



REPORT FOR ACTION

Home Ownership Funding Allocations to Support 127 New Non-Profit Affordable Ownership Homes

Date: May 13, 2019
To: Planning and Housing Committee
From: Executive Director, Housing Secretariat
Wards: Ward 5 - York South Weston and Ward 24 – Scarborough-Guildwood

SUMMARY

This report recommends the deferral of City development charges under the Home Ownership Assistance Program (HOAP) for up to 127 new non-profit homes in two new developments by Habitat for Humanity and Options for Homes/Home Ownership Alternatives.

Deferral of development charges will support the development of the homes by the non-profit groups by reducing the up-front costs to construct the homes. Further, the value of the development charges will be delivered as down payment assistance loans by the non-profit groups to help qualifying, low-to-moderate income renter families and individuals purchase the homes at more affordable prices.

The two non-profit housing developments recommended for HOAP support are:

- Habitat for Humanity townhomes at 3060 Eglinton Avenue East in Ward 24 Scarborough-Guildwood (10 homes); and
- Options for Homes/Home Ownership Alternatives condominium apartments at 10 Wilby Crescent in Ward 5 York South Weston (117 homes).

The HOAP deferral recommendations in this report result from a competitive Request for Proposals (RFP) process conducted by the Affordable Housing Office. The development charges deferred will be paid to the City with capital appreciation when the homes are sold or refinanced.

The recommended deferral of development charges for the 127 new affordable ownership homes align with the City's Housing Opportunities Toronto 10-year Affordable Housing Action Plan.

RECOMMENDATIONS

The Executive Director, Housing Secretariat recommends that:

1. City Council approve the deferral of development charges for up to 117 affordable housing units to be developed by Options for Homes Non-Profit Corporation (Greater Toronto Area), Home Ownership Alternatives Non-Profit Corporation (Greater Toronto Area) and the Humber Co-operative Development Corporation on the property currently known as 10 Wilby Crescent, under the terms of the City's Home Ownership Assistance Program.
2. City Council approve the deferral of development charges for up to 10 affordable housing units to be developed by Habitat for Humanity Greater Toronto Area on the property currently known as 3060 Eglinton Avenue East, under the terms of the City's Home Ownership Assistance Program.
3. City Council authorize the Executive Director, Housing Secretariat, to negotiate, enter into and execute, on behalf of the City, all development charges deferral agreements, and any security, financing or other documents required with Options for Homes Non-Profit Corporation (Greater Toronto Area), or a related corporation, Home Ownership Alternatives Non-Profit Corporation (Greater Toronto Area), or a related corporation, Humber Co-operative Development Corporation or a related corporation, for the 10 Wilby Crescent affordable ownership project, and Habitat for Humanity Greater Toronto Area, or a related corporation, for the project at 3060 Eglinton Avenue East, and any other parties deemed necessary to facilitate the development charges deferral outlined in this report, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer, and in a form satisfactory to the City Solicitor.
4. City Council authorize the City Solicitor to execute, postpone, confirm the status of, and discharge any City security documents registered as required by normal business practices.

FINANCIAL IMPACT

This report recommends that City Council defer development charges for up to 127 units to be built by Habitat for Humanity Greater Toronto Area and Options for Homes/Home Ownership Alternatives.

The deferral of development charges provided to the developers will be converted to down-payment assistance loans to eligible purchasers of the new homes with the loans and related mortgage charges to be administered by the non-profit groups. The two non-profit affordable ownership developments were selected through a request for proposals.

Details of the two developments are summarized in the table below.

Non-Profit Developer	Address	Number Homes Assisted	Estimated Development Charges Deferral*
Options for Homes/ Home Ownership Alternatives	10 Wilby Crescent	117	\$5,494,671
Habitat for Humanity	3060 Eglinton Ave East	10	\$469,630
Total		127	\$5,964,301

*The estimated development charges deferral for both developments assume development charge rates after November 1, 2020 and is based on the rates projected to be in effect when the developments would otherwise be expected to pay development charges.

Based on these projections, the average down payment assistance loan that will be provided to eligible purchasers will be \$46,963. The loans deepen a home's affordability and makes home ownership more accessible for lower to moderate income renter households.

The funding provided to homeowners will be registered on title of the affordable homes as no-payment second mortgage loans. The final number of loans delivered will reflect the results of the planning and sales processes.

Upon future sale or refinancing of the homes, the deferred development charges will be paid with a share of capital appreciation and deposited into the City's development charges reserve account. The Housing Secretariat will monitor the loans until repayment.

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

EQUITY IMPACT

Access to safe, secure and affordable housing in all parts of Toronto is a fundamental goal of the City's 10 year Housing Opportunities Toronto Action Plan 2010-2020. The provision of new affordable homes is also a goal of TO Prosperity, the City's Poverty Reduction Strategy.

The new affordable non-profit housing supported by the financial assistance recommended in this report will provide a mix of housing opportunities for low-and moderate-income households, including singles, couples and families. The HOAP contributes to improved housing security and stability for equity seeking groups such as lower-income individuals, couples and families.

