

Analyst Briefing Notes

Budget Committee – February 16, 2010

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Executive Summary

- The Affordable Housing Office is responsible for the creation of transitional and permanent affordable housing. The Program partners with the Federal and Provincial governments, community organizations, Toronto Community Housing Corporation (TCHC) (the City's housing agency), and private sector housing developers to deliver new units of affordable housing, which includes constructing new buildings, the purchase and rehabilitation of existing housing, or converting non-residential buildings to residential. As well, the Affordable Housing Office administers Federal programs that provide loans and grants to low-and-modest income households, including homes for seniors and people with disabilities, for upgrades to existing housing stock.
- The Affordable Housing Office's key service objectives for 2010 are noted below:
 - Facilitate the development of 1,000 new affordable homes annually through working with the Provincial and Federal governments, TCHC and community partners;
 - Provide innovative solutions that assist people buy and stay in their own homes, including administrating the Residential Rehabilitation Assistance Program (RRAP) and the Home Adaptations for Seniors' Independence (HASI); these programs, funded by Canada Mortgage and Housing Corporation, provide loans and grants to eligible low income households to support the repairs, modifications and retrofits to homeowners.
 - Promote, lead and leverage collaborative affordable housing solutions, including Housing Opportunities Toronto (HOT), the City's 10-Year Affordable Housing Plan 2010-2020.
- Key accomplishments for the Affordable Housing Office in 2009 include the following:
 - Achieved Council adoption of Housing Opportunities Toronto: An affordable Housing Action Plan 2010-2020 and continued the advocacy for stable, long-term funding from the Federal and Provincial governments, including appearing before the Senate subcommittee.
 - Awarded Federal-Provincial economic stimulus funding approval of 859 affordable rental and 120 affordable ownership homes, an investment of over \$108 million; and
 - Facilitated repair of 760 affordable homes through RRAP, with more than \$5.0 million in RRAP loans and grants.
- For 2009, the Affordable Housing Office projects year-end net expenditures of \$1.305 million which meets the 2009 Approved Operating Budget. Gross expenditures of \$2.699 million are projected to be \$0.510 million below budget (with an offsetting reduction in revenues), which is mainly attributed to savings for 5 vacant positions that are funded from the City's reserves.

Table 1: 2010 Recommended Budget

	2009		2010 Recomm'd Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$			\$	\$
(In \$000s)						\$	%	\$	\$
GROSS EXP.	3,209.4	2,699.3	3,222.6	0.0	3,222.6	13.2	0.4	125.7	76.1
REVENUE	1,904.3	1,394.2	1,888.2	0.0	1,888.2	(16.1)	(0.8)	(420.4)	
NET EXP.	1,305.1	1,305.1	1,334.4	0.0	1,334.4	29.3	2.2	546.1	76.1
Approved Positions	26.0	21.0	25.0	0.0	25.0	(1.0)	(3.8)		

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	1,334.4	1,334.4	0.0	1,269.1
PROGRAM REDUCTION (\$)	(846.4)	(846.4)	0.0	(65.3)
PROGRAM REDUCTION (%)	-64.9%	-64.9%	NA	-5.0%

* The Program Reduction Target includes pressures arising from the reversal of the 2009 contribution from the Capital Revolving Fund.

- The 2010 Recommended Operating Budget for the Affordable Housing Office (AHO) of \$1.334 million net is \$0.029 million over the 2009 Approved Operating Budget of \$1.305 million and meets the Program’s reduction target of \$0.846 million. The AHO achieved target by drawing \$0.420 million from the Capital Revolving Fund and eliminating one position with savings of \$0.100 million, reducing the Program’s staff complement from 26 to 25.
 - In 2011, expenditures are projected to increase by \$0.546 million that include COLA and progression pay increases of \$0.126 million, and a reduction in revenue of \$0.420 million, due to the reversal of the 2010 contribution from the Capital Revolving Fund.
 - In 2012, expenditures are projected to increase by \$0.076 million for progression pay increases.
 - Sufficient funding is available from the Capital Revolving Fund to offset budget pressures into 2011 and 2012. Reduction options have been presented that will reduce the Program’s reliance on the reserve to meet target; these options will be reviewed in 2010 and submitted as part of the 2011 Operating Budget process.

