



STAFF REPORT INFORMATION ONLY

City Contributions to Habitat for Humanity, 2007-2009

Date:	May 6, 2009
To:	Affordable Housing Committee
From:	Deputy City Manager Sue Corke
Wards:	9, 11, 12, 32, 36, 43
Reference Number:	AFS-9851

SUMMARY

At the City Council meeting on February 24, 2009, the Director of the Affordable Housing Office was directed to report to the next meeting of the Affordable Housing Committee with a report on the City's contributions to Habitat for Humanity's affordable housing developments in Toronto over the past two years. This report satisfies that request.

Financial Impact

This report has no financial impact.

DECISION HISTORY

At City Council's meeting on February 23, 24 and 25, 2009, Council adopted a Notice of Motion introduced by the Councillor for Ward 11 York South-Weston, reading as follows:

“The Director of the Affordable Housing Office be requested to report to the next meeting of the Affordable Housing Committee with an analysis of the contributions made to Habitat for Humanity for their projects contained in Executive Committee Items EX29.18, EX29.19, EX29.20 and EX29.21, as it relates to the total contributions made to Habitat for Humanity over the past two (2) years.”

The Decision Document from this meeting, including the four Executive Committee Items referred to, is available at:

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-02-23-cc31-dd.htm>

The four Executive Committee Items relate to a \$338,266 grant to compensate Habitat for development fees and charges from the City's Capital Revolving Fund, and the provision of three parcels of surplus City land sold at below-market rates at the Northeast corner of Birchmount Rd. and Highview Ave. (a \$973,000 value in foregone revenue), lands adjacent 47 Touchstone Dr. (a \$220,000 value in foregone revenue), and lands adjacent 57 Glitspur Dr. (a \$360,000 value in foregone revenue).

At its meeting on July 16-19, 2007, Council approved the report *Habitat for Humanity Request for Fee Forgiveness – 4200 Kingston* which provided a one-time grant of \$131,364.48 from the City's Capital Revolving Fund equivalent to the project's building permit fees, development charges and park levy. The Decision Document from this meeting is available at:

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

At the same meeting, Council also approved the report *Final Report - Official Plan Amendment and Zoning By-law Amendment Applications - 736 and 738 Kingston Road* which provided an unspecified grant to Habitat for Humanity Toronto in an amount equal to the City's development charges and permit fees (\$82,680).

ISSUE BACKGROUND

Details on the six Habitat for Humanity affordable housing developments that received City support over the last two years are provided below. Combined, the projects will provide 62 units of affordable ownership housing for families with incomes below the poverty line. The homes are larger, family-sized units and are all in townhouse, semi-detached and single detached ground-related building forms; housing that is not available at affordable prices in the Toronto new homes market.

Three of the developments received grants from the Capital Revolving Fund for Affordable Housing to pay for City development fees and charges totalling \$552,310, and the other three developments received surplus City lands at below market rates, representing \$1.553 million in foregone revenue. The cumulative support from the City represents just over \$2.1 million in value, or an average of \$33,957 per home. This means that the City helped Habitat reduce the price of these homes for the families purchasing them by the same amount.

1. 4200 Kingston Rd. – 19 homes – Ward 43

This Habitat development received a grant of \$131,364 to off-set City fees and charges from Council at its meeting on July 16-19, 2007.

2. 736 Kingston Rd. – 10 homes – Ward 32
This development received a grant of \$82,680 to off-set City fees and charges from Council at its meeting on July 16-19, 2007 also.
3. 1500 Weston Rd. – 20 homes – Ward 11
At its meeting on February 23, 2009 Council provided this Habitat development with a grant for \$338,266 to off-set City fees and charges.
4. Lands on the Northeast corner of Birchmount Rd. and Highview Ave. – 10 homes – Ward 36
On February 23, 2009 Council provided surplus City land to Habitat for this development at below-market rates, representing \$973,000 in foregone revenue.
5. Lands adjacent 47 Touchstone Dr. – 1 home – Ward 12
On February 23, 2009 Council provided surplus City land to Habitat for this development at below-market rates, representing foregone revenue of \$220,000.
6. Lands adjacent 57 Glitspur Dr. – 2 homes – Ward 9
On February 23, 2009 Council provided surplus City land to Habitat for this development at below-market rates, representing foregone revenue of \$360,000.

COMMENTS

Habitat International is a charitable organization dedicated to helping lower-income families currently living in substandard rental housing benefit from affordable home ownership. Habitat International has built over 300,000 homes in 100 countries for low-income families. Habitat Toronto has just celebrated its twentieth anniversary and has built over 90 homes in the City, with many more planned and under construction.

Habitat successfully assists low-income families to move from substandard rental housing into affordable home ownership. To become a Habitat purchaser, a family must have an income below a “Low-Income Cut-Off “established by the Canada Revenue Agency; be living in either substandard or overcrowded housing conditions, or have high rent relative to income; be willing to volunteer 500 hours of “sweat equity” on a Habitat project; attend a series of workshops on home ownership, and; have a stable income to cover mortgage payments and other ownership expenses.

The Habitat model has proven to be successful in providing economic uplift for low-income families through the asset accumulation function of home ownership, and helped support a desirable income mix in the City.

Habitat allows families to purchase a house without a down payment, with no interest over the term of their mortgage, and with the purchase price set at what it costs Habitat to build the home. Future homeowners contribute a minimum of 500 hours of sweat equity by assisting in the construction of their home, or the homes of other Habitat purchasers.

Eligible families make monthly payments on the no-interest mortgage for the cost of the house, usually over a period of 20-25 years. A no-interest, no-payments, second mortgage is held by Habitat for the difference between the cost of the home and its assessed market value. This second mortgage is paid to Habitat when the unit is sold by the family. In the event of a family selling their unit, it is either sold to the open market or back to Habitat, as the group maintains the right to purchase it from the family. Mortgage payments and discharged second mortgages are returned to the group's revolving fund that is used to build more affordable family housing. The Habitat model also includes extensive home ownership preparedness training that has proved key to its households' success.

CONCLUSION

The City has a history of supporting Habitat's building program in Toronto by waiving or reimbursing fees and charges, and providing surplus parcels of City lands for Habitat developments. The \$2.155 million in value provided to Habitat over the last two years represents a cost-effective way of providing affordable housing to lower-income Torontonians, and contributes to Council's goal of supporting the creation of 1,000 new affordable homes annually.

It is anticipated that in 2009 staff will come forward with an Affordable Housing Plan that will address and regularize fees and charges relief for non-profit affordable ownership housing such as the housing provided by Habitat.

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SIGNATURE

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ATTACHMENTS

Summary Chart of City Benefits to Habitat 2007 - 2009

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Address	Number of Homes	Type of City Benefit	Value	Council Approval
4200 Kingston Rd.	19	grant to off-set future fees and charges	\$131,364	July 16-19, 2007
736 Kingston Rd.	10	reimbursal of fees and charges paid	\$82,680	July 16-19, 2007
▼ February 2009 Council items ▼				
1500 Weston Rd.	20	waiver of fees and charges	\$338,266	February 23, 2009
Birchmount Rd./ Highview Ave. (NEC)	10	surplus city land at below-market cost	\$973,000	February 23, 2009
lands adjacent 47 Touchstone Dr.	1	surplus city land at below-market cost	\$220,000	February 23, 2009
lands adjacent 57 Glitspur Dr.	2	surplus city land at below-market cost	\$360,000	February 23, 2009