



# **PH28.4 Updating the Definitions of Affordable Rental and Ownership Housing**

**Planning and Housing  
Committee  
October 28, 2021**

# HousingTO Action Plan

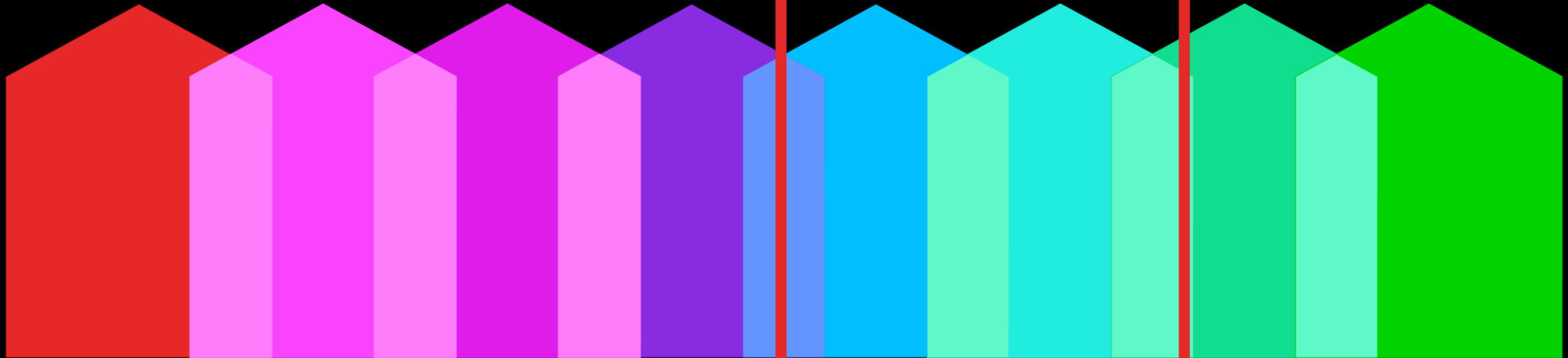


- Aims to create a range of housing opportunities across the full housing spectrum
- Centered on a human rights-based approach to housing
- Identifies 13 key strategic directions and 76 actions
- Sets a target of approving 40,000 new affordable rental homes, including 18,000 supportive housing units by 2030

## **Action 53.**

Review options for a revised definition of affordable housing based on 30% of household gross income, consistent with the federal definition of affordable housing, in the delivery of new affordable housing.

# Housing Spectrum



## Emergency Shelters

- Directly operated and purchase of service shelters
- Eviction Prevention
- Housing Help

## Supportive/ Transitional Housing

- Modular Supportive Housing
- Transitional housing programs

## Long Term Care

- TCHC
- Non-profit / co-op social housing providers
- Rent-g geared to income

## Social Housing

## Affordable Rental Housing

- Housing Now
- Open Door
- Section 37 and Large Sites

## Affordable Home Ownership

## Market Rental Housing

- Expanding Housing Options in Neighbourhoods
- Concept to Keys
- Growing Up Guidelines
- RentSafeTO
- Tower Renewal

## Market Home Ownership

# Why is affordable housing important?



It is the policy of the City of Toronto that fair access to a full range of housing is fundamental to strengthening Toronto's economy, its environmental efforts, and the health and social well-being of its residents and communities.

-Toronto Housing Charter – Opportunity for All

# How the City currently defines affordable:

The Official Plan definition of affordable housing is based on average market rents

- **Affordable rents** are at or below the city-wide average market rent by unit type (number of bedrooms) as reported by CMHC.
- **Affordable ownership prices** are calculated by converting average market rents to equivalent monthly mortgage + property tax payments.

# How do others define affordability?

- Many U.S. affordable housing programs are designed around “area median income”. As an example, **NYC’s Mandatory Inclusionary Zoning** program has different targets depending on the depth of affordability provided vs. AMI.
- Vancouver’s **Moderate Income Rental Housing Pilot Program** is designed to serve households with incomes from \$30,000 (for studio units) up to \$80,000 (for 3-bedroom units).
- The federal **Rapid Housing Initiative** provides funding for housing that is affordable (no more than 30% of income) to households in severe housing need or at imminent risk of homelessness.
- The **Provincial Policy Statement** states that affordable housing should be affordable to low and moderate income households (lowest 60% of income earners).

# Consultation & Engagement

- Fall 2020/Winter 2021: Public and stakeholder consultation as part of the Phase 2 consultation program on the draft IZ policies.
- Spring/Summer 2021: stakeholder engagement on the final recommended affordable housing definitions.
- Continued support for moving towards an income based definition.
- The recommended definition impacts the ability of affordable rental housing providers (public, private and not-for-profit) to deliver new affordable rental housing and affects ongoing financial operations.

