



**STAFF REPORT  
ACTION REQUIRED**

**Canada-Ontario Affordable Housing Program: Revised Program Allocations**

<b>Date:</b>	October 30, 2007
<b>To:</b>	Affordable Housing Committee
<b>From:</b>	Sue Corke, Deputy City Manager
<b>Wards:</b>	City-wide
<b>Reference Number:</b>	P:\2007\Cluster A\AHO\Canada-Ontario Affordable Housing Program: Revised Program Allocations

**SUMMARY**

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This report is a follow-up to the report on the Canada-Ontario Affordable Housing Program allocations considered by Toronto City Council at its meeting of October 26, 27, 28 and 31, 2005; June 27, 28 and 29, 2006; and, July 16, 17, and 19, 2007.

The Province has recently offered all Service Managers in Ontario, including the City of Toronto the opportunity to convert all or a portion of its uncommitted allocation of Affordable Housing Program (AHP) Housing Allowance/Rent Supplement (HARS) funds to an AHP capital component: either Rental and Supportive or Homeownership; and to return Homeownership allocations for Provincial redistribution. Further, a number of changes have been made to the Homeownership Component of the Affordable Housing Program, including the opportunity to invest additional federal/provincial funding resources.

This report recommends that the City of Toronto (a) reallocate a portion of provincial HARS funding to capital projects; (b) confirm Toronto's administration of the Homeownership Program; (c) confirm Canada-Ontario Affordable Housing Program funding to the Toronto Community Housing Corporation to assist new residents of Regent Park and also to Miziwe Biik Development Corporation to assist members of Toronto's Aboriginal community; and (d) return to the Province a portion of home ownership funding that the City is requesting they deploy directly in Toronto.

Specifically, it is recommended that Council support the re-deployment of \$2,870,000 from the HARS initiative to TCHC to support the Regent Park homeownership program and Miziwe Biik Development Corporation to assist eligible Aboriginal households and the balance of \$7,630,000 million to future Rental and Supportive housing capital projects.

## **RECOMMENDATIONS**

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The Deputy City Manager for Affordable Housing Office recommends that:

1. Council approve Toronto's participation in the Canada-Ontario Affordable Housing Program (2003) – Homeownership Component and authority be granted for the City to enter into the Service Manager's Administration Agreement with the Province of Ontario, to provide for the delivery of the Program by the City, on terms and conditions considered appropriate by the Director, Affordable Housing Development and in a form approved by the City Solicitor;
2. Council approve conversion of funding for 500 units from the Housing Allowance/Rent Supplement initiative, valued at approximately \$10.5 million, to capital funding for rental and supportive capital units and for homeownership loans under the Canada Ontario Affordable Housing Program – Homeownership Component;
3. Council allocate \$2 million of the converted Housing Allowance/Rent Supplement initiative to Toronto Community Housing Corporation to provide for the delivery of 150 affordable homes to eligible homebuyers in Regent Park under the Affordable Homeownership Program, on such terms and conditions considered appropriate by the Director, Affordable Housing Development and in a form approved the City Solicitor;
4. Council allocate \$1,740,000 to Miziwe Biik Development Corporation to provide purchasing assistance to 100 eligible Aboriginal home buyers to be allocated from \$870,000 of the converted Housing Allowance/Rent Supplement initiative and authority be granted to enter into an agreement to subcontract the delivery of a further \$870,000 in assistance, to Miziwe Biik Development Corporation, under the Canada-Ontario Affordable Housing Program – Home Ownership Component, on such terms and conditions satisfactory to the Director, Affordable Housing Development and in a form satisfactory to the City Solicitor;
5. Council approve the transfer of the balance of the converted Housing Allowance/Rent Supplement initiative of approximately \$7,630,000 to the Capital Revolving Fund for Affordable Housing to provide capital support for future rental and supportive housing projects approved by Council;

6. Council confirm that 179 units of home ownership funding, allocated to the City under the Canada-Ontario Affordable Housing Program – Home Ownership Component, be deployed by the Province directly with Council’s request that these units be delivered to eligible households in Toronto;
7. the Director, Affordable Housing Development be authorized and directed to execute, on behalf of the City, all agreements referred to in recommendations 1, 3, and 4, and such other documents and agreements deemed necessary to give effect to those recommendations in this report.
8. the General Manager of Shelter, Support and Housing Administration be authorized and directed, on behalf of the City, to execute any and all necessary agreements and documentation to effect the approved reallocation of HARS funding.

### **Implementation Points**

On July 11, 2007 the Minister of Municipal Affairs and Housing advised Mayor Miller of changes to the Program which permit the conversion of uncommitted Housing Allowance/Rent Supplement funds to a capital component and also to flexibility to offer varying levels of down-payment assistance.

