



REVISED DEFINITION OF AFFORDABLE HOUSING

Issue

A revised definition of 'affordable housing' is provided for Council approval.

Motion Proposed by Administration

That Administration be directed to bring forward an amendment to the Municipal Development Plan containing the revised definition of 'affordable housing', as recommended by the Affordable Housing Task Force.

Report, Analysis and Financial Implications

At the June 12, 2019 Affordable Housing Task Force meeting, members discussed the definition of 'affordable housing' in response to the following motion made at the April 22, 2019 Regular Council Meeting:

"That the Affordable Housing Task Force be directed to provide a rationale for and comparison of the definition of affordable housing in Bylaw 15-19 to the Canadian Mortgage and Housing Corporation definition as presented by the Alberta Urban Municipalities Association, and a report be brought to the June 24, 2019 Regular Council Meeting."

The Task Force considered the Town's Municipal Development Plan, Alberta Urban Municipalities Association (AUMA), and the Canadian Mortgage and Housing Corporation (CMHC) definitions of affordable housing, outlined below, and are recommending amendment of the definition in the Municipal Development Plan to align with 'affordable housing' as defined by Canadian Mortgage and Housing Corporation:

Definition of affordable housing as defined in the Municipal Development Plan Amendment (Bylaw 15-19)

Affordable Housing means:

- a) in the case of ownership housing the least expensive of:
 - i) housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income; or
 - ii) housing for which the purchase price is at least 10 percent below the average purchase price of a resale similar unit in Okotoks;
- b) in the case of rental housing, the least expensive of:
 - i) a unit for which the rent does not exceed 30 percent of gross annual household income; or
 - ii) a unit for which the rent is at least 10 percent below the average market rent of a similar unit in Okotoks.

Definition of affordable housing as defined by AUMA

The CMHC defines housing as affordable when a household spends less than 30 percent of its gross (before-tax) income on [acceptable shelter](#). Shelter costs will differ between renters and homeowners.

Renter Shelter Costs	Homeowner Shelter Costs
Rent payment	Mortgage payment (principal & interest)
Electricity	Property taxes
Heating	Condominium/strata fees (if applicable)
Essential municipal services (i.e.: water)	Electricity
	Heating
	Essential municipal services (i.e.: water)

Acceptable shelter refers to housing that is adequate in condition, suitable in size, and affordable. In other words, affordable housing means housing that is available at a cost that does not compromise a household's ability to attain other basic needs of life, including needs for food, clothing and access to education. Under these definitions, affordable housing applies to all Canadians, whether they earn \$20,000 or \$200,000 per year. It is simply a ratio of a household's shelter costs in comparison to their income.

Definition of affordable housing as defined by Canadian Mortgage and Housing Corporation

Affordable housing:

Affordable housing costs less than 30 percent of before-tax household income including shelter costs. Shelter costs include the following:

- For renters: rent and any payments for electricity, fuel, water and other municipal services;
- For owners: mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

After reviewing and considering all of the above definitions of affordable housing and associated information, the Affordable Housing Task Force recommends that Council approve the following definition of Affordable Housing:

Affordable Housing means:

Housing that costs less than 30 percent of before-tax household income. This cost includes shelter costs that include the following:

- For renters: rent and any payments for electricity, fuel, water and other municipal services;
- For owners: mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

Further, the Affordable Housing Task Force recommends that the Municipal Development Plan be amended to include this revised definition. It is important that the definitions align between CMHC (federally), AUMA (provincially) and municipally. This definition ensures that the Town will then be able to meet federal and provincial requirements.

Strategic Plan Goals

<input checked="" type="checkbox"/>	Manage Community Growth	<input type="checkbox"/>	Provide Strong Governance
<input checked="" type="checkbox"/>	Provide Quality Community Infrastructure	<input checked="" type="checkbox"/>	Healthy and Safe Community
<input type="checkbox"/>	Enhance Organizational Excellence	<input type="checkbox"/>	Foster Economic Vitality
		<input type="checkbox"/>	Promote Environmental Excellence

Public Participation Strategy

n/a

Alternatives for Consideration

n/a

CAO Comments

I support the recommendation of the Task Force. It is important that the definition used align with provincial and federal authorities to ensure grant and funding alignment.

Attachment(s)

1. Definition Presentation from the Task Force Chair

Prepared by:
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 June 18, 2019



Definition of 'Affordable Housing'

24-Jun-2019

Canada Mortgage & Housing Corporation (CMHC)

THE HOUSING CONTINUUM



What is affordable housing?

In Canada, housing is considered “affordable” if it costs less than 30% of a household’s before-tax income. Many people think the term “affordable housing” refers only to rental housing that is subsidized by the government. In reality, it’s a very broad term that can include housing provided by the private, public and non-profit sectors. It also includes all forms of housing tenure : rental, ownership and co-operative ownership, as well as temporary and permanent housing.

From <<https://www.cmhc-schl.gc.ca/en/developing-and-renovating/develop-new-affordable-housing/programs-and-information/about-affordable-housing-in-canada>>

Definition of 'Affordable Housing'

- According to the Canada Mortgage and Housing Company (CMHC) housing is considered to be affordable when a household spends less than 30% of its pre-tax income on adequate shelter. Households that spend more than 30% of their income on shelter are deemed to be in **core housing need**. Those that spend 50% or more on shelter are in **severe housing need**.
- From <<https://www.homelesshub.ca/solutions/housing-accommodation-and-supports/affordable-housing>>

Definition of 'Social Housing'

- The terms '*affordable housing*' and '*social housing*' are often confused. While all social housing is affordable, the term '***social housing***' refers more specifically to housing that is subsidized by a level of government.

From <<https://www.homelesshub.ca/solutions/housing-accommodation-and-supports/affordable-housing>>

The Housing Continuum Explained

THE HOUSING CONTINUUM



Definition of 'Average Shelter Cost'

Average shelter cost refers to the total monthly shelter cost paid by the household for their dwelling. Shelter costs include the following:

- **For renters:** rent and any payments for electricity, fuel, water and other municipal services;
- **For owners:** mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

Rationale for Redefinition of 'Affordable Housing' Terminology in Bylaw 15-19

- The AUMA definition of Affordable Housing matches that of CMHC.
- We recommend a direct alignment of the Town of Okotoks definition with both the CMHC and AUMA definitions.
- This removes any confusion of conflated terminology, and covers the entire housing spectrum.

Recommended Amendment to the Definition of 'Affordable Housing'

Affordable Housing means:

- a) **Home ownership** costs less than 30% of before-tax household income, including mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

Recommended Amendment to the Definition of 'Affordable Housing'

Affordable Housing means:

- b) Rental Housing** costs less than 30% of before-tax household income, including rent and any payments for electricity, fuel, water and other municipal services.

