

## Home Ownership Alternatives

### Submission to the City of Toronto, Affordable Housing Committee

#### RE: Housing Opportunities Toronto, An Affordable Housing Action Plan, 2010-2020

May 2009

Home Ownership Alternatives has enabled over 2,300 families to buy their first home, most in Toronto. We do this in two ways. We provide early financing support for affordable housing development and we provide our shared-appreciation 2<sup>nd</sup> mortgage to support individual families. Our projects are affordable – in 3 recent projects 75% of our purchaser families had household incomes below the Toronto median income.

Unfortunately in Toronto, the dream of home ownership is out of reach for many hard working families. The average house price is over \$370,000 – to afford it you need to make \$80,000 a year. That leaves out key workers like teachers, transit drivers, lab technicians and many, many more.

### HOT Successes

Overall, the HOT 10 year Plan is a critical step for the City to ensure that affordable housing remains available for Toronto's growing population. The issues around affordable housing are complex and the proposed plan addresses important issues around affordability including housing supply, income supplements for housing, supportive housing and transition support for the homeless.

**Advantages of Ownership Housing.** The HOT Plan acknowledges the importance of affordable ownership housing within the continuum of housing in the city. The HOT Plan identifies the improved social, economic, neighborhood and poverty reduction outcomes associated with home ownership and particularly so for low and moderate income families.

**Mixed Communities.** The HOT Plan should also be commended for the emphasis on the renewal of mixed neighborhoods, where different housing tenure types and a mix of family incomes ensure the greatest "health" of a neighborhood. In all of the communities financed by HOA, the result has been a broad mix of family incomes resulting in inclusive developments that have been a very positive contribution to neighborhoods.

**TCH renewal.** HOA supports the HOT Plan's recommendations to renew TCH housing to ensure those in need of social housing are provided housing that is safe, healthy and designed to build strong communities. In TCH sites where there is a local preponderance of rental housing, we would encourage Council to go further in its redevelopments and introduce a greater number of affordable ownership housing.



**Inclusionary Zoning.** Inclusionary zoning can be a powerful tool to harness the energy and creativity of the private sector to ensure truly mixed developments. If this new authority is pursued by the City, it should be used in a manner that will create new partnerships with the private sector and that would provide all housing providers greater clarity in the costs and expectations the city places on the private sector with respect to their housing developments. With inclusionary zoning, a heavy handed approach or overly onerous requirements will have an overall negative outcome for the affordable housing.

**Housing Incentives Bylaw.** In HOA's recent deputation on the revision of Development Charges in the Toronto, HOA called on the city to ensure that its fees and charges were structured in a way to treat the provision of affordable housing fairly, whether rental or ownership or whether provided by non-profit, municipal or for-profit entities. We hope a new Housing Incentives Bylaw will focus the City's scarce resources on the most cost effective means to deliver affordable housing to low and modest incomes families, which is affordable ownership housing.

**Innovation.** The HOT Plan references the City's "Agenda for Prosperity" and HOA fully supports the city's recognition of innovation and creativity as the hallmarks of a successful city. With its "made in Toronto" affordable housing financing model, we believe HOA is a unique social enterprise which contributes to the accomplishment of the Agenda for Prosperity's goals. We hope the HOT Plan will improve the environment for innovative and cost effective mechanisms for the delivery of affordable housing such as HOA's.

## **Potential HOT Improvements**

**Policy Synergy.** Toronto is currently at the confluence of several important and related policy, economic and development changes which will have a great impact on the nature of the City. These includes the City's new Official Plan, the Avenues strategy, The City's Green strategy, the new requirements of Places to Grow, New Planning Act, intensification requirements and transit renewal. While the HOT Plan does provide some recognition of these trends, it does not go far enough to bring together the strategic synergies that exist between affordability, intensification, transit development and green initiatives. City Council could strengthen the City further by ensuring that the silos and inconsistencies that often exist between city departments, policies and fees are eliminated. The HOT Plan should call for a process of rationalization across the board.

**Partners for Housing Renewal.** While the HOT Plan is laudable in its emphasis on TCH renewal, it fails to recognize the success in the provision of affordable housing by independent non-profits, both rental and ownership. As an example, the renewal of TCH sites should be accomplished by a greater reliance on partners and a greater variety of housing types and providers.

**Restrictions on title.** HOA recognizes that there could be situations where the City would want to ensure that investments the City made in affordable housing could be "frozen" through the use of restrictions on title. Our belief and experience is that restrictions on title are unnecessarily legally cumbersome and costly to administer. For HOA's financing model, used successfully to support the development of over 2300 affordable homes over the last 10 years, the inappropriate



application of such restrictions on title would have destroyed the potential for the HOA revolving fund to operate at its full potential and would have denied thousands of Toronto citizens of potential new affordable housing. Restrictions on title would also place limits on the ability of low income Torontonians to build equity through home ownership and thus escape the cycle of poverty and dependence. HOA believes there are far more effective models for the City to preserve the "social equity" that it provides for the provision of affordable housing.

**Language.** The HOT Plan makes many references to the provision of affordable rental housing when it would be more appropriate to reference improvements to access to affordable housing without limitations to tenure type. As an example, theme 3 of the report is dedicated to supports for renters such as income supports, access to training and education, job placement, etc, while clearly all low income families should have access to these types of services and supports. The importance of keeping an open mind to other tenure types for affordable housing is emphasized by the report itself on page 35 where it outlines many of the advantages of affordable ownership housing.

**Cost Effectiveness.** The HOT Plan makes specific cost estimates for a variety of purposes, in particular within appendix b, and the HOT Plan also recommends allocations between a variety of potential means to support housing affordability. City Council should evaluate current programs and only proceed with new expenditures after making detailed cost effectiveness assessments that are independently validated. As an example, the HOT Plan recommends new expenditures of \$4,000/family/year for rent supplements, \$140,000/unit for new affordable rental developments or \$40,000/unit for new affordable ownership developments. Which of these is most cost effective (short and long term) for the citizens of Toronto?? Have the optimal subsidy levels been identified?? These are critical questions that need to be addressed before the launch of new programs.

**Toronto Surplus Properties.** The HOT Plan should include a more specific commitment by the City to ensure that surplus property owned by the City is sold to provide affordable housing. The City should assess all proponents interested redeveloping sites, regardless of tenure type or corporate structure and focus its assessment on 2 outcomes: the incomes of families who occupy the units and the revenue the City receives from disposal of the asset.

**Affordable Ownership Housing Target.** HOA has financed the development of over 2,300 units in the past 10 years, most in Toronto. Only our most recent project has received limited support from the City. HOA is proud of its achievements, but how much more could have been done within the context of a meaningful City target and financial support! HOA recommends that the HOT Plan increase its target for the provision of affordable ownership housing 10 fold to 20,000 new units over the next 10 years.

## **Conclusion**

HOA applauds the City for taking the important step of developing a 10 Affordable Housing Action Plan and we are supportive of its overall goals. HOA values the partnership it has developed with the City for the provision of affordable ownership housing and we hope to actively work with Council and city staff as HOT Plan is further developed. We hope our initial recommendations provided here will support the development of effective City policies and supports for a vibrant and healthy continuum of housing for all Toronto's citizens.