



## STAFF REPORT ACTION REQUIRED

### Further Update: Federal Residential Rehabilitation Assistance Program

<b>Date:</b>	May 10, 2010
<b>To:</b>	Affordable Housing Committee
<b>From:</b>	Sue Corke, Deputy City Manager
<b>Wards:</b>	All
<b>Reference Number:</b>	AFS - 11757

#### **SUMMARY**

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This is a supplementary report arising from a report and recommendations to the Affordable Housing Committee of April 8, 2010. At that meeting, the Committee requested the Director, Affordable Housing Office, to report to the next Committee meeting on the rental component of the federal Residential Rehabilitation Assistance Program (RRAP) and provide a breakdown of Canada Mortgage and Housing Corporation (CMHC) Toronto homeownership eligibility prices.

The report responds to the requests of the Affordable Housing Committee by providing an outline of current rental and ownership RRAP activity and the ward-by-ward breakdown of CMHC's House Value Thresholds compared to actual residential assessment value.

#### **RECOMMENDATIONS**

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The Deputy City Manager responsible for the Affordable Housing Office recommends that Council encourage the federal Ministry of Human Resources, responsible for Canada Mortgage and Housing Corporation, to extend and enhance current federal RRAP investment in Toronto because of its positive impact in supporting housing renovation and renewal and economic activity.

## **Financial Impact**

This report has no financial impact.

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

## **Equity Impact Statement**

The Residential Rehabilitation Assistance Program (RRAP) assists low- and moderate-income homeowners and renters by providing financial assistance for essential housing repairs or for modifications for persons with disabilities. Home repairs/modifications are unaffordable for low-income households and financing through private sector lenders is either extremely expensive or unavailable.

The Affordable Housing Office administers the RRAP on behalf of the federal government to improve the housing conditions of low-and-moderate income residents as well as persons with disabilities. RRAP provides approximately \$8.0 million annually to low-income households or disabled households in Toronto.

The success of our activity is measured by the annual budget allocations, actual program take-up and affordable housing units served.

## **DECISION HISTORY**

On April 8, 2010, the Affordable Housing Committee reviewed the staff report, "Increasing Homeowners' Access to the Residential Rehabilitation Assistance Program (RRAP)", <http://www.toronto.ca/legdocs/mmis/2010/ah/bgrd/backgroundfile-28678.pdf>

The report responded to a request from the Committee Chair to review eligible homeowner demographics, describe the CMHC three-zone HVT system in Toronto and the protocol for councillors to refer constituents to the Affordable Housing Office to access RRAP funding.

The committee adopted the staff recommendations and added recommendations that City Council request the federal government to update the HVT effective January 1, 2010 and make the RRAP permanent.

The Committee also requested the Director of the Affordable Housing Office to report back to the next Committee meeting on the rental components of RRAP and provide a ward-by-ward breakdown of Toronto homeownership values and RRAP eligibility.

## ISSUE BACKGROUND

The City of Toronto administers the RRAP for the federal government under the terms of an administration agreement and following federal guidelines. In the 2009/2010 fiscal year, the city administered a total allocation of \$8.5 million in federal funding providing housing assistance to 901 owners and renters. The RRAP is an important component of the City's ten-year affordable housing action plan, Housing Opportunities Toronto.

Over the past year the federal government has conducted an evaluation of the RRAP in an effort to improve the delivery of the program. The city is awaiting the results of the review and information on the extension of the Program beyond March 31, 2011.

## COMMENTS

### Residential Rehabilitation Assistance Program Funding Overview

On an annual basis the federal government invests \$130.6 million to assist Canadians in the repair and renovation of housing. In Ontario, the federal government pays 100 per cent of program costs and delivers it through local agents.

In a number of other Canadian jurisdictions, the program is cost-shared with provinces and delivered provincially. This has the added benefit of additional funds flowing to the repair and renovation of housing.

RRAP allocation and take-up (which includes \$66,000 of additional funding) from April, 2009 to March, 2010 consists of the following components:

RRAP Component	2009/2010		
	Budget Allocation	Budget	Units
		Take up	
Regular allocation			
Homeowner	\$2,500,000	\$2,489,401	195
Persons with Disabilities	\$1,500,000	\$1,639,175	121
Rental Apart. and Rooming Housing	\$2,500,000	\$2,055,097	273
Conversion	<u>\$1,000,000</u>	<u>\$960,000</u>	<u>40</u>
Subtotals	\$7,500,000	\$7,607,673	658
HASI	\$800,000	\$758,526	239
2nd Suite	<u>\$96,000</u>	<u>\$96,000</u>	<u>4</u>
Subtotals	\$896,000	\$851,026	243
<b>Annual Totals</b>	<b>\$8,396,000</b>	<b>\$8,462,199</b>	<b>901</b>

Currently, the City of Toronto currently receives \$8.5 million in RRAP funding from CMHC to support the renovation of existing ownership and rental housing, including the conversion of non-residential buildings to rental housing. In return, Toronto is paid an administration fee of some \$300,000 annually.

### **RRAP for Landlords and Tenants**

Through the Rental component of the RRAP, residential landlords are eligible for a forgivable loan of up to \$24,000 for safety improvements and repairs. As a condition of the loan, landlords are required to set rents that do not exceed the CMHC median market rent in Toronto for each unit type.

In addition, RRAP Rooming House funding of up to \$16,000 is directed to legal rooming houses operators for repairs and renovations. In these instances, loans are made to licensed rooming houses and boarding homes in the former City of Toronto, with a small number made to properties in South Etobicoke and East York where these dwellings are permitted under current zoning by-laws.