DECISION HISTORY

On August 5 and 6, 2009, City Council adopted EX33.47 Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020 to address Toronto's affordable housing challenges over 10 years. The City Council decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.47>

City Council on May 11 and 12, 2010, adopted EX 43.26, Standardizing City Support for New Assisted Ownership Housing Opportunities, which provided details for the Home Ownership Assistance Program, providing \$2,000,0000 annually for down payment assistance loans to eligible homeowners. The City Council decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.26>

City Council on December 9 and 10, 2015, adopted EX10.18 Affordable Housing Open Door Program with amendments which detailed land, planning and financial actions aimed at enhancing the City's ability to deliver affordable housing and achieve its approved housing targets. City Council increased the affordable ownership target from 200 to 400 units annually. The City Council decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

Executive Committee on January 24, 2018, adopted EX30.3 Development Charges By-law Review, which tabled the 2018 Development Charges Background Study and proposed Development Charges Bylaw for consideration and a statutory public meeting in accordance with the Development Charges Act, 1997 as part of the Development Charges Bylaw review consultation process. The Executive Committee decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX30.3>

City Council on April 24, 25, 26 and 27, 2018, adopted EX33.3 Development Charges Bylaw Review - Results of Additional Consultation, which provided the results of additional consultation and recommended the adoption of a revised development charges By-law and Background Study. EX33.3 enabled the conversion of the Home Ownership Assistance Program (HOAP) from a program funded through the development charges reserve fund for Subsidized Housing (XR2116) to a development charges deferral program. The City Council decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.3>

City Council on July 23, 24, 25, 26 and 27 2018, adopted EX36.36 Development Charges Deferral Update to the City's Home Ownership Assistance Program, which converted the HOAP program from a program funded by a development charges

reserve fund to a development charges deferral program. The City Council decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.36>

COMMENTS

This report recommends development charges be deferred for up to 127 new non-profit homes through the City's HOAP program. Financial assistance for the construction of new non-profit ownership homes has been part of the City's strategy to address housing affordability for many years and supports the City's goal of creating 400 new affordable ownership homes annually. The development charges deferral will be converted by the non-profit developers to down-payment assistance loans to help eligible low to moderate income purchasers afford the new homes.

The Affordable Housing Office held a HOAP request for proposals (RFP) which closed on February 20, 2019 to make available development charge deferrals for non-profit proponents with new affordable housing projects. The RFP detailed the information required from each proponent and provided weighted evaluation criteria used to assess the proposals. The successful proponents both have strong development, management, administrative, marketing and financial capabilities, including strong track records in delivering affordable ownership housing in Toronto.

10 Wilby Crescent - Options for Homes/Home Ownership Alternatives

Home Ownership Alternatives (HOA) was established in 1998 and works with the non-profit development consultant Options for Homes to develop and provide financial support to new affordable home ownership projects. The HOAP funding recommended for the 10 Wilby Crescent building will be combined with additional down-payment assistance contributions from HOA to improve affordability for eligible low and moderate income purchasers.

The development at 10 Wilby Crescent is a 22-storey condominium with a total of 232 bachelor to three bedroom homes. It is located west of Weston Road and south of Lawrence Avenue W in Ward 5 York South-Weston. Staff recommend that City Council approve HOAP support for 117 homes to provide the financial assistance required to make these homes affordable for eligible purchasers. The final number of loans delivered will reflect the results of the sales process.

3060 Eglinton Avenue East - Habitat for Humanity Greater Toronto Area

Habitat for Humanity Greater Toronto Area (Habitat) is a registered charity that has been active in Toronto since 1988. Habitat focuses on lower-income families and constructs larger, family-sized homes. Habitat uses a system of volunteer labour and donated or reduced-cost building materials and services to bring down construction costs and lower the cost of homes for purchasers. As a part of Habitat's program, home purchasers must contribute at least 500 volunteer hours. All Habitat second mortgages

are geared to the household's income level and do not exceed 30% of gross income, making home ownership affordable for low-income homeowners.

The development at 3060 Eglinton Avenue East is located west of Markham Road and east of McCowan Road in Ward 24, Scarborough-Guildwood. The development consists of an estimated total of 76 townhomes including 10 affordable Habitat homes. 3060 Eglinton Avenue East is a former CreateTO site and the purchaser of the property is currently engaged in the planning approval process.

Habitat entered into a Conveyance Agreement with CreateTO to purchase lands for the development of the 10 affordable homes. The affordable homes are on Block 1 of the multi-block townhouse development. The affordable housing block is expected to be a two story development with upper and lower back-to-back stacked townhomes for up to 10 Habitat families. The final number of loans delivered will reflect the results of the planning and sales processes.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Location Map - 10 Wilby Crescent
Attachment 2: Location Map - 3060 Eglinton Avenue East

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Attachment 2: Location Map - 3060 Eglinton Avenue East