- The 2010 Recommended Base Budget includes funding of \$0.113 million to support the key cost drivers, comprised of:
 - Reversal of the 2009 draw from the Capital Revolving Fund of \$0.668 million;
 - Loss of \$0.100 million in Provincial administration revenue from the Affordable Housing Program (AHP); and
 - Salary and benefit increases that total \$0.107 million for COLA, progression pay and step increases, and inflationary increases of \$0.005 for professional and legal services.

- These cost drivers as noted above will be partially offset by the following:
 - Increase in Provincial administration revenues of \$0.326 million.
- The Program's 2010 Recommended Base Budget includes Service Changes with savings of \$0.520 million, with an incremental impact in 2011 of \$0.420 million. These Service Changes include the following:
 - Revenue increase of \$0.420 million from the contribution from the Capital Revolving Fund; and
 - Efficiency savings of \$0.100 million through the reduction of one vacant Housing Development Officer position.
- Approval of the Service Changes will result in a reduction of one approved position, reducing the approved complement to 25.
- The following key program issues have been identified during the 2010 Operating Budget process:
 - The 2010 Recommended Operating Budget includes additional fees of \$0.326 million for the management of projects allocated to the City under the Canada-Ontario Affordable Housing Program 2009 Extension. The City has received \$1.376 million in new funding for capital project delivery under this program, with funding to be matched to the timing of project completion.
 - The base revenue does not sustain the delivery of the Affordable Housing program; however the Program has become reliant on the Capital Revolving Fund to meet budgetary targets.
 - A program review of the Affordable Housing Office is underway, with any financial implications arising to be reported as part of the 2011 budget process.
- The Affordable Housing Office's 2010 Recommended Operating Budget supports its strategic direction and provides base funding of \$3.223 million gross for 25 positions that support the following Strategic Priorities:
 - By promoting partnerships that create new affordable housing with the Federal and Provincial governments, the non-profit sector and third party-private developers, the Affordable Housing Office facilitates project development to create 1,000 units of affordable rental and ownership housing a year.
 - Through administering the Federal Residential Rehabilitation Assistance Program (RRAP) and the Housing Adaptations for Seniors' Independence (HASI) Program to retrofit 750 low income households annually and through RRAP Conversion to create 40 new homes annually with up to \$7.0 million in grants and loans, the Affordable Housing Office plays a key role in helping preserve and upgrade the City's existing housing stock.

- Through supporting the development and evaluation of policies that assist the Federal, Provincial and City governments design and implement programming that helps deliver affordable housing, the Affordable Housing Office helps deliver affordable housing in one of the countries most challenging markets.

- Through its policy and advocacy role, the Affordable Housing Office has taken the lead in coordinating Housing Opportunities Toronto (HOT), and provides leadership on policy for current and future affordable housing development across the City.

Recommendations

The City Manager and Chief Financial Officer recommend that:

- 1. City Council approve the 2010 Recommended Operating Budget for the Affordable Housing Office of \$3.223 million gross and \$1.334 million net, comprised of the following services:

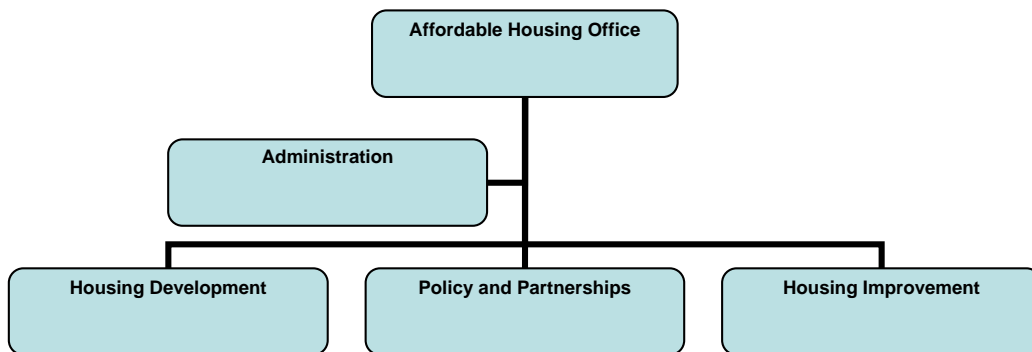
<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Housing Improvements	692.1	292.1
Housing Programs; Development, Policy and Partnerships	2,530.5	1,042.3
	<hr/>	<hr/>
Total Program Budget	3,222.6	1,334.4
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Mission Statement

