

Giuliana Carbone
Deputy City ManagerHousing Secretariat
55 John Street,
7th Fl. Metro Hall,
Toronto, ON M5V 3C6Tel: (416) 392-0602
Valesa.Faria@toronto.ca
www.toronto.ca

2020 OPERATING BUDGET BRIEFING NOTE

Housing Secretariat – Investments in Affordable Housing

Issue/Background:

At its January 17th, 2020 meeting, Budget Committee requested that the Executive Director, Housing Secretariat, provide a budget briefing note on the following:

1. Municipal investments and foregone revenue dedicated to affordable housing over the last 5 years and those for projects in the process of planning and development;
2. Provincial funding for Supportive Housing over 10 years; and
3. The number of affordable housing units in the development and construction pipeline.

Key Points:

The following is being provided in response to Motion 1c outlined above:

- 1. Municipal investments and foregone revenue dedicated to affordable housing over the last 5 years and those for projects in the process of planning and development.**

City Council established the Open Door in 2016 to enhance the City's ability to achieve the affordable housing targets set out under the Housing Opportunities Toronto (HOT) Action Plan 2010 – 2020. The Open Door Program provides incentives including capital contributions, development charge, planning fee exemptions and property tax relief to private and non-profit affordable housing organizations to reduce development costs and improve affordability.

Established in 2018 City Council, the Housing Now Initiative seeks to activate 11 City-owned sites for the development of affordable housing within mixed-income, mixed-use and transit-oriented communities. This initiative will stimulate the creation of complete communities with a range of new mixed-income housing in close proximity to commercial and employment areas and transit hubs.

Affordable Rental:

- The City invests in affordable rental housing primarily through the Open Door Affordable Rental Housing Program (implemented in 2016) and the Housing Now Initiative (implemented in 2019).

- City investments in affordable rental housing include:
 - Direct capital contributions primarily from the Development Charges Reserve Fund for Subsidized Housing (XR2116) and the Capital Revolving Reserve Fund for Affordable Housing (XR1058). City funding also includes City land and Section 37 contributions.
 - City incentives including one-time fee exemptions from development charges, planning application fees, building permit fees, and parkland dedication fees, and multi-year relief in the form of property tax exemptions (25-99 years). These incentives are not a direct capital payment from the City but rather foregone revenues that the City waives or exempts.
- For the last five years, the City has committed investments as shown in the table below:

Year	City of Toronto Funding Commitments	City of Toronto Incentives Commitments	City Land Contributions (Housing Now)	Total Municipal Investments and Foregone Revenue
2015	\$ 3,668,963	\$ 6,413,093		\$ 10,082,056
2016	\$ 18,319,214	\$ 26,654,655		\$ 44,973,869
2017	\$ 34,022,215	\$ 48,576,834		\$ 82,599,049
2018	\$ 29,738,310	\$ 68,285,906		\$ 98,024,216
2019	\$ 65,443,809 ⁽²⁾	\$ 342,879,726	\$ 481,000,000	\$ 889,323,535
TOTAL	\$ 151,192,511	\$ 492,810,214	\$ 481,000,000	\$ 1,125,002,725

Notes:

(1) City funding for years 2015-2019 are based on Council approved funding for development projects in their respective approval years.

(2) Large increase in 2019 is due to \$20,000,000 City Building fund approved for the Housing Now Initiative: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1>

Affordable Home Ownership:

- The chart below provides a breakdown of City investments in affordable home ownership over the past 5 years:

Year	HOAP Loan Funding (DCRF)	DCRF Pre-development Funds (CRRF)	HOAP Deferral (deferred revenues)*	Surplus Land Value	Total-Municipal Investments and Deferred Revenue
2015	\$ 925,000				\$ 925,000
2016	\$ 7,375,000			\$ 3,507,000	\$ 10,882,000
2017	\$ 1,350,000	\$ 385,000	\$ 776,190		\$ 2,511,190
2018			\$ 8,588,285		\$ 8,588,285
2019			\$ 5,964,301		\$5,964,301
TOTAL	\$ 9,650,000	\$ 385,000	\$ 15,328,776	\$ 3,507,000	\$ 28,870,776

*The City converted the Home Ownership Assistance Program (HOAP) from an affordable ownership development and loan program funded by the Development Charges Reserve Fund for Subsidized Housing (DCRF) to a Development Charges deferral program in 2018.

