



STAFF REPORT ACTION REQUIRED

Completing Affordable Homes with Investments from the Canada-Ontario-Toronto Affordable Housing Program

Date:	December 17, 2008
To:	Affordable Housing Committee
From:	Deputy City Manager Sue Corke
Wards:	11,14,17,18,22,27,28,29,30,35
Reference Number:	P:\2008\Cluster A\AHO\AHP – (AFS-8439)

SUMMARY

This report provides a plan to ensure that all federal and provincial funding from the Canada-Ontario-Toronto Affordable Housing Program (AHP) is invested in Council- approved affordable housing initiatives prior to the expiry of the program on March 31, 2010.

City officials are working with Council-approved housing proponents, the Ministry of Municipal Affairs and Housing and Canada Mortgage and Housing Corporation to complete the investments in the rental and supportive, home ownership and housing allowance components of the AHP.

The completion of new rental and supportive developments by Toronto Community Housing Corporation, and other non-profit and private sector proponents will result in the construction of more than 2,000 rental homes and generate some 5,000 person years of employment. These investments contribute to the prosperity of Toronto and Council's goal of creating 1,000 new affordable homes annually.

The report notes that, given current economic uncertainties, some non-profit proponents may have difficulty obtaining mortgage financing and/or completing their development within currently approved budgets. In the event any further assistance is required, such requests will be evaluated on a case-by-case basis and reported to Council for consideration for any additional contingency funding from within existing capital funding sources.

The report also recommends that, in the event a proponent is not able to proceed with a development, their AHP funding be re-deployed to other Council-approved Toronto Community Housing AHP initiatives, including the revitalization of Regent Park. This Staff report for Information on Completing Affordable Homes with Investments from the Canada-Ontario Affordable – Toronto Affordable Housing Program

strategy will help ensure that federal/provincial AHP funding allocated to the City will be fully invested in Toronto to the benefit of Torontonians.

Consistent with Council policy, the report recommends municipal and school property tax exemptions for all affordable units in six previously approved TCHC developments for twenty five years. This results in an increase of property tax exemption from \$5,894,355 to \$9,085,473 as per Appendix B given adjustments for changes in the number of units in projects and extending exemption for some projects from 15 to 25 years.

RECOMMENDATIONS

The Deputy City Manager responsible for the Affordable Housing Office and the Chief Corporate Officer recommend that:

1. the Director, Affordable Housing Office, work with the Ministry of Municipal Affairs and Housing to complete AHP investments in Toronto prior to the expiry of the Program on March 31, 2010;
2. authority be granted to the Director, Affordable Housing Office, to re-allocate any residual AHP Rental and Supportive Component funding to previously approved TCHC developments at 60 Richmond Street East, West Don Lands McCord site, 501 Adelaide Street East and 88- 90 Carlton Street, subject to Provincial approval and on terms and conditions satisfactory to the Director, Affordable Housing Office;
3. authority be granted to the Director, Affordable Housing Office, to re-allocate any further residual AHP funding to either the rental and supportive component and/or the housing allowance component, subject to Provincial approval and on terms and conditions satisfactory to the Director, Affordable Housing Office;
4. authority be granted to exempt from municipal and school taxes all units of affordable housing located at TCHC projects at 60 Richmond Street East, 88-90 Carlton Street and 501 Adelaide Street East for a period of 25 years from the date of the first occupancy of the buildings;
5. authority be granted to exempt from municipal and education taxes the affordable housing units in the Regent Park Phase One Revitalization Plan Area ,being the units located at 1 Oak Street, 30 Regent Street, and 246-252 Sackville for a period of 25 years from the date of first occupancy of the buildings;
6. authority be granted to the Director, Affordable Housing Office to work with TCHC to reallocate previously approved TCHC Federal Housing Trust Funds – Delivering Opportunities for Ontario Renters Initiative (DOOR) funds to other TCHC initiatives to maximize available affordable housing opportunities for local residents;

7. the Director, Affordable Housing Office report to Affordable Housing Committee on details of any funding reallocations of previously approved projects; and
8. the Director, Affordable Housing Office be authorized and directed to enter into and execute, on behalf of the City, any municipal capital facility agreements, amending agreements or any other documents required, as a result of approval of any of the above recommendations by Council, in a form satisfactory to the City Solicitor.