To enhance the economic and social health of Toronto by promoting, managing and funding the creation of safe, affordable housing. The Affordable Housing Office is responsible for facilitating the creation of transitional and permanent affordable rental and ownership housing, which includes constructing new buildings, the purchase and rehabilitation of existing housing, or converting non-residential buildings to residential. As well, the Program prepares and implements affordable housing policies, including coordinating implementation of Housing Opportunities Toronto, the City’s 10-year affordable housing plan.

Program Map

The Program is comprised of three services, as profiled below:



2010 Recommended Services: Overview

Housing Development

The Affordable Housing Office, through its Housing Programs Service, works with the community, private sector and government partners to facilitate the development of new affordable housing through funding and incentives made available by the Federal and Provincial governments and through the provision of City incentives, including donating surplus City land, providing property tax exemptions, waiving planning and development charges and capital grants/loans from reserves.

- Through new construction, manage the annual delivery of 1,000 units of new rental housing development.

Housing Improvement

Through its Housing Improvement Service, the Affordable Housing Office delivers the Residential Rehabilitation Assistance Program (RRAP) and the Home Adaptations for Senior’s Independence (HASI), a Canada Mortgage and Housing Corporation Affordable Housing Programs for low-and-

modest income households, which provides funding for housing repairs, housing modifications for disabled residents, creating secondary suites and converting non-residential buildings into new rental housing. These programs support the repairs and or modifications to approximately 750 low-income households annually.

- The AHO Housing Improvement Program administers both the Federal Residential Assistance Program (RRAP) and the Housing Adaptations for Seniors' Independence (HASI) to provide up to 750 Federal grants annually to retrofit to low income households.

Housing Policy and Partnerships

The Program promotes, leads and leverages collaborative affordable housing solutions through: policy development, implementation and monitoring, financial stewardship of affordable housing resources, and advocacy and partnership development, including taking the lead in the overall monitoring and co-ordination of the 10 year affordable housing plan – Housing Opportunities Toronto.

- Advocate for the continuation and expansion of existing, and creation of new Federal-Provincial Housing programs.

Service Objectives

The Affordable Housing Office has established service objectives to address the challenges and opportunities in managing the delivery of its services in accordance with the Council priorities. The following section outlines the Program's service objectives for 2010 and beyond:

- **Create 1,000 new affordable homes annually:** The Affordable Housing Office works with the community, private sector and government partners to facilitate the development of new affordable housing through funding and incentives made available by the Federal and Provincial governments and through the provision of City incentives, including donating surplus City land, providing property tax exemptions, waiving planning and development charges and capital grants/loans from reserves.
- **Promote, lead and leverage collaborative affordable housing solutions:** The Affordable Housing Office has been successful receiving Council approval and community support of the Housing Opportunities Toronto (HOT). HOT provides a "blueprint" to guide affordable housing development in the City over the next decade. As the development of HOT included public consultation that engaged community stakeholders, Provincial, and Federal partners in discussions supporting funding strategies (which included the creation of a national housing strategy), the Program is well positioned to use the 57 recommendations in HOT to continue to advocate for the development of new and affordable housing.
- **Provide innovative solutions that assist people to buy and stay in their own homes:** Working in an expensive, difficult market, the Program provides opportunities for affordable housing development using a number of tools, including: allocating home ownership development funding available through the Canada-Ontario Affordable Housing Program; partnering with Habitat for Humanity and other organizations to facilitate the development of affordable home ownership opportunities (including the donation of City land); encouraging affordable home ownership opportunities through the extension of Municipal Capital Facilities By-law incentives

(e.g. property tax exemptions, fee waivers); and capital grants/loans (e.g. Capital Revolving Fund and Mayor's Homeless Initiative Reserve Fund).

