

## **Upcoming Review of City Affordable Home Ownership Policy and Programs**

**Date:** June 14, 2021

**To:** Planning and Housing Committee

**From:** Executive Director, Housing Secretariat

**Wards:** All

### **SUMMARY**

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The purpose of this report is to outline current and upcoming activities related to affordable ownership housing in Toronto, including the Housing Secretariat's plan to review the City's affordable home ownership program delivery model and policy framework.

A variety of initiatives are pending or underway at the City related to affordable home ownership, including: the implementation of the Auditor General's recommendations to review and improve the City's delivery of affordable ownership programs; new non-profit program innovations and private sector interest in affordable ownership program delivery; federal and provincial government interest and support for affordable ownership; a proposed new Official Plan definition of affordable ownership housing; and consideration of a final recommended Inclusionary Zoning policy framework.

In the context of these various activities plus Toronto's strong housing market and historically high housing costs, a review of the City's affordable home ownership policy framework and programs is timely. The Housing Secretariat will commission a third-party consultant to undertake this review, which will include consultations with key affordable housing stakeholders, including representatives from equity-deserving groups, and affordable ownership developers.

The proposed affordable ownership review will inform and provide guidance to the City on how its housing programs and policies should evolve to reflect current market realities, as well as to support the HousingTO 2020-2030 Action Plan targets of achieving 400 new affordable home ownership opportunities each year. The review will also recommend actions to ensure that the City's priority groups, including Indigenous and Black households, are able to access the City's program. Staff will report to Council by the first quarter of 2022 with any recommended program or policy changes resulting from the review, including details of stakeholder feedback and advice to make the home ownership program more accessible for historically disadvantaged groups.

## **RECOMMENDATIONS**

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The Executive Director, Housing Secretariat, recommends that:

1. City Council authorize the Executive Director, Housing Secretariat, to direct a consultant to review the City's affordable home ownership policy and programs framework.
2. City Council authorize the Executive Director, Housing Secretariat, to include in the consultant's review of the City's affordable home ownership policy and programs framework consultations with Corporate Finance, Financial Planning, City Planning, the Indigenous Affairs Office, Social Development, Finance and Administration, Toronto Community Housing Corporation, CreateTO, non-profit affordable home ownership developers, private sector developers with an interest in delivering affordable home ownership opportunities, community stakeholders including Toronto Community Housing Corporation tenants, and all other City entities or stakeholder groups deemed relevant by the Executive Director, Housing Secretariat.
3. City Council authorize the Executive Director, Housing Secretariat, to direct the consultant reviewing the City's affordable home ownership policy and programs framework to address affordable home ownership opportunities for equity-seeking and racialized populations, including Indigenous communities and Black communities, in consultation with the City's Indigenous Affairs Office and Social Development, Finance and Administration Division.
4. City Council direct the Executive Director, Housing Secretariat, to report to Council with any recommended affordable home ownership program or policy changes resulting from the review addressed in recommendation number 1 and 3, by the first quarter of 2022.

## **FINANCIAL IMPACT**

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There are no new financial impacts arising from the recommendations contained in this report. The proposed consultant's review of the City's affordable home ownership policies and programs will be funded from the 2021 Approved Operating Budget of the Housing Secretariat.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

## **EQUITY IMPACT STATEMENT**

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The HousingTO 2020-2030 Action Plan and the Toronto Housing Charter envision a city in which all residents have equal access to safe, secure and affordable housing in all parts of Toronto and across the housing spectrum. The City's human rights-based approach to the progressive realization of the right to adequate housing, recognizes that

housing is essential to the inherent dignity and well-being of a person and to building inclusive, healthy, sustainable and liveable communities.

Good quality affordable housing provides equity-seeking groups such as racialized and lower-income individuals, couples and families with security and stability, and is also a key determinant of health. Within this context, the affordable home ownership policy and program review addressed in this report will contribute to making Toronto's housing system more inclusive and equitable. The review will also address affordable home ownership opportunities specifically for equity-seeking and racialized populations, including Indigenous Peoples and Black people.