Financial Impact

AHP funding was previously allocated to 11 projects totalling \$71,221,000 as detailed in Appendix A. It is anticipated that some projects may not require the full allocation previously approved. This report recommends delegating authority to the Director, Affordable Housing Office to reallocate potential surplus AHP funding to help fund four approved TCHC affordable housing initiatives identified in Appendix A up to \$15.6 million.

Also, this report recommends authority be given to the Director of the Affordable Housing Office to work with TCHC to reallocate previously approved DOOR funds of up to \$9.1 million from the TCHC West Donlands – McCord project to other TCHC projects as may be required.

Reallocations of approved funding will be reported to the Affordable Housing Committee once completed.

Further, this report recommends changes to the property tax exemptions for municipal and school purposes for three Regent Park developments and two off-site Regent Park developments as detailed in Appendix B. The changes are to exempt all affordable units in the developments and to standardize the period of exemption at 25 years from 15 years as was previously approved for some developments. These changes are detailed in Appendix B at an increase cost of \$3,191,118 to a total of \$9,085,473 in property tax exemptions for six projects.

DECISION HISTORY

Toronto City Council has considered the affordable housing matters addressed in this report on a number of occasions. The key reports and decisions are outlined below:

Regent Park Revitalization:

At its meeting of January 27, 28, 29, 2004 Council approved a report *Regent Park Revitalization Financing Issues*. This report recommended property tax exemptions of fifteen years for new rent-geared-to-income homes in the Regent Park revitalization plan area. The Decision Document is available at:

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040127/pof1rpt/cl006.pdf>

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Affordable Housing Program Allocations:

At its meeting of May 23, 24, 25, 2007, Council approved a report *Affordable Housing – Funding Recommendations Request for Proposals 9155-06-7380 and TCHC*. This report recommended that the eight affordable housing projects selected through the RFP be submitted to the Ministry of Municipal Affairs and Housing for funding under the AHP. The report also recommended that TCHC developments at 88-90 Carlton Street and 501 Adelaide Street East be submitted to the Ministry for funding under the AHP. The Decision Document from this meeting is available at:

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-05-23-cc08-dd.pdf>

60 Richmond Street East:

At its meeting of July 16, 17, 18 and 19, 2007 Council approved a report *Affordable Housing – Lease of City Owned Site and Incentives to TCHC* for 60 Richmond Street East. This report recommended a 50-year lease of the City-owned site to TCHC and property tax exemptions for 85 homes. The Decision Document from this meeting is available at:

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

West Donlands (McCord):

At its meeting of July 16, 17, 18, and 19, 2007 Council approved a report *Waterfront Affordable Housing – Funding Approvals for TCHC North River Square/McCord Project, West Donlands*. This report recommended \$9.1 million of DOOR funding for the 130-unit development and that all 130 affordable homes be exempt from property taxes. The Decision Document for this meeting is available at:

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

40 Oak Street:

At its meeting of May 26, 27, 2008, approved *Development of Affordable Housing by the Toronto Christian Resource Centre at 40 Oak Street* This report recommended that Council approve capital funding from the AHP and Mayor's Homelessness Initiative Reserve Fund to assist in the construction of the Toronto Christian Resource Centre affordable housing development at 40 Oak Street in Regent Park. The Decision Document from this meeting is available at:

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-05-26-cc21-dd.pdf>

ISSUE BACKGROUND

On August 31, 2005 Mayor Miller signed a Memorandum of Understanding with representatives of the federal and provincial governments, including the Association of Municipalities of Ontario. This resulted in the provincial government allocating \$116 million in affordable housing funding to the City of Toronto.

A further \$26,690,000 in affordable housing funding was received by the City of Toronto from the provincial DOOR program in May 2007.

During the past several years City Council has made a series of decisions and invested funding from the AHP and the DOOR program. This includes funding for housing allowances to support low-income renters; loans to assist qualified first time homebuyers; and capital grants to create new rental housing by TCHC and the non-profit and private sectors.

The federal/provincial/territorial agreement has an expiry date of March 31, 2010. It is critical that the City work with its partners to complete the investments they have been awarded.

Due to the current economic climate some non-profit proponents may require additional financial assistance to proceed. These cases will be reported to Council at a future date for consideration for contingency funding from existing capital sources such as the Capital Revolving Fund for Affordable Housing and the Development Charges Reserve Account for Affordable Housing.

In the meantime, this report identifies the steps being taken by City Officials to maximize the use of all federal/provincial affordable housing funding for previously-approved Council priorities.