As well, through administrating the Federal Residential Rehabilitation Assistance Program (RRAP), and the Housing Adaptations for Seniors' Independence (HASI), the Affordable Housing Office plays a key role in helping preserve and upgrade the City's existing housing stock. The RRAP, funded by Canada Mortgage and Housing Corporation, provides loans and grants to eligible low income households to support the repairs, modifications and retrofits to eligible homeowners. The Program has set a target of improving 750 units annually.

2009 Accomplishments

- Achieved Council adoption of Housing Opportunities Toronto: An affordable Housing Action Plan 2010-2020;
- Awarded Federal-Provincial economic stimulus funding approval of 859 affordable rental and 120 affordable ownership homes, an investment of over \$108 million;
- Secured City Council approval for 1,764 affordable housing units, including new and previously approved units, 120 affordable ownership homes and 40 new homes created through Residential Rehabilitation Assistance Program (RRAP) conversion. Of these units, 1,030 have received Federal/ Provincial funding approval;
- Finalized West Don Lands Affordable Housing Agreement between the City, Province and Waterfront Toronto that will secure more than 1,000 new and affordable rental homes;
- Facilitated repair of 760 affordable homes through RRAP, with more than \$7.0 million in RRAP and HASI loans and grants; and
- Continued advocacy for stable, long-term funding from Federal and Provincial governments, including appearing before the Senate subcommittee.

Table 2: 2009 Budget Variance Review (\$000s)

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals *	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	% Unspent
GROSS EXP.	2,605.3	3,209.4	2,699.3	(510.1)	(15.9)
REVENUES	1,298.2	1,904.3	1,394.2	(510.1)	(26.8)
NET EXP.	1,307.1	1,305.1	1,305.1	0.0	0.0
Approved Positions	23.0	26.0	21.0	(5.0)	(19.2)

* Projected Actuals based on the September 30, 2009 Variance Report

2009 Budget Variance Analysis

The Affordable Housing Office is projecting a year-end favourable expenditure variance of \$0.510 million gross with an offsetting reduction in revenues, resulting in a \$0 net variance from the 2009 Approved Operating Budget.

Under spending is primarily related to salary and benefit savings, due to five vacant positions and additional savings due to the labour disruption. The under spending will be offset by a reduced contribution from the Capital Revolving Fund.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

Of the five vacant positions, one position will be eliminated, resulting in savings of \$0.100 million; the remaining vacancies will be filled in 2010.

Table 3: 2010 Recommended Base Budget (\$000s)

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
			\$	%	2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	3,209.4	3,222.6	13.2	0.4	125.7	76.1
REVENUE	1,904.3	1,888.2	(16.1)	(0.8)	(420.4)	0.0
NET EXP.	1,305.1	1,334.4	29.3	2.2	546.1	76.1
Approved Positions	26.0	25.0	(1.0)	(3.8)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	1,334.4	1,334.4	0.0	1,269.1
PROGRAM REDUCTION (\$) *	(846.4)	(846.4)	0.0	(65.3)
PROGRAM REDUCTION (%)	-64.8%	-64.8%	NA	-5.0%

* The Program Reduction Target includes pressures arising from the reversal of the 2009 contribution from the Capital Revolving Fund.

Table 3a: Program Reduction Requirements (000s)

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	1,305.1	
Pressures Reported with 2010 / 2011 Outlook	94.6	546.1
Pressures Not Reported with 2010 / 2011 Outlook	781.1	0.0
5% Reduction Target	(65.3)	(65.3)
Additional Pressures not in 2010 Reported Outlook	(781.1)	TBD
Program Reduction Target	(846.4)	(65.3)
Net Budget Target	1,334.4	1,815.3

2010 Recommended Base Budget

The 2010 Recommended Base Budget of \$1.334 million net represents a \$0.029 million net or 2.2% increase over the Affordable Housing Office’s 2009 Approved Operating Budget of \$1.305 million net. The 2010 Recommended Base Budget includes \$0.876 million in 2010 Base Budget increases, which have been offset by decreases of \$0.846 million arising from increases in base revenue of \$0.326 million and efficiency saving and reserve funding totaling \$0.520 million.

