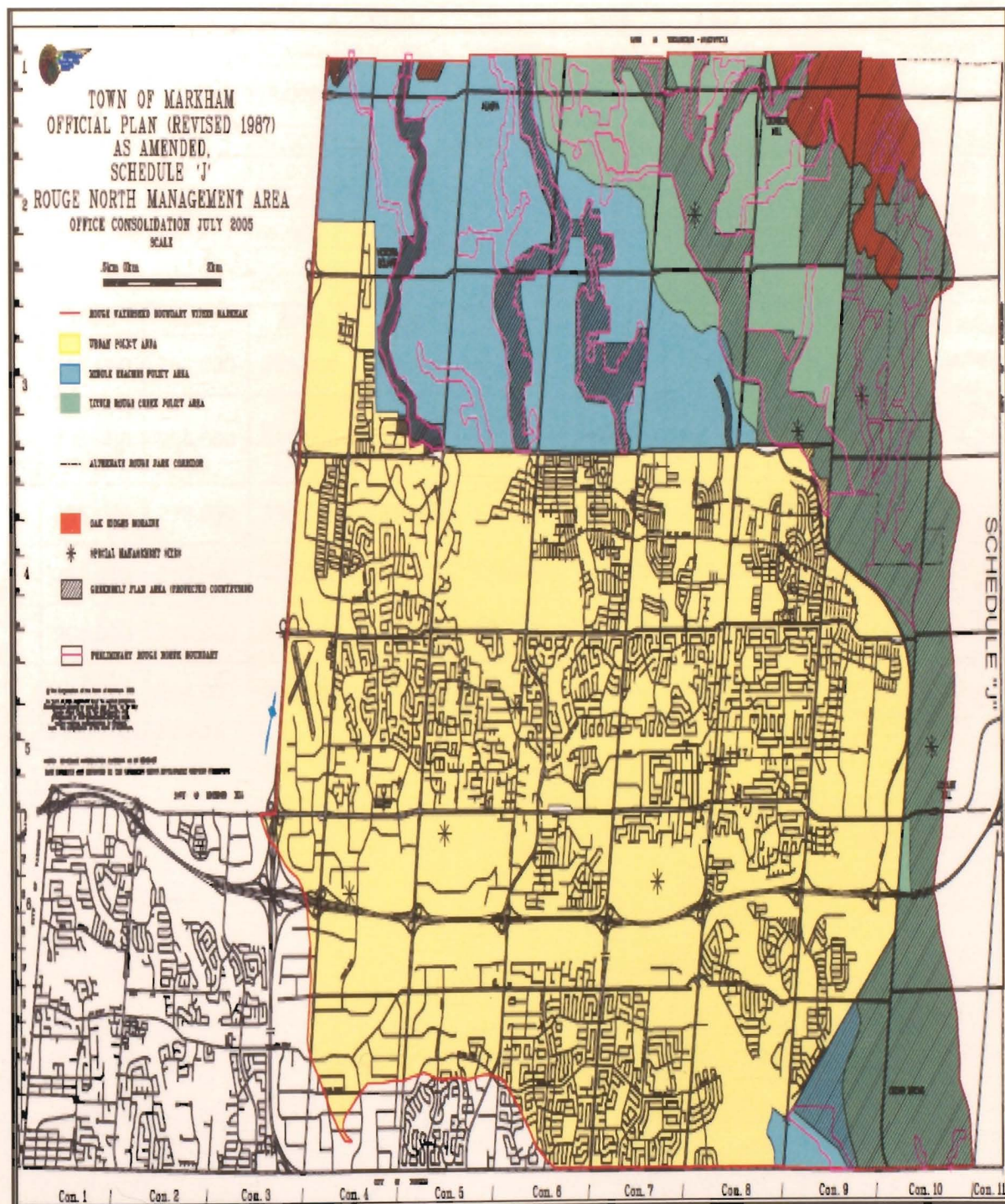
Source: Province of Ontario. The Growth Plan for the Greater Golden Horseshoe, 2006

Appendix H – Greenbelt Area in Markham



Source: Town of Markham

Appendix I – Greenbelt Area in Markham (more detail)



Source: Town of Markham

Appendix J – Markham – Average Housing Price by Housing Type

	1993	1994	1995	1996	1997	1998	1999
Detached Bungalow	220,000	226,000	230,000	228,000	230,000	235,000	260,000
Executive Detached 2 Storey	238,000	242,500	248,000	245,000	252,000	258,000	290,000
Standard 2 Storey	202,500	207,000	210,000	209,000	215,000	220,000	250,000
Luxury Condo Apt	225,000	222,000	224,000	224,000	224,000	228,000	235,000
Standard Condo Apt	155,000	158,000	160,000	159,000	159,000	160,000	160,000
Standard Townhouse	165,000	168,000	170,000	168,000	169,000	170,000	180,000

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Detached Bungalow	260,000	262,000	295,000	330,000	352,000	425,000	430,000	460,000	470,000	430,000
Executive Detached 2 Storey	295,000	299,000	355,000	385,000	395,000	425,000	480,000	535,000	535,000	500,000
Standard 2 Storey	255,000	278,000	330,000	350,000	358,000	385,000	430,000	463,000	460,000	420,000
Luxury Condo Apt	250,000	260,000	285,000	320,000	320,000	330,000	363,000	365,000	363,000	350,000
Standard Condo Apt	200,000	210,000	230,000	260,000	260,000	260,000	282,000	285,000	285,000	280,000
Standard Townhouse	183,000	194,000	205,000	220,000	240,000	280,000	300,000	340,000	340,000	330,000

Source: Toronto Real Estate Board

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