- 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 under the HousingTO 2020-2030 Action Plan.
- Non-profit housing developers pass on the savings realized through the Development Charges deferral program to home purchasers in the form of a loan which is registered on the home. Upon future sale or refinancing of the homes, the City financial assistance/loan is repaid to the City with a share of capital appreciation.
- The Housing Secretariat monitors the loans until repayment.

2. Provincial funding for Supportive Housing over 10 years.

- The Province's Home for Good (HFG) funding program (2017-2020) comprises of an operating and a capital component, both administered by the City to provide stable housing with appropriate supports to prevent homelessness.
 - In 2017, the province allocated \$90,086,805 (from October 2017 to March 2020) to the City under the HFG program.
 - Through implementation of this program, the City is currently funding over 50 programs that are supporting over 2,000 individuals.

- The City is also creating 457 units of supportive housing through the HFG program.
- The Ministry of Health and Long-Term Care (MOHLTC) funds and administers a total of approximately 7000 supportive housing units within the 5 LHIN regions that cover the City of Toronto, as supportive housing for people with mental health and/or addictions issues.
- In addition, the Ministry of Health and Long Term Care (MOHLTC) and the City of Toronto jointly fund the subsidy program for Habitat Services. Habitat funded homes provide permanent housing for 931 adults at 45 different locations across Toronto.
- The table below provide a breakdown of provincial funding received between 2010 to 2019 for supportive housing in Toronto:

Year	Supportive Housing - Habitat	MOHLTC/ MCSS	Operating - Homes For Good	Capital - Homes For Good	Total
2010	\$ 6,948,362	\$ 3,806,007			\$ 10,754,369
2011	\$ 7,304,246	\$ 3,566,721			\$ 10,870,967
2012	\$ 7,454,357	\$ 3,428,126			\$ 10,882,483
2013	\$ 8,344,380	\$ 3,639,242			\$ 11,983,622
2014	\$ 7,758,218	\$ 3,853,403			\$ 11,611,621
2015	\$ 8,068,978	\$ 3,840,143			\$ 11,909,121
2016	\$ 8,041,815	\$ 3,842,684			\$ 11,884,499
2017	\$ 7,882,445	\$ 3,909,434	\$ 155,563	\$19,605,000	\$ 31,552,442
2018	\$ 8,758,153	\$ 3,873,210	\$ 16,727,766	\$17,250,000	\$ 46,609,129
2019	\$ 8,922,911	\$ 3,522,386	\$ 23,242,243		\$ 35,687,540
Total	\$ 79,483,865	\$ 37,281,356	\$ 40,125,572	\$ 36,855,000	\$ 193,745,793

3. The number of affordable housing units in the development and construction pipeline.

- The chart below provides a breakdown of the number of affordable rental housing units in the development and construction pipeline to-date.

Affordable Rental Housing Development			
Year	Units Under Development	Projected Completions*	Projected Approvals**
2020	7,616	300	1,500
2021	8,816	1,535	1,700
2022	8,981	988	1,700
2023	9,693	470	1,700
2024	10,923	4,323	1,700
TOTAL		7,616	7,500

* Completion projections are based on Council approved projects in the development pipeline.

** Projected approvals are based on planned projects that will be submitted for Council approval through the Open Door Program and Housing Now, and include development targets under these programs.

- The number of new affordable rental units projected for completion will increase as new projects are added through the annual Open Door Affordable Rental Housing proposal call process and future phases of the Housing Now Initiative.
- As noted in PH11.5 *HousingTO 2020-2030 Action Plan*, the HousingTO plan which targets the creation of 40,000 new affordable rental and supportive housing units is expected to cost a total of \$23.4 billion over the life of the plan.
- The City will invest approximately \$8.5 billion in operating, capital investments and other financial tools to support the creation of 20,000 new affordable rental and supportive housing units. Of this amount, the City has already committed \$5.5 billion through a combination of \$2.7 billion in forgone revenue, including land value of \$1.3 billion and \$2.8 billion in other incentives, such as Development Charge exemptions as well as Building Permit Application fee waivers.
- Support from the federal and provincial governments will be crucial to funding the remaining \$14.9 billion required over the next 10 years to create an additional 20,000 new affordable rental and supportive housing units.

Prepared by: Valesa Faria, Acting Director, Housing Secretariat, (416) 392-0602,
Valesa.Faria@toronto.ca

Further information: Valesa Faria, Acting Director, Housing Secretariat, (416) 392-0602,
Valesa.Faria@toronto.ca

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