

NOTICE OF MOTION**Affordable Home Ownership Opportunity at 403 Keele Street****Moved by: Councillor****Perks**

Seconded by: Councillor

SUMMARY:

While Toronto has been successful in facilitating the development and construction of affordable rental housing there have been few attempts to support families and individuals in purchasing their first homes. At the same time market conditions continue to put the price of purchasing further and further out of the reach of Toronto renters.

This Notice of Motion recommends Council provide financial support to assist up to 150 households in purchasing an affordable home in a new development ready to start at 403 Keele Street.

The proposed development involves the construction of 644 residential units at the site of a former Canadian Tire store located in the West Toronto Junction neighbourhood at Dundas West and Keele Street. The appropriate planning approvals were granted by Toronto City Council in 2002. The development of the site will result in the elimination of a derelict building and provide an economic and social lift to the local community and business in the West Toronto Junction revitalization area.

403 Keele Street is being developed by its owner, the Kintyre Co-operative Development Corporation, with Options for Homes as the development consultant. Home Ownership Alternatives Non-Profit Corporation is providing financial guarantees to support construction financing and is offering assistance in the form of deferred payment second mortgages to all purchasers. Home Ownership Alternatives Non-Profit Corporation has for the past nine years participated in the development of over 1,400 new lower cost homes in Toronto with a focus on serving first time buyers.

This Notice of Motion puts forward two forms of financial support from the City for 150 families and individuals. Both forms of financial support decrease the amount of the first mortgage needed to purchase the units by increasing the size of a deferred-payment second mortgage:

1. Deferral of Development Charges

Current Development Charges for the project's 644 units amount to \$3,200,000. This amount applied to the amount of the second mortgages of up to 150 units reduces the first mortgage required to purchase by an average of at least \$21,333. The funds are to be repaid on resale, discharge of the mortgage by the owner, or within 10 years by the Home Ownership Alternatives Non-Profit Corporation.

2. Canada-Ontario Affordable Housing Program - Homeownership Component funding in the amount of \$1,150,000

The City of Toronto currently has an allocation of \$1,150,000 available from the Canada-Ontario Affordable Housing Program - Homeownership Component (AHP-HC). AHP-HC funding is delivered through second mortgages. Divided among the 150 households this will result in a further reduction of the first mortgage by an average of \$7,666.

It is proposed that Home Ownership Alternatives Non-Profit Corporation act under an administration agreement signed with the City in delivering the AHP-HC to the 150 purchasers. Home Ownership Alternatives Non-Profit Corporation has experience supporting the purchase of affordable ownership homes with funding from the AHP-HC.

The City assistance will allow up to 150 purchasers to pay the equivalent of, or less than, average market rent by unit type for their housing, including mortgage principal, interest, and taxes.

The Home Ownership Alternative Non-Profit Corporation is proposing to provide up to 150 affordable homes that would include approximately 20 bachelor apartments priced at \$100,960(cost price) per unit, 40 one bedroom apartments at \$120,717(cost price) per unit, 50 two bedroom apartments at \$148,575(cost price) per unit and 40 three bedroom apartments at \$175,580(cost price) per unit.

These prices are at or below those defined by the Toronto Official Plan as affordable.

All households purchasing the up to 150 City-assisted units will not pay more than 32% of their income in housing costs (mortgage principal, interest, and taxes). This level of affordability meets the income test to allow the purchasers to obtain a first mortgage. This income test also means the first buyers will meet the income ceilings of the AHP-HC.

While Home Ownership Alternatives Non-Profit Corporation protects against speculation through re-sale by the first purchasers through its second mortgages, there are no income controls or price ceilings proposed for future buyers because government funds are no longer being used.

RECOMMENDATIONS:

1. Authority be granted to calculate the development charges at the 2007 rate, and defer them in the amount of approximately \$3,200,000, on the whole of the 403 Keele Street project, for a period of up to ten years to assist in the delivery of up to 150 affordable ownership homes through deferred payment second mortgages, and which fees are to be repaid to the Capital Revolving Fund for Affordable Housing.
2. Authority be granted to allocate up to 150 forgivable mortgage loans from the Canada-Ontario Affordable Housing Program - Homeownership Component to Home Ownership Alternatives Non-Profit Corporation, or such party or corporation as is deemed appropriate, for delivery of up to 150 eligible purchasers of affordable ownership housing at 403 Keele Street to a maximum of \$1,150,000.

3. Authority be granted for the City to enter into a contribution agreement with Home Ownership Alternatives Non-Profit Corporation or such other parties as the City deems appropriate, to provide for the deferral of development charges, under the *Development Charges Act, 1997*, for 644 units in a housing project to be developed at 403 Keele Street, thereby securing the repayment of the Development Charges and ensuring the availability of up to 150 of those units to lower income qualifying households, on terms and conditions determined by the Director Affordable Housing Development and in a form approved by the City Solicitor.
4. Authority be granted for the City to enter into a delivery agreement with Home Ownership Alternatives Non-Profit Corporation and/or such other parties as the City deems appropriate, for delivery and administration, by that corporation of a portion of the City's allocation under the Canada-Ontario Affordable Housing Program - Homeownership Component, as provided for in the Service Manager's Administration Agreement entered into with the Ministry of Municipal Affairs and Housing on terms and conditions determined by the Director Affordable Housing Development and in a form approved by the City Solicitor.
5. Authority be granted for the Director Affordable Housing Development to execute the contribution agreement and delivery agreement, and any other agreements for documents required to give effect to the foregoing, on behalf of the City.
6. As a condition of the approval for City support to the project that Home Ownership Alternatives Non-Profit Corporation be required to initially offer up to 150 affordable homes to eligible and interested households on Toronto's social housing waiting list.

[Insert Date of Council/Committee meeting]

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