Approval of the 2010 Recommended Base Budget will result in efficiency savings and reserve funding totaling \$0.520 million, with the Program's total staff complement decreasing from 26 to 25 approved positions, due to the elimination of one vacant Housing Development Officer position.

2010 Base Budget Key Cost Drivers

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- The reversal of the 2009 contribution from the Capital Revolving Fund of \$0.668 million;
- Salaries and Benefits have increased \$0.107 million net, with \$0.060 million for COLA; \$0.034 million attributable to fringe benefit increases; and \$0.014 million for progression pay increases;
- Loss of \$0.100 million in Provincial administration revenue from the Affordable Housing Program (AHP); and
- Inflationary increases in legal and consulting services of \$0.005 million.

These key cost drivers have been partially offset by the following:

- Increase in revenue of \$0.326 million from the Ministry of Municipal Affairs and Housing for participation in the Canada-Ontario Affordable Housing Program Extension 2009.

2010 Service Changes

The Program's 2010 Recommended Base Budget includes Service Change savings of \$0.520 million, with 2011 incremental impacts of \$0.420 million resulting from the reversal of the 2010 contribution from reserves. The recommended service changes are comprised of \$0.420 million from a revenue change and savings of \$0.100 million from efficiency measures. The recommended Service Changes are summarized below:

Efficiency Change

- Reallocation of workload of one Housing Development Officer position for full year savings of \$0.100 million.

Revenue Adjustment

- A contribution from the Capital Revolving Fund of \$0.420 million is required to maintain 2009 service levels.

2011 and 2012 Outlook: Net Incremental Impact

Approval of the 2010 Recommended Base Budget for the Affordable Housing Office will result in an incremental impact of \$0.546 million in 2011 and an incremental impact of \$0.076 million to maintain the 2010 level of service and staff complement. Future year cost increases are primarily attributed to the following:

- 2011: the reversal of the 2010 contribution from the Capital Revolving Fund of \$0.420 million and an increase in salary and benefits of \$0.126 million comprised of \$0.054 for COLA, and \$0.072 million for progression pay increases.
- 2012: \$0.076 million for merit and step salary increases.

The Program is dependant on the Capital Revolving Fund to meet its budgetary reduction targets. No other options have been reviewed at this time, but the Program is under-going a Program Review and will report any identified savings to meet the 2011 Target as part of the 2011 Operating Budget process. (See Issues Section, pg. 18)

**Table 4: 2010 Recommended Service Change Summary
(In \$000s)**

Description	2010 Recommended Service Changes					Net Incremental Impact	
	Position Change	Gross Exp.	Revenue	Net Exp.	% Change Over 2009 Budget	2011	
	#	\$	\$	\$	\$	\$	# Pos
Base Change Summary	0.0	0.0	326.0	(326.0)	-25.0%	0.0	0.0
Service Efficiencies: Reduce Staffing Complement by One Housing Development Officer	(1.0)	(100.0)		(100.0)	-7.7%		
Revenue Adjustments: One-time contribution from Capital Revolving Fund			420.4	(420.4)	-32.2%	420.4	
Minor Service Impact:							
Major Service Impact:							
Sub-Total Service Changes	(1.0)	(100.0)	420.4	(520.4)	-39.9%	420.4	0.0
Total Adjustments	(1.0)	(100.0)	746.4	(846.4)	-64.9%	420.4	0.0

2010 Recommended Service Change

The budgetary impact of implementing the following two service adjustments are included in the 2010 Recommended Base Budget, with savings of \$0.520 million in 2010, and an incremental impact of \$0.420 million in 2011. Approval of the Recommended Service Changes will result in a reduction of one approved position, reducing the complement to 25. Additional revenue of \$0.326 million, reflecting the increase in administrative fees for delivering the new Canada-Ontario Affordable Housing Program (AHP) 2009 Expansion is included in the 2010 Recommended Base Budget.

Service Changes

The following two recommended service changes included in the Affordable Housing Office 2010 Recommended Base Budget, resulting in 2010 savings of \$0.520 million net, are discussed below:

Service Efficiencies

To offset base pressures, the Program is reducing its staffing complement to 25 by eliminating one Housing Development Officer (HDO) position, resulting in savings of \$0.100 million in salary and benefits. This change will reduce the number of HDO positions from seven to six. The Program is eliminating this vacant, temporary position on January 1, 2010.

