

Bill 134: *Affordable Homes and Good Jobs Act, 2023*, A New Definition for Affordable Housing

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By Kelin Algayer

On September 28, 2023, Bill 134 also known as the *Affordable Homes and Good Jobs Act, 2023* ("Bill 134") was announced by the Minister of Municipal Affairs and Housing of Ontario.

If passed, Bill 134 would revise the definition of affordable residential units introduced by Bill 23 and provide further clarification on which units can benefit from discounts and exemptions related to those municipal development charges.

The new bill is currently at second reading before the legislature, and it is subject to change before it may become law. The province is accepting public comments until October 28, 2023.

According to the Minister, the new proposed definition aims to establish housing costs that are affordable for households residing in the 60th percentile of gross annual income within the relevant local municipality. The Minister anticipates that, if implemented, Bill 134 could help reduce home purchase prices, and the cost of building and renting affordable homes.

The new bill comes nearly a year after the passage of Bill 23, by which exemptions and discounts for affordable housing were first introduced to the *Development Charges Act, 1997*. More specifically, Bill 23 made amendments to the Act to exempt affordable and attainable residential units from municipal development charges (MDRCs), which include community benefit charges, parkland dedication requirements and development charges.

In light of the proposed changes under Bill 134, an affordable residential unit for the purpose of exemptions from development charges under the Act would be defined as:

For rental housing, where the rent is no greater than the lesser of,

1. the income-based affordable rent for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing, and
2. the average market rent identified for the residential unit set out in the Affordable Residential Units bulletin.

In identifying the income-based affordable rent applicable to a residential unit, the Minister of Municipal Affairs and Housing shall,

1. determine the income of a household that, in the Minister's opinion, is at the 60th percentile of gross annual incomes for renter households in the applicable local municipality; and
2. identify the rent that, in the Minister's opinion, is equal to 30 per cent of the income of the household referred to in clause (a).

For ownership housing, where the price of the residential unit is no greater than the lesser of,

1. the income-based affordable purchase price for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing, and
2. 90 per cent of the average purchase price identified for the residential unit set out in the Affordable Residential Units bulletin.

In identifying the income-based affordable purchase price applicable to a residential unit, the Minister of Municipal Affairs and Housing shall,

1. determine the income of a household that, in the Minister's opinion, is at the 60th percentile of gross annual incomes for households in the applicable local municipality; and
2. identify the purchase price that, in the Minister's opinion, would result in annual accommodation costs equal to 30 per cent of the income of the household referred to in clause (a).

The proposed definition under Bill 134 is drawn from the existing definition of affordable housing in the Provincial Policy Statement (PPS), 2020, which takes into account both local income and market prices, and the new amendments align with the government's housing supply action plans and its commitment to helping communities across Ontario build at least 1.5 million homes by 2031.

Notably, while Bill 134 introduces a new definition of affordable residential units, it does not define "attainable residential units", which is also to be exempted from the development charges.

We will continue to monitor Bill 134. If you have any questions regarding Bill 134, or any other land use planning matter, please do not hesitate to contact us.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

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