

***Investment in Affordable Housing Program Extension***

<b>Date:</b>	May 7, 2014
<b>To:</b>	Executive Committee
<b>From:</b>	General Manager, Shelter, Support and Housing Administration, and Director, Affordable Housing Office
<b>Wards:</b>	All
<b>Reference Number:</b>	AFS #19176

**SUMMARY**

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The purpose of this report is to seek Council's approval to take part in the renewed federal/provincial *Investment in Affordable Housing Program 2014-2019* (IAH). This includes making necessary program funding allocations.

The IAH 2014-2019 was announced in the 2013 Federal budget. Ontario is poised to finalise a federal/provincial agreement. IAH agreements have already been signed between Ottawa and a number of provinces and Ontario is expected to confirm its participation following the election.

As a result, the City must act quickly to renew its participation in the program. It is anticipated that the City of Toronto's annual allocation under the IAH will be consistent with the annual funding received between 2011 and 2014. However, as the renewal is for five years, the total funding received by the City through the new program will be greater.

The IAH provides both operating and capital funding. The operating component can be used for housing allowance/rent supplement programs to make rents more affordable for tenants in existing rental buildings. The three capital components are: home repair funding, new rental housing construction, and home-ownership loan funding.

A total of 52% of the funding was allocated to housing allowances and 48% to the capital programs when Council approved participation in the previous IAH program. This report recommends allocating the new funding using the same ratio, which is based on the strategic priorities and targets approved by Council in *Housing Opportunities Toronto*,

the City's 10 year housing plan. Five percent of the total program funds are available to the City for administrative costs.

## **RECOMMENDATIONS**

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The General Manager, Shelter, Support and Housing Administration, and the Director, Affordable Housing Office, recommend that:

1. City Council authorize the General Manager, Shelter, Support and Housing Administration, in consultation with the Director of the Affordable Housing Office, to enter into an administration agreement and/or related agreement(s) with the Ministry of Municipal Affairs and Housing or related entity necessary for the receipt and expenditure of funding under the Investment in Affordable Housing Extension program ("IAH") and to undertake appropriate measures as the program proceeds to adjust program parameters, recipients, and year end funding among program components as required to ensure full and effective use of available federal/provincial funds, on such terms and conditions as are satisfactory to the General Manager, Shelter, Support and Housing Administration, in consultation with the Director, Affordable Housing Office, and in a form approved by the City Solicitor;
2. City Council approve the funding allocations for the IAH program at a rate of 52% for operating programs and 48% for capital programs and authorize the General Manager, in consultation with the Director of the Affordable Housing Office, to submit the required Program Delivery and Fiscal Plan to the Ministry of Municipal Affairs and Housing based on these allocations;
3. Subject to the adoption of Recommendations No. 1 and 2 above, City Council authorize the General Manager, Shelter, Support and Housing Administration, and/or the Director, Affordable Housing Office, as appropriate, to enter into agreements with the provincial government, other City divisions, community agencies, private entities and/or individuals to deliver the IAH program in accordance with the terms and conditions of the Province's program guidelines and the approved allocations on terms and conditions satisfactory to the General Manager or the Director and in a form approved by the City Solicitor;
4. City Council authorize the General Manager, Shelter, Support and Housing Administration to extend the current administration agreement between the City of Toronto, the Ministry of Municipal Affairs and Housing, the Ministry of Finance, and Service Ontario, beyond the termination date of December 31, 2017 to deliver the 2014-2019 IAH housing allowance program allocation;
5. City Council direct the General Manager, Shelter, Support and Housing Administration, and Director, Affordable Housing Office, to report to Executive Committee and Council on any further implications relating to the Investment in Affordable Housing program, as required, and to report back on the results of the program;

6. City Council direct the General Manager, Shelter, Support and Housing Administration, and the Director of the Affordable Housing Office as part of the annual budget process to report to Budget Committee annually on program funding allocations, and provide an update on the need to alter funding from the allocations proposed; and
7. City Council direct the General Manager, Shelter, Support and Housing Administration, and the Director, Affordable Housing Office, to report to Budget Committee with the details of the 2014 funding allocations and the administration cost including the impacts on the 2014 Approved Operating Budgets for Shelter, Support and Housing Administration and the Affordable Housing Office, once the details have been identified.