HDOs assist in the development of City-sponsored affordable, transitional and supportive housing by managing projects through the City approval process, requiring the coordination of funding proposal calls, recommending funding allocations, liaising with housing proponents (e.g., monitoring the progress of construction), resolving issues in a multi-stakeholder environment, including conducting public meetings). HDOs also provide financial oversight in project development, including authorizing interim payments of Federal, Provincial and City funds in accordance with Program policies and the Financial Control By-law.

The position reduction will be mitigated by redistributing work among the remaining six HDOs so that projects continue to be managed in accordance with Program standards and relations with third-party partners remain at current levels.

Revenue Changes

A contribution from the Capital Revolving Fund of \$0.420 million is required to maintain 2009 service levels. The 2010 contribution is \$0.248 million lower than the 2009 draw of \$0.668 million, primarily resulting from the increase in Provincial fees of \$0.326 million for administering the new Canada-Ontario Affordable Housing Program (AHP) 2009 Expansion.



2010 Base Budget Issues

Base Budget Funding

The Affordable Housing Office is funded by a combination of Provincial and Federal grants/fees of \$1.198 million, and with reserves and capital funding of \$0.690 million.

The 2010 Recommended Operating Budget for AHO includes changes to the following funding sources from 2009: increased third-party grants of \$0.232 million, offset by decreased funding from the Capital Revolving Fund of \$0.248 million, as summarized below:

(\$000s)	2008 Approved Budget	2009 Approved Budget	2010 Recommended Budget	2010 Change from 2009
Gross Expenditures	<u>2,920.1</u>	<u>3,209.4</u>	<u>3,222.6</u>	<u>13.2</u>
Grants, Fees				
Provincial Admin Fee (AHP)	450.0	450.0	350.0	(100.0)
Fed/Prov AHP 2009: Economic Stimulus Fees			326.0	326.0
Federal Fees (RRAP)	300.0	300.0	300.0	0.0
HPI	370.1	216.1	221.8	5.7
Total Grants, Fees	<u>1,120.1</u>	<u>966.1</u>	<u>1,197.8</u>	<u>231.7</u>
City Funding				
Capital Funding *		270.0	270.0	0.0
Capital Revolving Fund	492.9	668.2	420.4	(247.8)
Total City Funding	<u>492.9</u>	<u>938.2</u>	<u>690.4</u>	<u>(247.8)</u>
Total Revenue	<u>1,613.0</u>	<u>1,904.3</u>	<u>1,888.2</u>	<u>(16.1)</u>
Net Expenses	<u>1,307.1</u>	<u>1,305.1</u>	<u>1,334.4</u>	<u>29.3</u>

* 3 capital positions to develop database reporting systems

- *Provincial/ Federal Grants and Fees:* Third party funding for the Affordable Housing Office totals \$1.198 million, and is comprised of the following:

- *Provincial Administrative Fee (AHP):*
 - The 2010 Recommended Operating Budget includes revenue of \$0.350 million from the Province through the Canada/Ontario Affordable Housing Program (AHP). This funding is a partial reimbursement to municipalities to cover the costs Service Managers incur in delivering affordable housing projects under the Federal/Provincial Affordable Housing Program (AHP). This program provides the City with 3.27% of the project's capital costs that include developing, implementing and managing the approved affordable housing projects. Under the AHP (signed in 2005) the City has been allocated 2,926 units, with funding of \$141.4 million.

- *Economic Stimulus Plan: Canada-Ontario Affordable Housing Program 2009 Extension:*
 - The 2010 Recommended Operating Budget includes additional revenue of \$0.326 million for the management of projects allocated to the City under this Program. As of December 2009, six developments, totaling 859 units for \$103.470 million have received a funding commitment from the Province. The City has received \$1.376 million for administration of projects under this Program, with the funding to be matched to the timing of the project completion.