Proponents who convert non-residential buildings to affordable rental homes are also eligible for RRAP funding.

Since 1997, RRAP has been essential to meeting the city's objective of maintaining and creating affordable housing, with some \$83.5 million in federal funding directly invested to assist some 8,700 family and individual households.

Housing Opportunities Toronto recognizes the importance of continued federal support to continue and extend the RRAP initiative as a key component of maintaining affordable housing for the people of Toronto.

### **Homeownership and Residential Rehabilitation Assistance: Ward-by Ward Eligibility Analysis**

As requested by the Affordable Housing Committee, this report provides in Appendix 'A' a ward-by-ward homeowner eligibility analysis based on existing housing prices, compared to the CMHC eligible HVT of \$300,000 in Scarborough, \$400,000 in the Central City and \$350,000 in Etobicoke.

Appendix A has been prepared using the data provided by City Revenue Services through reports from the Municipal Property Assessment Corporation.

The findings show a range of eligible residential properties throughout Toronto with a high of 83% in Ward 7 to a low of two per cent in Wards 16 and 27. Staff estimate that some 164,800 ownership homes or 42% of Toronto's 393,500 ownership homes are eligible for RRAP assistance based on existing property values.

However, the RRAP initiative has income-testing criteria which would further reduce the number of eligible homeowners in any given year.

## **CONCLUSION**

The Residential Rehabilitation Assistance Program fills a much-needed funding role for landlords whose properties require essential repairs. For the City to meet the objectives of the HOT plan, we ask that CMHC confirm its ongoing funding of RRAP from 2011 to 2014 and increase future RRAP allocations for landlords to meet anticipated demands.

CMHC's House Value Thresholds diverge from current assessed values and we ask that CMHC work with local and provincial officials to make HVT's current and relevant.

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## **SIGNATURE**

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Deputy City Manager

## **ATTACHMENTS**

Appendix A - Dwellings Eligible for RRAP Funding in Toronto – Ward-by-Ward  
Appendix B - Summary of RRAP Activity for Landlords in Toronto

Appendix A: Dwellings Eligible for RRAP Funding in Toronto – Ward-by-Ward

<b>WARD</b>	<b>WARD NAME</b>	<b>ESTIMATED DWELLINGS BELOW H.V.T.</b>	<b>TOTAL DWELLINGS</b>	<b>PERCENT ELIGIBLE DWELLINGS IN WARD</b>
7	York West	6,600	7,908	83%
17	Davenport	8,200	10,176	81%
1	Etobicoke North	5,400	6,853	79%
35	Scarborough Southwest	7,300	9,473	77%
11	York South-Weston	7,400	9,618	77%
18	Davenport	4,600	6,204	74%
6	Etobicoke-Lakeshore	7,600	10,329	74%
38	Scarborough Centre	6,900	9,642	72%
9	York Centre	5,400	7,588	71%
8	York West	2,600	3,708	70%
31	Beaches-East York	7,400	10,846	68%
37	Scarborough Centre	7,900	11,772	67%
2	Etobicoke North	5,500	8,838	62%
42	Scarborough-Rouge River	7,700	12,816	60%
30	Toronto-Danforth	6,100	11,117	55%
12	York South-Weston	4,500	8,207	55%
15	Eglinton-Lawrence	4,800	8,922	54%
43	Scarborough East	4,500	8,508	53%
19	Trinity Spadina	3,500	6,781	52%
33	Don Valley East	3,500	6,786	52%
28	Toronto Centre-Rosedale	1,200	2,564	47%
29	Toronto-Danforth	4,600	10,130	45%
32	Beaches-East York	5,400	13,140	41%
34	Don Valley East	2,800	6,929	40%
36	Scarborough Southwest	4,100	10,936	37%
44	Scarborough East	5,000	14,781	34%
21	St. Paul's	2,400	7,262	33%
41	Scarborough-Rouge River	3,800	12,942	29%
24	Willowdale	2,600	10,287	25%
14	Parkdale-High Park	1,000	4,683	21%
20	Trinity Spadina	900	4,254	21%
39	Scarborough Agincourt	1,600	8,054	20%
23	Willowdale	2,100	11,253	19%

13	Parkdale-High Park	1,700	9,623	18%
40	Scarborough Agincourt	1,200	7,363	16%
5	Etobicoke-Lakeshore	2,000	12,962	15%
4	Etobicoke Centre	1,600	10,506	15%
3	Etobicoke Centre	1,300	10,166	13%
10	York Centre	800	8,095	10%
26	Don Valley West	200	4,557	4%
25	Don Valley West	500	11,865	4%
22	St. Paul's	300	7,728	4%
27	Toronto Centre-Rosedale	100	4,168	2%
16	Eglinton-Lawrence	200	12,201	2%
<b>TOTALS</b>		<b>164,800</b>	<b>392,541</b>	<b>42%</b>

NOTES:

- Total dwellings exclude rental and condo dwellings
- Data provided by Revenue Services and analyzed by Affordable Housing Office

Appendix B - Summary of RRAP Activity for Landlords in Toronto

<b>RRAP: Landlord Activity Summary</b>			
<b>Toronto - 1998 to 2009-2010</b>			
<b>Program</b>	<b>Units</b>	<b>Funding</b>	<b>\$/unit</b>
Rental	2,619	\$24,799,527	\$9,469
RH	1,212	\$10,875,477	\$8,973
Conversion	507	\$9,045,056	\$17,840
<b>Total</b>	<b>4,338</b>	<b>\$44,720,060</b>	