

January 20, 2009

**To:** Executive Committee

**From:** Affordable Housing Committee

**Subject:** Facilitating Twenty New Habitat for Humanity Homes through City Fees and Charges Relief at 1500 Weston Road

Recommendations:

The Affordable Housing Committee recommended to the Executive Committee and City Council that:

1. In recognition of the development of 20 units of affordable ownership family housing at 1500 Weston Road by Habitat for Humanity Toronto, authority be granted to the Director of the Affordable Housing Office to provide a grant from the Capital Revolving Fund for Affordable Housing (CRF) to Habitat for Humanity Toronto, in the amount of \$338,266.00, to assist in the payment of the City's Development Charges and Planning and Building Permit Fees and the Parkland Dedication Requirements; and
2. Authority be granted to the Director, Affordable Housing Office, to enter into and execute any agreements deemed necessary, on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form satisfactory to the City Solicitor.

Decision Advice and Other Information:

The Affordable Housing Committee requested:

1. the Director, Affordable Housing Office to:
  - a. work with Toronto Community Housing as part of their Real Estate Asset Management Strategy to explore potential partnership opportunities with existing housing providers, including options for affordable home ownership for the single family homes proposed for sale, and report back to the next Affordable Housing Committee on the outcome; and
  - b. report on the mechanisms that may be available to better ensure that public investment in affordable housing can, to some extent, be recaptured upon market sale.

2. that the preamble to the recommendations in the report (December 17, 2008) from Deputy City Manager, Sue Corke, be amended to delete the reference to the Chief Corporate Officer.

Background:

The Affordable Housing Committee on January 20, 2009, considered a report (December 17, 2008) from the Deputy City Manager, Sue Corke recommending that:

1. In recognition of the development of 20 units of affordable ownership family housing at 1500 Weston Road by Habitat for Humanity Toronto, authority be granted to the Director of the Affordable Housing Office to provide a grant from the Capital Revolving Fund for Affordable Housing (CRF) to Habitat for Humanity Toronto, in the amount of \$258,266.00, to assist in the payment of the City's Development Charges and Planning and Building Permit Fees; and
2. Authority be granted to the Director, Affordable Housing Office, to enter into and execute any agreements deemed necessary, on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form satisfactory to the City Solicitor.

The following persons addressed the Affordable Housing Committee:

- Mr. Michael Fry, Vice President of Planning and Land Acquisitions, Habitat for Humanity Toronto; and
- Mr. Nicholas Volk, Habitat International Coalition

City Clerk

Dela Ting  
Item AH8.6

cc: Deputy City Manager, Sue Corke  
Director, Affordable Housing Office  
Mr. Michael Fry, Habitat for Humanity Toronto  
Mr. Nicholas Volk, Habitat International Coalition



## STAFF REPORT ACTION REQUIRED

### Facilitating Twenty New Habitat for Humanity Homes Through City Fees and Charges Relief at 1500 Weston Road

|                          |  |
|--------------------------|--|
| <b>Date:</b>             | December 17, 2008                                      |
| <b>To:</b>               | Affordable Housing Committee                           |
| <b>From:</b>             | Sue Corke, Deputy City Manager                         |
| <b>Wards:</b>            | 11, York South - Weston                                |
| <b>Reference Number:</b> | P:\2009\Cluster A\AHO\Habitat 1500 Weston – (AFS-8870) |

#### SUMMARY

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This report seeks approval to provide a \$258,266 grant from the Capital Revolving Fund for Affordable Housing to Habitat for Humanity Toronto Inc. (Habitat) to off-set the City's development related fees and charges for the construction of 20 new affordable townhomes for lower-income families at 1500 Weston Road. This grant will reduce the purchase price of each home by an average of \$12,913.

Habitat is an international non-profit, non-denominational Christian organization dedicated to helping lower-income families currently living in substandard housing benefit from affordable home ownership. Habitat Toronto has just celebrated 20<sup>th</sup> anniversary and has built over 90 homes in the City, with many more planned and under construction.