- *Residential Rehabilitation Assistance Plan (RRAP) and Home Adaptations for Seniors' Independence (HASI):*
 - The 2010 Recommended Operating Budget includes revenue of \$0.3 million, paid to RRAP agents for delivering the Federal government's Rental Rehabilitation Assistance Program. The City administers the Program on behalf of Canada Mortgage and Housing Corporation (CMHC) and receives a set fee for each project and each unit within that project that was successfully delivered through the RRAP. The City also received a smaller set fee for approved projects that were cancelled prior to completion.

- *Homelessness Partnering Strategy Initiative (HPSI):*
 - The 2010 Recommended Operating Budget includes funding from HPI of \$0.222 million. HPI is a Federal program that supports a number of initiatives aimed at combating homelessness, including creating transitional housing and housing for tenants with supported-living requirements. In 2010, HPI funding increases by \$0.006 million from 2009, to fund the 2010 increase in salary and benefits. This grant funds 2 Housing Development Officer positions in the AHO.

- *Contribution from the Capital Revolving Reserve Fund of \$0.420 million:*
 - The 2010 Recommended Operating Budget includes a one-time contribution of \$0.420 million (a decrease of \$0.248 million from 2009) from the Capital Revolving Fund (CRF). The CRF has been used to offset the cost of developing proposals for affordable housing projects, to provide project development assistance, including forgivable loans/repayable loans, project financing and other activities related to improving the quality/supply of affordable housing in the City. The decrease from 2009 in the reserve contribution is achieved due to the increase in Provincial/ Federal grants of \$0.226 million. With an uncommitted balance of \$2.358 in the Capital Revolving Fund million at the end of 2009,

continued use of the Capital Revolving Fund as a funding source is unsustainable, with the 2010 uncommitted balance projected to be \$1.938 million.

- The use of this reserve to offset base pressures of the Affordable Housing Office is consistent with the purpose of supporting “activities related to improving the quality / quantity of affordable housing in the City.” The Program attempts to maximize all external revenues to minimize the contribution from reserves. While this funding is a one-time non sustainable funding source, the receipt of administrative fees as part of the Canada-Ontario Affordable Housing Program Extension (2009) provides additional resources that reduce the need to draw funds from the reserve to fund new and ongoing base budget pressures. However, the Program will continue to review options that will reduce the need to fund base pressures by relying on reserves.

Affordable Housing Delivery

The Affordable Housing Office has received City approval of 1,764 affordable homes, comprised of 1,604 affordable rental homes, 120 affordable ownership homes and 40 new homes created through the RRAP (Residential Rehabilitation Assistance Program) conversion program.

- *Affordable Rental Homes:*
 - Through the funding allocation made available from the Affordable Housing Program (AHP) 2009 Extension, the federal, provincial stimulus plan, the Affordable Housing Office awarded \$103.470 million to fund the construction of six new developments with 688 new affordable rental housing units, as well as providing additional funding for 171 rental units already under construction. Together with the City contributions of \$14.762 million from deferred fees and Development Charges and property tax exemptions, \$118.232 million has been leveraged for the construction of new affordable rental housing. In addition, approval is pending from the Ministry of Municipal Affairs and Housing for three additional proposals for 745 units, with funding of \$85.8 million from the AHP 2009 Extension and with \$18.919 million of City contributions.
- *Affordable Homeownership:*
 - Through deferral of taxes, Development Charges and fees and land contribution, the City has made possible (through Habitat for Humanity) the development of 32 units of affordable home ownership. City contributions for these homes total \$1.691 million.
- *Residential Rehabilitation Assistance Program (RRAP) Conversion Program:*
 - Forty new homes have been created through RRAP Conversion Program for a contribution of \$0.96 million in Federal program funding.

The AHP 2009 Extension program provides enhanced economic stimulus funding for projects targeted toward seniors and the physically disabled. Funding for the two year program is being awarded in 2009/10; construction will commence in 2010 and be completed by 2012. The Federal government has also made commitments to continue funding the Homelessness Partnership Initiative, the Residential Rehabilitation Assistance Program and the Canada-Ontario Affordable Housing Program for an additional three years

through to March 31, 2014. The Affordable Housing Office anticipates matching funds and a similar commitment in the spring budget from the Ontario government for the AHP. The AHO continues its advocacy to the Province to maximize the benefits for Toronto.