## **Financial Impact**

The City of Toronto's allocation of IAH funds for the four year period 2011 to 2014 was \$108 million for an average annual allocation of \$27 million. If the provincial government agrees to match federal funding as in previous years, it is anticipated that the City of Toronto's average annual allocation under the IAH extension will be consistent with the previous level between 2011 and 2014. However, as the renewal is for five years, the City's total allocation will be greater.

Funding will be allocated to the City over five years between 2014 and 2019. It is expected that, consistent with current program guidelines, funding used for Housing Allowances /Rent Supplements may be expended over a period of up to 10 years.

No new financial commitments are required from the City to support the initiatives outlined in this report as all costs are to be recovered through program administration fees. The program allows for up to 5% of the total funds to be applied to administration costs over the length of the program. This is consistent with the administration fees provided between 2011 and 2014.

Staff will report in future on the adjustments required to the 2014 Approved Operating Budgets for Shelter, Support and Housing Administration and to the Affordable Housing Office to fund and administer the IAH program. Funding allocation for 2015 and future years will be included in the operating budget submissions for Shelter, Support and Housing Administration and the Affordable Housing Office.

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

## **Implementation Details**

### **a. Delegated Authority for Agreements and Allocations**

To participate in the extended IAH, this report seeks Council's delegated authority for the General Manager, Shelter, Support and Housing Administration, in consultation with the Director, Affordable Housing Office, to enter into program administration agreements and make allocations to meet federal/provincial funding deadlines. This is critically important as the City will likely need to act quickly to access funding during the municipal election period once the new program is announced by the Provincial government.

As under the previous Council-approved allocations, it is recommended that 52% of new IAH funding be allocated to operating programs (Housing Allowances/Rent Supplements) and 48% for capital programs (Ontario/Toronto Renovates, Rental Housing, and Homeownership).

### **b. Program Delivery and Fiscal Plan**

The Ministry of Municipal Affairs and Housing requires Municipal Service Managers to submit a Program Delivery and Fiscal Plan outlining how IAH funding will be invested each year. As in the past, if the City's allocation is not committed in a particular calendar year, the province will claw it back for redistribution. This use-it-or-lose-it approach creates strict end-of-year deadlines as no funds can be "rolled over" into the next year.

### **c. Program Administration Funding**

The program allows for up to 5% of the total funds to be applied to administration costs over the length of the program. As a result, no new financial commitments are required from the City to support the initiatives outlined in this report, as all program costs are to be recovered through administration fees. This is consistent with the administration fees provided to the City during the 2011 to 2014 program period.

## **Equity Impact**

Affordable housing and homelessness services respond to the needs of vulnerable people in the City of Toronto. The funding allocations recommended in this report will assist many of the City's priority groups, including women, people with disabilities, seniors and low-income residents as well as children and families. The housing allowances/rent supplements, affordable rental and ownership housing, and home renovations for low-income residents funded through the IAH program will improve the economic and social well being of these Toronto residents.

These goals are outlined in the City's 10-year affordable housing action plan *Housing Opportunities Toronto*. The Shelter, Support and Housing Administration Division and the Affordable Housing Office will be able to measure the results of these initiatives throughout their delivery and will report on equity related outcomes.

## DECISION HISTORY

At its meeting of December 16, 2013 Council adopted CD25.10 *2014-2019 Housing Stability Service Planning Framework* which will guide the Shelter, Support and Housing Administration Division and partners in the planning, management, and delivery of housing and homelessness services over the next 5 years. The Framework identifies creating more housing opportunities as a key strategy in moving towards an integrated service system that improves housing stability for residents.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD25.10>

On July 16, 2013 Council adopted EX33.35 *Inventory of New Affordable Housing Opportunities 2015 - 2019* which provided information on opportunities to create affordable rental and ownership housing over the next five years. A review determined there was an inventory of development proposals representing 9,198 affordable homes, including 6,024 rental and 3,174 ownership homes.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.35>