## **DECISION HISTORY**

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At its meeting of October 27, 28 and 30, 2020, City Council adopted item AU6.3, a report from the Auditor General titled, Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program, which directed the Executive Director, Housing Secretariat, to assess the outcomes and consider enhancements or adjustments to the Affordable Home Ownership Program. Council's decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.AU6.3>

City Council on October 27, 28 and 30, 2020, adopted PH17.8, Lawrence Heights Phases 2 and 3 - Initial Development Proposal, which requested the Executive Director, Housing Secretariat to work with the Toronto Community Housing Corporation and explore, through the developer Request For Proposal to be issued for Phases 2 and 3 of the Lawrence Heights redevelopment, the establishment of a "Rent to Own" program or affordable homeownership opportunities for long-standing Toronto Community Housing Corporation tenants. Council's decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH17.8>

At its meeting on September 22, 2020 the Planning and Housing Committee adopted item PH16.6, Proposed Official Plan Amendment to the City's Affordable and Mid-Range Rent Definitions, which endorsed City Planning's proposed affordable housing definitions for public consultation, and directed staff to bring forward a Final Recommendation Report, including an Affordable Ownership Housing definition, in the first half of 2021. The Committee's decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.6>

City Council on December 17 and 18, 2019, adopted PH11.5, HousingTO 2020-2030 Action Plan, to provide a blueprint for action across the full housing spectrum - from homelessness to rental and ownership housing to long-term care for seniors. The plan included a target of creating 4,000 new affordable non-profit home ownership opportunities by 2030. Council's decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

City Council at its meeting of July 23, 24, 25, 26, 27 and 30, 2018, adopted EX36.36, Development Charges Deferral Update to the City's Home Ownership Assistance

Program, which authorized the delivery of the Home Ownership Assistance Program (HOAP) on the basis of a Development Charges deferral. The City's HOAP initiative has historically been delivered alongside federal/provincial affordable ownership program funding. The new Development Charges deferral approach provided non-profit affordable ownership developers such as Habitat for Humanity and Options for Homes with Development Charges deferrals for eligible affordable ownership units, the value of which is then passed on to eligible purchasers in the form of no-interest loans. Prior to this direction the program was delivered through down-payment assistance loan funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116).

Council's decision is available here:

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

## COMMENTS

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### **HousingTO 2020-2030 Action Plan**

Support for affordable ownership opportunities has been a long-standing City commitment that has been provided largely through housing programs delivered by affordable ownership developers, primarily from the non-profit housing sector. Affordable home ownership is recognized as an important part of the City's ten year housing plan, HousingTO 2020-2030 Action Plan, which sets a target of 400 new affordable ownership homes annually.

### **Toronto's Home Ownership Assistance Program**

Since 2007, the City has dedicated a portion of its funding allocation under successive federal/provincial housing programs to affordable home ownership, and in 2009, introduced its own Home Ownership Assistance Program (HOAP). Together, these programs have provided some 1,280 down payment assistance loans to eligible households worth a combined \$50M since 2010. This funding is delivered mainly by non-profit affordable ownership developers, such as Habitat for Humanity and Options for Homes. Toronto Community Housing Corporation (TCHC) has also played a key role by delivering loans through the Regent Park and Alexandra Park revitalizations, including providing loans to TCHC tenants.

Under the current program, the City provides a development charge deferral to developers which helps reduce the cost of building the homes. The savings from the deferred development charges flow through to eligible buyers of the new homes in the form of down-payment assistance loans. Loans to purchasers under the program are secured on title of the homes by a secondary mortgage charge. The principal value of the loan, plus a proportionate share of any capital appreciation, is paid to the City when the home is resold or refinanced with an increased first mortgage.

