

## MEMORANDUM



### **Bill 134: Affordable Homes and Good Jobs Act, 2023**

#### **Changes to the meaning of “affordable housing” (in law)**

**By: Stephanie Fleming**

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On September 28, 2023, the Minister of Municipal Affairs and Housing, Mr. Paul Calandra, introduced [Bill 134, the Affordable Homes and Good Jobs Act, 2023](#). It is currently in the second reading stage and has been referred to the Standing Committee on Heritage, Infrastructure and Cultural Policy for comment.

This bill proposes a new definition of affordable housing to be more in line with the current definition as set out in provincial policy. The previous definition proposed by Bill 23 set an “affordable” unit at 80% of the average market rent or purchase price in the area, although this definition has not been brought into force.

The new definition of affordable housing would base this upon the household income, and therefore the household’s ability to pay, rather than the market price of the unit.

As set out in the Bill, the proposed definition would be based on a determination of average market rents, purchase prices, and average income for a local municipality. This would be set out by the Minister in an unreleased bulletin to be entitled “Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin”, which shall be available on a government of Ontario website. This bulletin would identify the annual gross income of a household that would be in the 60<sup>th</sup> percentile of renters or homeowners in the relevant local community and identify a rent that would be, in the Minister’s opinion, equal to 30% of the income of that household, or in the case of a homeowner, would identify a purchase price that would require a yearly payment equal to 30% of this income until the property has been paid for in full.

Based upon these definitions, an “affordable” unit would be defined as follows:

- For a rental unit, the rent would not be greater than the lesser of:
  - 30% of annual income for a household identified as being in the 60<sup>th</sup> percentile of gross annual incomes for rental households in the relevant municipality; or
  - The average market rent set out in the Affordable Residential Units bulletin referenced above.
- For a non-rental unit, the purchase price would be no greater than the lesser of:
  - The yearly cost of the property equating to 30% of income of a household that is at the 60<sup>th</sup> percentile of gross annual income for households in the relevant municipality; or
  - The average market purchase price set out in the Affordable Residential Units bulletin referenced above.

In theory, the formula would mean that a prospective renter or purchaser with an annual gross income of \$60,000 (provided that is within the 60<sup>th</sup> percentile of gross annual incomes in their municipality) would be required to pay up to \$18,000 a year for accommodation, whether that be in the form of rent or mortgage payments.

It is unclear whether “attainable housing”, which was included in s.4.1 by Bill 23, will also be further defined by regulation or otherwise or if it will remain as is. I am going to continue to track changes to this Bill. If you have any questions, please reach out to my contact information noted below.

Link to the Bill: <https://www.ola.org/en/legislative-business/bills/parliament-43/session-1/bill-134>