Subsequent to this decision the Ministry provided further assistance to the Regent Park initiative by increasing the funding to assist 150 new purchasers.

The City has found the Homeownership program very challenging to deliver given the limited amount of funds available per household and the high cost of existing and new homes in the City of Toronto.

City officials are continuing to work with the Ministry of Municipal Affairs and Housing officials, Toronto Community Housing Corporation and Miziwe Biik Development Corporation to implement the affordable homeownership initiative and also to eliminate any further impediments to the delivery of the 250 homes recommended under this initiative.

### **Financial Impact**

In 2005 the Province of Ontario allocated \$37.8 million in funding to assist 1,800 households under the Housing Allowance/Rent Supplement Component of the Canada-Ontario Affordable Housing Program. In light of new program flexibilities this report is recommending \$2.87 million in federal/provincial funding be converted to the Homeownership Component of the Canada-Ontario Affordable Housing Program and the balance be converted to the Rental and Supportive capital component.

Furthermore in 2006 the Province of Ontario also allocated \$6.345 million in funding to assist 729 Toronto households purchase a home under the Homeownership Component of the Canada – Ontario Affordable Housing Program. At that time the Minister of Municipal Affairs and Housing designated funding for 300 of these units directly to Toronto Community Housing Corporation.

The remaining 429 units of assistance valued at \$3.734 million were left to the City of Toronto to decide whether to deliver. In 2006 Council decided that 100 units of assistance be designated to the Aboriginal community, thereby leaving 329 units to be deployed or returned to the Province for provincial delivery. This report recommends 150 units be retained for allocation while returning 179 units of funding.

Program funding to support the homeowner initiatives recommended in this report comes from the federal and provincial governments. The City of Toronto will benefit from receiving a prescribed administration fee.

Upon entering into a Service Manager Administration Agreement with the Province of Ontario the City of Toronto will receive an administration fee of \$25,000 for participating in the Homeownership Component of the Program and a another 1.3% of the amount of down payment assistance for each owner applicant. It is anticipated that the administration fee of \$25,000 will be received in early 2008. The City will be eligible for an additional \$26,260 in administration funding depending on whether there is full Program take-up.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

The City participates in three components of the Canada-Ontario Affordable Housing Program: Rental and Supportive housing which supports the capital cost of construction or renovation of affordable rental housing for low-income households; Rent Supplement/Housing Allowance which provides rental assistance for low-income households and for supportive housing for persons with mental illness and victims of domestic violence; and Homeownership which provides financial assistance to acquire homeownership housing by families with low to moderate incomes.

On October 26, 27, 28 and 31, 2005 Council approved the basis of participation in the Rent Supplement/Housing Allowance and Rental and Supportive housing components by approving commitment for 1,800 housing allowances with total operating funding of \$37.8 million; and 1,125 rental and supportive homes with total capital funding of \$78.75 million.

On June 27, 28 and 29, 2006 Toronto City Council considered the report: “Toronto’s Participation in the Homeownership Component of the Canada-Ontario Affordable Housing Program”.

At that time Council supported the City’s intent to participate in the Homeownership Component of the Canada-Ontario Affordable Housing Program. Furthermore Council requested the Deputy City Manager to discuss with the Province changes to the program and to report back to Toronto City Council.

City Council also recommended up to 25% of the City’s allocation be deployed to assist members of Toronto’s Aboriginal community and that the Affordable Housing Office consult on options for the delivery of these funds to assist Aboriginal households.

At its July 16, 17 and 19, 2007 meeting City Council committed the expenditure of reallocated funds from the Canada-Ontario Affordable Housing Program, subject to confirmation of funding and a report back to Council on the complete projects details of each project, to 87 units in a new development in Regent Park by the Christian Resource Centre and the redevelopment of Chester Village at 717 Broadview Avenue as affordable housing. Staff will report to Council on the complete details of these projects early in 2008.

## **ISSUE BACKGROUND**

There continues to be strong demand for affordable housing in Toronto. The active social housing waiting list as of September 2007 had some 49,866 households waiting for housing.

Over the past several years the City of Toronto has been able to partner with the federal and provincial governments and create new housing opportunities through the Affordable Housing Program and the National Homelessness Initiative. This has included building new rental housing and delivering a housing allowance/rent supplement program.

Implementation of the recommendations in this report would build upon Council’s efforts to provide affordable housing options to families in Toronto. Specifically it would support the City’s goal of creating new affordable housing units and increase housing options available to the residents in the revitalized Regent Park and it would help to achieve the City’s equity agenda in assisting low and moderate income Aboriginal people.