At its meeting of February 6 and 7, 2012 Council adopted EX15.2 *Investments in Affordable Housing: Proposed Program Allocations for New Federal/Provincial Funding* which allocated \$108 million in Federal/Provincial funding under four program components - housing allowances, home repair funding, construction of new rental housing, and affordable home ownership.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX15.2>

The *Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020* was adopted by Council at its meeting of August 5 and 6, 2009. The HOT plan requests that the federal and provincial governments implement a fully funded long-term affordable housing plan consistent with the City's 10 year Action Plan.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

## COMMENTS

In the 2013 budget, the federal government announced a commitment of more than \$1.25 billion to renew and extend the Investment in Affordable Housing program to 2019. Ontario is poised to finalise a federal/provincial agreement. IAH agreements have already been signed between Ottawa and a number of provinces and Ontario is expected to confirm its participation following the election.

As a result, staff are requesting delegated authority to sign the agreements necessary to participate in the renewed IAH. IAH funding supports the *Housing Opportunities Toronto* Affordable Housing Action Plan and the *2014-2019 Housing Stability Service Planning Framework*, as well as the Toronto Seniors Strategy and Toronto Youth Strategy, and supports Council's direction to the Affordable Housing Office on a service level for new affordable housing.

The essential IAH program rules are expected to remain the same. Under the IAH, the following are not eligible for funding:

- Repairs to existing social housing
- Emergency shelters and crisis care facilities
- Nursing and retirement homes

There are four components which Toronto has been delivering as follows:

## **A/ Operating Components**

### **1) Housing Allowances/Rent Supplements**

The Housing Allowance program provided through the IAH is designed to help address housing affordability for lower-income tenant households by helping to bridge the difference between the rent that a household can afford to pay and the actual market rent. It is intended to be a transitional support to assist households to improve their quality of life and achieve greater economic stability over the length of the program, without creating long-term dependence.

The Housing Allowances can be paid to the landlord, or directly to tenants, and can be in-situ and/or portable.

During the IAH 2011-14 over 4,000 households were assisted with \$53 million under the Toronto Transitional Housing Allowance Program (TTHAP). TTHAP has been focused on the following target groups:

- Transition to Employment: Benefits of \$250/month are provided to approximately 1,100 households participating in employment programs to better enable the transition from social assistance to employment. Clients are referred from TESS and SSHA hostels-oriented employment programs.
- Next Steps to Housing: Provides \$400/month to 250 people who are homeless, those living outdoors and those staying in shelter for longer periods, to move into housing, reduce their use of the shelter system, and improve employment outcomes where appropriate. Clients are referred from SSHA hostels and the Streets to Homes program.
- Homelessness Prevention: Provides \$250/month to approximately 2,000 households participating in housing allowance programs which expired in 2012 and 2013 to transition to housing stability. Clients transitioned from the Canada-Ontario Housing Allowance Program and the Short-Term Support Program.

Investment of new IAH funding in housing allowances and rent supplements will be guided by *Housing Opportunities Toronto*, which set a target of creating 70,000 new housing allowances over the next 10 years, and by the *Housing Stability Services Planning Framework*, supporting a key action to create new housing opportunities for vulnerable households to help them address housing affordability challenges.

The City has entered into an Administrative Agreement with the provincial Ministry of Municipal Affairs and Housing (MMAH) and Ministry of Finance (MOF) to deliver TTHAP. It is recommended that this proven program delivery model continue with the existing partnerships. The model makes use of an automated benefit management system utilizing Canada Revenue Agency data and implements a responsive and accountable issues resolution process for clients. An extension of the TTHAP Administrative Agreement will need to be signed for the IAH funding for 2014-2019.

Building on the success of TTAHP, the new IAH allocations will continue to address the affordability issues of renter households by helping bridge the difference between the rent that a household can afford to pay and the actual market rent.

## **B/ Capital Components**

The three capital components of the IAH are: Ontario/Toronto Renovates home repair funding, new Rental Housing, and Homeownership loan funding.

### **1) Ontario/Toronto Renovates**

This housing repair component of the IAH has been delivered since 2011 as Toronto Renovates and largely replaced the expired, federally-funded Residential Rehabilitation Assistance Program (RRAP). Toronto Renovates focuses on essential repairs and accessibility modifications for senior and disabled homeowners, affordable rental apartment buildings and rooming houses. Funding is delivered in the form of a forgivable loan.