COMMENTS

Affordable Housing Program Rental and Supportive Initiatives

The construction of up to 12 new affordable housing developments in 2009 will contribute to Toronto's economic and social well-being and provide some 5,000 person years of employment.

City officials are working with TCHC, non-profit and private sector proponents to successfully complete a full range of affordable housing investments already approved by Council.

The affordable housing projects that are the subject of this report include:

- Woodgreen Community Housing Inc. – 270 Donlands Avenue – 44 homes
- Medallion Corporation -544 Birchmount Road – 152 homes
- St. Clare’s Multifaith Housing Society - 200 Madison Avenue – 82 homes
- Parkdale Activity Recreation Centre - 194 Dowling Avenue – 29 homes
- St. Clair West Affordable Housing Group - 1120 Ossington Avenue – 20 homes
- St. Clare’s Multifaith Housing Society - 48 Abell Avenue – 190 homes
- West Toronto Support Services Inc. - 2335-2337 St. Clair West -59 homes
- Toronto Christian Resource Centre - 40 Oak Street – 87 homes
- Toronto Community Housing – 60 Richmond Street East – 85 homes
- Toronto Community Housing – West Don Lands (McCord) – 130 homes
- Toronto Community Housing – 501 Adelaide Street East – 180 homes
- Toronto Community Housing – 88 Carlton Street – 110 homes

The existing federal/provincial funding commitments of each development are outlined in Appendix “A”

All proponents have made significant progress in advancing their developments toward final approvals and the start of construction. However, given the impending AHP deadline of March 31, 2010, it is important that any outstanding issues be resolved.

To assist in completing Council-approved rental and supportive housing, the Affordable Housing Office is working with all stakeholders to start construction. Steps being taken include:

1. Facilitating final planning and building approvals through the inter-divisional housing committee;
2. Ensuring CMHC is fully aware of the need for, and timing of, mortgage insurance for these developments;
3. Working with the Ministry of Municipal Affairs and Housing to expedite the completion of the Canada-Ontario-Toronto affordable housing investments;
4. Liaising with the Infrastructure Ontario on the provision of preferred financing to non-profit providers; and
5. Working with proponents on a case-by-case basis on the timing of tender calls and reporting to Council at a future date on issues concerning increased construction or financing costs .

In the event of AHP Rental and Supportive Component funding being available from a development that is unable to proceed as listed above, it is proposed that it be allocated to four TCHC developments which are already approved by Council but where all units are not

currently in receipt of federal/provincial funding. They are: 60 Richmond Street East, McCord (West Donlands), 501 Adelaide Street East, 88-90 Carlton Street.

Appendix A details all AHP funding that has been approved by Council as well as two recent allocations. There are 26 units to be allocated to 60 Richmond East that are, subject to MMAH approval, available currently from the balance of the unit allocation given to Toronto in 2007 and from a development funded unilaterally by the Province in Toronto that did not proceed. The McCord project recently received 23 units of AHP funding directly from MMAH on the understanding that an equal amount of DOOR funding in the project would be reallocated to another TCHC project in need of funding. As well, there are now nine units of AHP funding that can be allocated to McCord from the balance of the unit allocation given to Toronto in 2007.

The purpose in reallocating AHP funding to these developments would be to assist TCHC with the capital cost to construct larger family size homes, to support the cost to construct buildings with high environmental standards that exceed the Toronto Green Standard and to make rents for low and moderate income residents more affordable.

Affordable Housing Program Homeownership Initiatives

The Province has provided \$9,215,000 in AHP funding to assist 579 Toronto households to purchase their first home. This component of the AHP has been challenging to deliver given changing program guidelines and changes in the market place for home buyers.

AHP homeowner loans are currently delivered by third party agents such as Habitat for Humanity, Home Ownership Alternatives, TCHC and Miziwe Biik Aboriginal Development Corporation. In the event this funding is not fully used, the recommendations in this report would result in those funds being allocated to support approved TCHC rental developments and/or new housing allowances for qualified tenant households.

CONCLUSION

Working in partnership with the federal and provincial governments has resulted in new affordable housing opportunities for the people of Toronto. This housing is even more important today, given the economic uncertainty facing low and moderate income households.

The construction of new affordable housing outlined in this report will not only create much needed housing for families and individuals in need but will also provide a valuable economic stimulus in Toronto by providing construction and spin-off jobs.