Program Review

The Affordable Housing Office is undergoing a corporate program review. The review is being undertaken through the direction of the Deputy City Manager, as part of the corporate review framework that requires programs to be independently reviewed to assess their relevance, responsiveness, cost-effectiveness and performance relative to their service plan and municipal performance standards. The AHO program review focuses not only on its internal environment, but also on its external operating environment, including its key stakeholders, the needs of Toronto's citizens, the available resources, provincial and federal policies, and key trends/best practices employed elsewhere. The results of the review are due for release in 2010.

This review will help the Program determine the resource requirements that most effectively meet the challenges of the current and near future environment.

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
2009 Council Approved Operating Budget	26.0	3,209.4	1,904.3	1,305.1	0.0	0.0
Technical Adjustments						
In-Year Budget Adjustments						
2009 Approved Operating Budget	26.0	3,209.4	1,904.3	1,305.1	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year						
Reversals from Prior Year			(668.2)	668.2		
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		106.6		106.6	125.7	76.1
Non Salary		5.3		5.3		
Adjusted Base Budget	26.0	3,321.3	1,236.1	2,085.2	125.7	76.1
Base Expenditure Changes		1.3		1.3		
Base Revenue Changes			231.7	(231.7)		
2010 Base Budget Prior to Service Changes	26.0	3,322.6	1,467.8	1,854.8	125.7	76.1
Recommended Service Changes:						
Service Efficiencies	(1.0)	(100.0)		(100.0)		
Revenue Changes			420.4	(420.4)	420.4	
Minor Service Level Changes						
Major Service Level Changes						
Total Recommended Base Changes	(1.0)	(100.0)	420.4	(520.4)	420.4	0.0
2010 Recommended Base Budget	25.0	3,222.6	1,888.2	1,334.4	546.1	76.1

Appendix B

Summary of Service Changes

Appendix D

Program Summary by Expenditure Category

CLUSTER: A PROGRAM: AFFORDABLE HOUSING OFFICE							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	2,559.6	2,559.6	2,566.2	6.6	0.3%	2,691.9	2,768.0
Materials and Supplies	28.9	28.9	29.5	0.6	2.1%	29.5	29.5
Equipment	27.9	27.9	28.4	0.5	1.8%	28.4	28.4
Services & Rents	301.4	301.4	306.9	5.5	1.8%	306.9	306.9
Contributions to Capital					n/a		
Contributions to Reserve/Res Funds	4.4	4.4	4.4		0.0%	4.4	4.4
Other Expenditures					n/a		
Interdivisional Charges	287.2	287.2	287.2		0.0%	287.2	287.2
Required Adjustments					n/a		
TOTAL GROSS EXPENDITURES	3,209.4	3,209.4	3,222.6	13.2	0.4%	3,348.3	3,424.4
Interdivisional Recoveries	216.1	216.1	221.8	5.7	2.6%	221.8	221.8
Provincial Subsidies	450.0	450.0	676.0	226.0	50.2%	676.0	676.0
Federal Subsidies					n/a		
Other Subsidies					n/a		
User Fees & Donations	300.0	300.0	300.0		0.0%	300.0	300.0
Transfers from Capital Fund					n/a		
Contribution from Reserve Funds	270.0	270.0	270.0		0.0%	270.0	270.0
Contribution from Reserve	668.2	668.2	420.4	(247.8)	(37.1%)		
Sundry Revenues					n/a		
Required Adjustments					n/a		
TOTAL REVENUE	1,904.3	1,904.3	1,888.2	(16.1)	(0.8%)	1,467.8	1,467.8
TOTAL NET EXPENDITURES	1,305.1	1,305.1	1,334.4	29.3	1.3%	1,880.5	1,956.6
APPROVED POSITIONS	26.0	23.0	25.0	(1.0)	(3.8%)	25.0	25.0

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Capital Revolving Fund	XR1058	Beginning Balance	2,358.2	1,937.8	0.0
		Proposed Withdrawals (-) / Contributions (+)	(420.4)		
		Total Proposed Contributions (Withdrawals)	(420.4)	0.0	0.0
Capital Revolving Fund Balance at Year End			1,937.8	0.0	0.0

*Balance as of December 2009