Toronto Renovates reduces the pressure on more costly health and social support programs and services, such as hostels and long-term care homes, by assisting seniors to "age in place" and disabled households to remain in their homes and live independently in their chosen community. Funding for apartment and rooming house renovations secure affordable rents for tenants for 15 year terms, potentially diverting these households from the social housing waiting list and emergency shelters.

As an initiative to encourage licensing of rooming houses, the Affordable Housing Office will be putting more emphasis on the rooming house component in IAH 2014-2019 funding allocation, to assist owners of unlicensed rooming houses to modify/upgrade their premises to the standards acceptable for licensing.

During the IAH 2011-14, eighteen apartment buildings, seventeen rooming houses, and approximately 460 homeowners representing over 2,800 households and individuals were assisted utilizing \$16 million in Toronto Renovates funding.

*Housing Opportunities Toronto* set a target for the repair of 30,000 units of private rental housing, as well as the repair of 5,000 private homes over 10 years.

## **2) Rental Housing**

Through the IAH 2011-14, new construction, acquisition and conversion projects were eligible for up to \$150,000 per unit and 291 homes in 4 private and non-profit buildings were funded with a \$33 million allocation.

In 2011, Council approved \$15.6 million in IAH funding for 148 affordable rental homes being built by Medallion Corporation at 3415 Weston Road. The province recently allocated another \$632,430 from residual IAH funds for six more units. This development can accommodate another 207 affordable rental homes should more IAH funding become available.

*Housing Opportunities Toronto* has set a target of creating 10,000 new affordable rental homes over 10 years.

## **3) Homeownership**

The IAH Homeownership Component provides renter households with an opportunity to move to homeownership by providing down-payment assistance loans to eligible buyers. The loans help low- and moderate-income purchasers move out of private rental and social housing, relieving pressure on the rental market while allowing new homeowners to build equity.

The loans are paid back to the City or its non-profit partners on resale of the home, with a share of the appreciation. This allows the funding to grow and assist further households. During the IAH 2011-2014, these revolving funds largely absorbed demand, enabling the City to reallocate funding to Toronto Renovates, a program area of higher need and demand. During the IAH 2011-14, thirteen households were assisted with \$414,000 in new down-payment assistance loan funding.

*Housing Opportunities Toronto* set a target of supporting 2,000 affordable home ownership homes over 10 years.

Below is a summary of how the City's IAH 2011-14 funding assisted over 7,000 Toronto individuals and households.



<b>Investment in Affordable Housing Program 2011-2014</b>	<b>Households Served</b>	<b>Funding</b>
<b>Operating Components</b>		
<ul style="list-style-type: none"> <li>Housing Allowances</li> </ul>	<ul style="list-style-type: none"> <li>over 4,000 households</li> </ul>	\$53 million
<b>Capital Components</b>		
<ul style="list-style-type: none"> <li>Toronto Renovates</li> </ul>	<ul style="list-style-type: none"> <li>18 apartment buildings with 2,156 units</li> <li>17 rooming houses with 210 beds</li> <li>approximately 460 homeowners</li> </ul>	\$16 million
<ul style="list-style-type: none"> <li>New Affordable Rental</li> </ul>	<ul style="list-style-type: none"> <li>291 homes in 4 developments</li> </ul>	\$33 million
<ul style="list-style-type: none"> <li>Affordable Homeownership</li> </ul>	<ul style="list-style-type: none"> <li>13 households</li> </ul>	\$414,000
<b>Administration</b>	NA	\$5 million
<b>Total</b>	<b>7,130 households</b>	<b>\$108 million</b>

## CONCLUSION

While not sufficient to meet the demand for affordable housing in Toronto, the IAH extension is a very positive development for the City as it will support ongoing efforts to provide affordable housing to residents through housing allowances, new affordable rental, affordable ownership and home repairs targeted to seniors and persons who are disabled. These priorities are consistent with *Housing Opportunities Toronto*.

IAH funding agreements have already been signed between Ottawa and a number of provinces and it is expected that Ontario will follow suit after the election.

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## **SIGNATURE**

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