With the impending expiry of the AHP on March 31, 2010, it is important that the City of Toronto work with housing proponents to complete Council approved investments.

Staff are working with Toronto Community Housing and other housing proponents to ensure that construction begins on all remaining developments in 2009 by facilitating approvals and

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working with the Province and CMHC to ensure that approvals required to secure mortgage financing are obtained on time.

Where unforeseen problems are encountered due to increased construction or financing costs, staff will report back to Council on a case-by-case basis with recommendations on any additional resources required to ensure completion of the developments.

In those instances where approved projects are unable to go ahead funding will be re-deployed to specific TCHC developments or to support new housing allowances for renters.

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SIGNATURE

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Attachments:

Appendix A - Details of Current and Reallocation of AHP and DOOR Project Funding
Appendix B - Details of Recommended Property Tax Exemption Increases

**APPENDIX “A”
DETAILS OF CURRENT AND REALLOCATION
OF AHP AND DOOR FUNDING**

Proponent Name and Corporation	Woodgreen Community Housing Inc.	Medallion Corporation (544 Birchmount Road Ltd.)	St. Clair Multifaith Housing Society	Parkdale Activity Recreation Centre (Toronto)	St. Clair West Affordable Housing Group	St. Clair Multifaith Housing Society	West Toronto Support Service	Toronto Christian Resource Centre	TCHC	TCHC	TCHC	TCHC
Project Address	270 Donalnds Avenue	544 Birchmount Road	200 Madison Avenue	194 Dowling Avenue	1120 Ossington Avenue	48 Abell Avenue	2335/7 St. Clair Avenue West	40 Oak Street	60 Richmond East	West Donlands - McCord	501 Adelaide Street East	88-90 Carleton
Ward Location	29	35	22	14	17	18	11	28	28	30	28	27
Total Units	44	152	82	29	20	190	59	87	85	130	180	110
Approved AHP Funding	\$3,080,000 (44 x \$70,000)	\$10,640,000 (152 x \$70,000)	\$5,740,000 (82 x \$70,000)	\$2,030,000 (29 x \$70,000)	\$1,400,000 (20 x \$70,000)	\$13,300,000 (190 x \$70,000)	\$4,130,000 (59 x \$70,000)	\$6,090,000 (87 x \$70,000)	\$1,711,000 (59 x \$29,000)	\$9,100,000 (DOOR)	\$9,800,000 (140,000 x \$70,000)	\$4,200,000 (60 x \$70,000)
TOTAL Approved AHP Funding												\$71,221,000
Recommended additional AHP funding (subject to availability) as outlined in this report									\$1,820,000 Available now (26 x \$70,000)	\$7,490,000 Available now 32 x \$70,000 Up to 98 x \$70,000 subject to availability	\$2,800,000 (Up to 40 x \$70,000 subject to availability)	\$3,500,000 (Up to 50 x \$70,000 subject to availability)
Total recommended additional AHP funding (subject to availability) to TCHC									\$15,610,000 (223 units at \$70,000)			

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Appendix “B” Details of Recommended Property Tax Exemption Increases

Recommended Off-Site Regent Park Property Tax Exemption Increases

Project Address	60 Richmond St East	88-90 Carlton St	501 Adelaide St East
Location	Off-site Regent	Off-site Regent	Off-site Regent
# of Units	85	110	180
Tax Exemption Previously	85 units for 25 years \$1,030,354	60 units for 25 years \$588,526	140 units for 25 years \$1,739,921
Increased Tax Exemption		110 units for 25 years \$1,180,704	180 units for 25 years \$2,316,582
Recommended Increased Exemption	No increase	\$592,178	\$576,661

Recommended Regent Park Phase 1 Property Tax Exemption Increases

Project Address	246-252 Sackville Ave	1 Oak St	Regent rental townhouses (30 Regent)
Location	On site Regent	On Site Regent	On site Regent
Ward	28	28	28
# of Units	224	84	57
Tax Exemption 2004	220 units for 15 years \$1,323,908	90 units for 15 years \$719,245	54 units for 15 years \$492,401
Tax Exemption 2008	224 units for 25 years \$2,451,682	84 units for 25 years \$1,141,658	57 units for 25 years \$965,493
Recommended Increased Exemption	\$1,127,774	\$422,413	\$472,092

Total Recommended Property Tax Exemption Increases

\$3,191,118