The City has a history of supporting Habitat's affordable housing building program in Toronto by waiving or reimbursing Development Charges and Planning and Building Permit Fees, and also providing surplus parcels of City lands for Habitat developments. This initiative demonstrates the City of Toronto's continued commitment to work with community based organizations to facilitate the construction of affordable housing and contributes to Council's goal of supporting the creation of 1,000 new affordable homes annually.

#### RECOMMENDATIONS

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

- (1) In recognition of the development of 20 units of affordable ownership family housing at 1500 Weston Road by Habitat for Humanity Toronto, authority be granted to the Director of the Affordable Housing Office to provide a grant from the Capital Revolving Fund for Affordable Housing (CRF) to Habitat for Humanity Toronto, in the amount of \$258,266.00, to assist in the payment of the City's Development Charges and Planning and Building Permit Fees.
- (2) Authority be granted to the Director, Affordable Housing Office, to enter into and execute any agreements deemed necessary, on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form satisfactory to the City Solicitor.

## Financial Impact

The following chart illustrates the City fees and charges to be covered by the proposed grant:

| <b>City Fees and Charges</b>             | <b>Amounts</b>      |
|--|---------------------|
| Site plan approval                       | \$7,258.65          |
| Condominium approval (projected to 2010) | \$19,734.00         |
| Building permit fees                     | \$32,453.35         |
| Development charges                      | \$198,820.00        |
| <b>Total Grant Funding:</b>              | <b>\$258,266.00</b> |

Funding for this grant will come from the Capital Revolving Fund (CRF) for Affordable Housing. After paying this grant the CRF will have \$3,807,500 remaining.

Funding the payment of fees and charges through the Capital Revolving Fund is consistent with the purpose of the Capital Revolving Fund, as this initiative provides funding for the development of affordable housing to non-profit organizations.

The grant amount will be included in the 2009 Operating Budget for Shelter, Support and Housing Administration.

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

## ISSUE BACKGROUND

Habitat's development at 1500 Weston Road will provide 20 townhomes for families with incomes below the poverty line. Habitat is building homes at deeply affordable rates and in the sizes needed by larger families: two attributes that are in very short supply in Toronto's new housing market. The 20 homes of this project will be comprised of two 5-bedroom, four 4-bedroom, nine 3-bedroom, and five 2-bedroom homes.

This grant is consistent with previous Council decisions to waive City fees and charges for Habitat. Habitat has been granted dispensation from the payment of City fees and charges on all their previous developments in Toronto. In the past this has been done by way of Motions to Council. In 2009 the Affordable Housing Office 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.

Habitat International is a charitable Christian organization that has built over 225,000 homes in 100 countries for low-income families. Their model 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 cost Habitat to build the home. Future homeowners contribute a minimum of 500 hours sweat equity by assisting in the construction of their own home, or the homes of other Habitat purchasers.

Habitat's homeowners 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 Habitat family. In the event of a Habitat 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 Habitat'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.

At 1500 Weston Road, Habitat have submitted their Site Plan Application to City Planning for review and held two community meetings in September 2008, one of which was hosted jointly with the local Councillors office. Habitat also has a meeting for potential purchasers planned for January 21<sup>st</sup>, 2009. The homes will be two and three storeys in height, will be in two townhouse blocks of six units and one townhouse block of eight units, and will be registered as condominiums. The development site is on the West side of Weston Road north of the intersection with Jane Street.

## **COMMENTS**

This development will produce stable, long-term, affordable housing to families whose needs are not currently being met in the marketplace. The Habitat model has proven to be successful in providing economic uplift for lower income families through the asset accumulation function of home ownership, and helped support a desirable income mix in the City.

In addition to the benefits of providing affordable family housing in the City, Habitat's model and this development meet the requirements for City support under the Official Plan and its definition of affordable ownership housing.

Other benefits to the City will be the production of tax-generating development on an unused site and general urban intensification. Further, affordable ownership housing developed by the non-profit sector is more cost effective than City-run emergency responses, such as shelters, hostels, or paying for hotel accommodation.

## **CONTACT**

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Affordable Housing Office  
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**SIGNATURE**

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Sue Corke  
Deputy City Manager