## **COMMENTS**

The City of Toronto is committed to providing a full range of affordable housing opportunities to the City’s low and moderate income residents. The conversion of the funding of 500 HARS units (from 1800 City allocation) to capital units provides further flexibility in delivering federal/provincial affordable housing funding in Toronto

Given the challenges presented in delivering the Affordable Housing Homeownership Program the City is proposing to share the delivery of the program with other partners in an effort to fully use the allocation of 729 homes by the program deadline of March 31, 2009.

### **Proposed Utilization of 729 Homeownership Allocation**

<b>Number of Loans</b>	<b>Households to be Assisted</b>	<b>Administration</b>
<b>300</b>	<b>(150) Regent Park revitalization</b>	<b>Directly by TCHC</b>
<b>100</b>	<b>Aboriginal households</b>	<b>Sub-contracted to Aboriginal organization</b>
<b>150</b>	<b>Unassigned</b>	<b>Allocated by City to a housing provider</b>
<b>179</b>	<b>Residual Returned</b>	<b>Proposed delivery by Province in Toronto</b>
<b>Total 729</b>		

This report proposes that the province directly deliver 179 units of Toronto's affordable homeownership assistance units. The Province in other cases directly delivered Affordable Housing Program funding in Toronto to support homeownership initiatives. Returning 179 affordable homeownership units permits the Province to deploy this funding as it has done on previous occasions. There is, however, no guarantee that the units or funding will remain in the geographic area where they were originally assigned.

Despite the challenges in delivering the Homeownership Component of the Canada-Ontario Affordable Housing Program it does provide a unique opportunity to assist some low to moderate income Toronto households become home owners, particularly given that house prices on the average resale home are over \$370,000.

The Canada-Ontario Affordable Housing Program guidelines set out mandatory requirements for eligible first time homeowners. This includes the requirement that in cases where a unit is sold prior to the expiry of the 20-year affordability period the homeowner is required to repay the original Affordable Housing Program contribution plus five per cent of the realized capital gains. The current guidelines also require that the eligible purchaser not have an annual income in excess of \$61,400 with price limits set at \$204,000.

Recent changes to the Homeownership Component made by the Ministry of Municipal Affairs and Housing now permit program loans to an average of 10% per household compared to a previous limit of 5%. Furthermore the Ministry is permitting, upon the approval of Council, the conversion of housing allowance/rent supplement funding to the Homeownership Component.

Toronto Community Housing Corporation will deliver 150 new homes through a separate Homeownership Program Administrative Agreement with the Province as part of the revitalization of Regent Park. In addition the Ministry of Municipal Affairs and Housing has amended the program guidelines to permit TCHC to provide additional assistance to each household in Regent Park through doubling the funding allocation assistance.

With the addition of \$2 million from the Canada-Ontario Affordable Housing Program Housing Allowance/Rent Supplement initiative a total of \$4.4 million would be available as down payment assistance to 150 eligible purchasers. This equates to down payment assistance of an average of \$29,300.00 per household and recognizes the high cost to build in downtown Toronto and the desire of TCHC to construct larger units to house families.

With respect to the deployment of funding to the Aboriginal community city officials have followed-up on the Council direction to consult on options for the delivery of the reserved Aboriginal first time homeownership program allocation.

Staff have consulted major stakeholders in the Aboriginal community and Miziwe Biik was identified as the recommended delivery agent for the Aboriginal allocation. Miziwe Biik presently administers the federal governments Aboriginal Human Resources Development Strategy in the City of Toronto and has the demonstrated financial and management expertise to administer the Program.

Miziwe Biik was endorsed as the proposed delivery agent of the Aboriginal homeownership allocation in letters received from the Chiefs of Ontario, Toronto Council Fire and Nishnawbe Homes Inc. There have also been positive discussions between Miziwe Biik and Habitat for Humanity Toronto to facilitate the deployment of funding and streamline the delivery of homes to Aboriginal families.

This report proposes that Miziwe Biik Development Corporation deliver down payment assistance in the amount of \$1,740,000 to 100 Aboriginal households for an average per household loan of \$17,400 per household.

To date the Canada-Ontario Affordable Housing Program has provided significant benefits to the people of Toronto. Working with the private, non-profit and community sectors new housing assistance has been provided through the creation of new rental and supportive housing, housing allowances, and access to homeownership opportunities.

City Officials are continuing to work with the Ministry of Municipal Affairs and Housing staff to facilitate the delivery of Affordable Housing Program funding in Toronto to assist a full range of Toronto households in need.

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## **SIGNATURE**

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