In addition to the HOAP, the City has activated its surplus sites for creating affordable ownership homes in partnership with private and non-profit sector.

## **Future Program Review and Future Enhancements**

During 2020, the Auditor General reviewed the City's delivery of affordable ownership housing programs and made a number of recommendations in the October report *Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program*. The report recommended that the Housing Secretariat both undertake analysis of the program's overall outcomes and strengthen City administration and delivery oversight. The Auditor General recommended the broader program outcomes be reviewed in terms of the program's success in effectively helping targeted households purchase homes that are affordable to them, and contributing towards the City's housing priorities. In terms of administration, the report recommended updates to program guidelines, including enhancements to data collection and verification, and strengthening City oversight of, and guidance to, proponents. To implement the Auditor General's recommendations, the Housing Secretariat planned a program assessment, which will now be incorporated into the consultant's work proposed in this report.

Interest in generating new affordable home ownership opportunities has also been building in the affordable housing development sector, with multiple developers approaching the City with interesting proposals. These include private and non-profit developers requesting financial support from the City, as well as modifications to existing programs. Both the federal and provincial governments are also exploring and supporting new affordable home ownership initiatives.

Some affordable housing groups are particularly interested in providing home ownership opportunities for racialized, equity-deserving communities such as Indigenous and Black people. The BlackNorth Initiative and Habitat for Humanity are collaborating to deliver a new affordable ownership program proposal, expected to involve philanthropic and government contributions. The historical inequities in home ownership levels within these communities means they have not been provided the opportunities that typically accompany home ownership. Key among these is the ability to generate equity that can be passed on as intergenerational wealth and provide lasting economic uplift to the household and wider community. Benefits of stable, affordable housing include children's improved education achievements, greater engagement with the neighbourhood and community, and broader physical and mental health benefits.

Work on updating the Official Plan definition of affordable ownership housing has been underway for a number of years, with consideration of a new definition deferred by Committee in 2016 in order to bring the definition forward alongside a recommended Inclusionary Zoning framework. Final reports on updating the definitions of affordable rental and ownership housing, and a recommended Inclusionary Zoning policy, will be brought forward for consideration to the September 21, 2021 Planning and Housing Committee meeting.

In the context of these diverse activities, the Housing Secretariat intends to hire a consultant to review and assess the City's affordable home ownership program delivery and policy framework. The review will encompass and make recommendations based on an affordable ownership program assessment, implementing the Auditor General's recommendations, while also providing direction to help the City assess new and

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emerging affordable ownership program opportunities. The assessment will include an inter-jurisdictional scan of good practises in affordable home ownership programs and policies, as well as consideration of the potential to consolidate program delivery with a third party program delivery agent for efficiency and consistency.

The review will include collaboration and consultation with key internal and external stakeholders such as non-profit affordable home ownership developers and program delivery partners, including Toronto Community Housing Corporation; private sector developers with experience or an interest in delivering affordable ownership housing; community stakeholders, including Indigenous people and Black people and Toronto Community Housing Corporation tenants; and the City's Indigenous Affairs Office, Social Development, Finance and Administration, Corporate Finance Division, Financial Planning, CreateTO and City Planning.

## **Conclusion**

The City's HousingTO 2020-2030 Action Plan recognizes that the key to a healthy housing market is flow along the housing continuum with the ability for residents to eventually be able to purchase a home. Supporting affordable home ownership is also an important component in addressing housing supply and affordability challenges, and maintaining a diverse range of housing options in all neighbourhoods across the city.

Over the upcoming months, the Housing Secretariat will undertake a comprehensive review of its home ownership programs, as well as explore opportunities for increased collaboration with other orders of government and the non-profit sector, to increase home ownership opportunities for low-and-moderate income households across the city. The Housing Secretariat, in consultation with Corporate Finance and other impacted City Divisions, will report to Council in the first quarter of 2022 with recommended program or policy changes resulting from this review.

## **CONTACT**

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## **SIGNATURE**

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