# Recommended Affordable Rent Definition

**Affordable rental housing and affordable rents** means housing where the total monthly shelter cost (rent plus utilities) is at or below the lesser of:

- (1) one times the average City of Toronto rent; or
- (2) 30% of the before-tax monthly income of renter households in the City of Toronto as follows:
  1. studio units: one-person households at the 50th percentile income; (\$32,486)
  2. one-bedroom units: one-person households at the 60th percentile income; (\$43,600)
  3. two-bedroom units: two-person households at the 60th percentile income; (\$73,901)
  4. three-bedroom units: three-person households at the 60th percentile income. (\$74,301)



# Affordable Rents (2021)

Unit Type	AMR (Current Definition) & Associated Income	Proposed Income Limit and Associated Rent	Proposed Definition & Income
Studio	\$1,211 \$48,440	\$812 \$32,486	\$812 (-\$399) \$32,486
One-Bedroom	\$1,431 \$57,240	\$1,090 \$43,600	\$1,090 (-\$341) \$43,600
Two-Bedroom	\$1,661 \$66,440	\$1,847 \$73,901	\$1,661 (-\$0) \$66,440
Three-Bedroom	\$1,887 \$75,480	\$1,858 \$74,301	\$1,858 (-\$29) \$74,301

# Recommended Affordable Ownership Def.

**Affordable ownership housing** is housing which is priced at or below an amount where the total monthly shelter cost is affordable, based on paying no more than 30% of before-tax monthly income, to all households in the City of Toronto as follows:

1. studio units: households at the 30<sup>th</sup> percentile income; **(\$44,552)**
2. one-bedroom units: households at the 40<sup>th</sup> percentile income; **(\$58,286)**
3. two-bedroom units: households at the 50<sup>th</sup> percentile income; **(\$73,628)**
4. three-bedroom units: households at the 60<sup>th</sup> percentile income. **(\$91,611)**

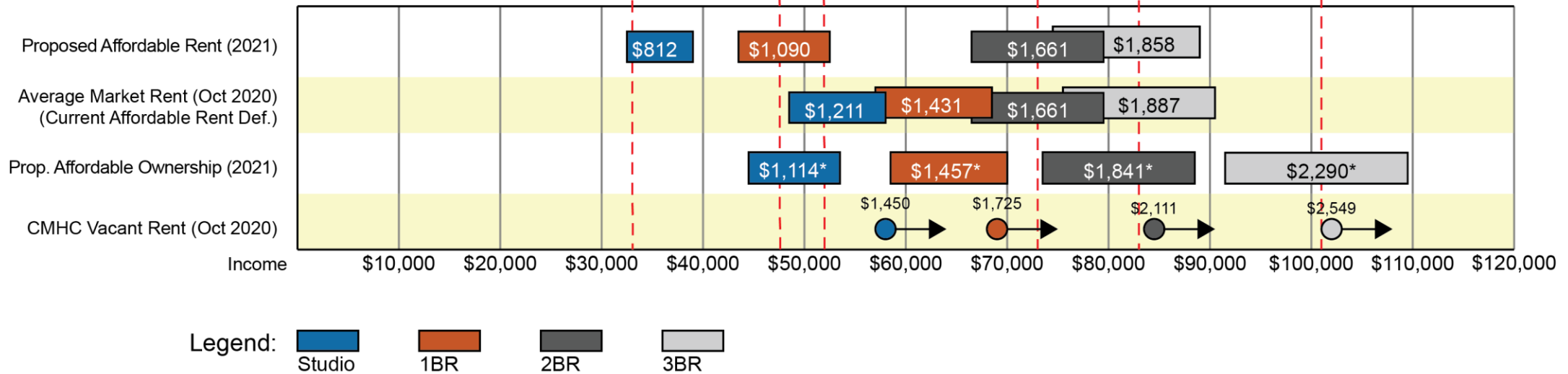
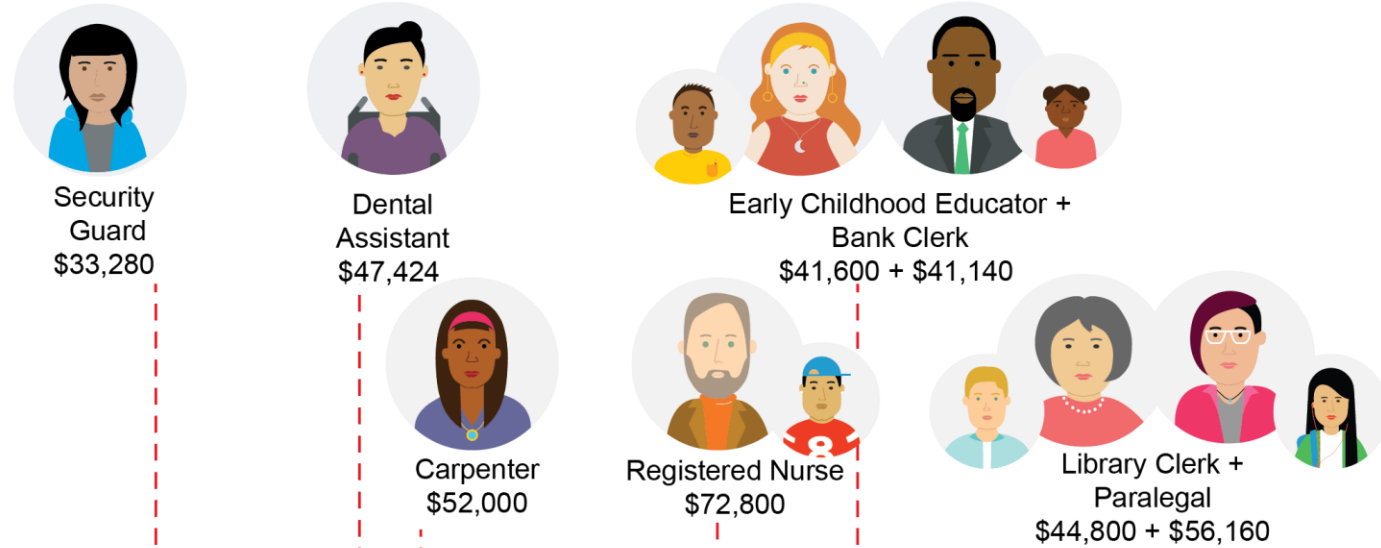
Total monthly shelter cost for affordable ownership housing includes:

- Monthly mortgage payments: 25-year amortization; 10 per cent down payment; conventional 5-year mortgage interest rate as reported by the Bank of Canada (4.79%);
- Property taxes calculated on a monthly basis based on the purchase price;
- Standard condo fees.

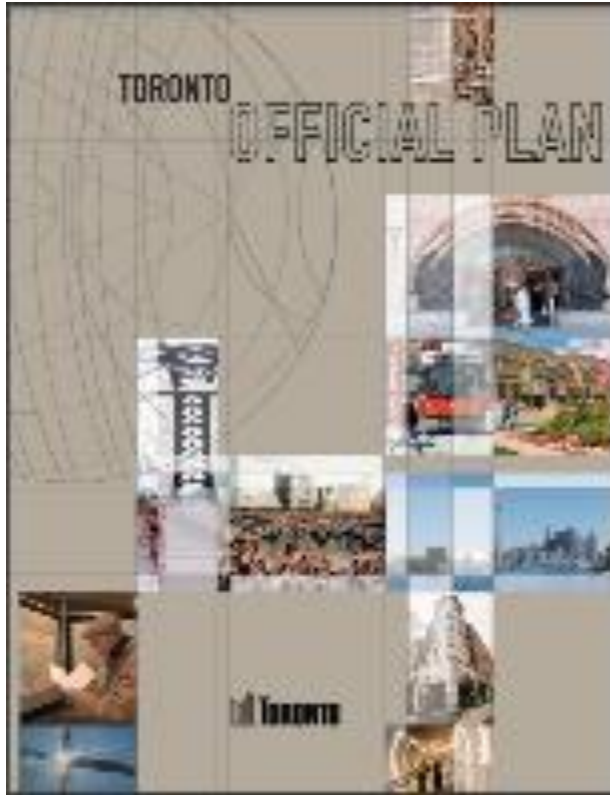
# Affordable Ownership Prices (2021)

Unit Type	Current Definition	Prices under recommended definition and target income
Studio	\$214,800	\$150,978 \$44,552
One-Bedroom	\$253,900	\$190,137 \$58,286
Two-Bedroom	\$294,700	\$242,551 \$73,628
Three-Bedroom	\$334,800	\$291,653 \$91,611

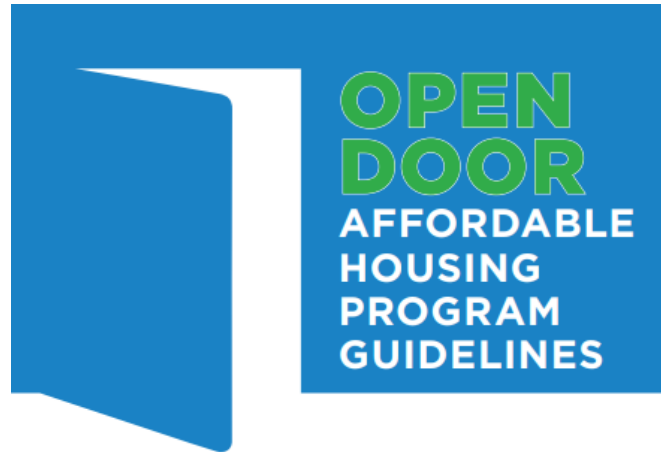
# Household Incomes and Affordable Housing



# Next Steps



Recommended changes to Official Plan definitions



Review of City programs and policies related to affordable housing

Authority: Planning and Housing Committee Item PH11.7, adopted by City of Toronto Council on December 17 and 18, 2019



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CITY OF TORONTO  
 BY-LAW 1756-2019

To enact a new Municipal Housing Facility By-law and to repeal By-law 124-2016.

Whereas section 252 of the City of Toronto Act, 2006 allows the City to enter into agreements for the provision of municipal capital facilities; and

Whereas Ontario Regulation 598/06 sets out the classes of municipal capital facilities for which the City of Toronto may enter into such agreements, one of which is municipal housing project facilities; and

Whereas the City passed By-law 124-2016 being a municipal housing facility by-law, pursuant to the provisions of section 252 of the City of Toronto Act, 2006 and Ontario Regulation 598/06, to set out the definitions of and policies regarding the City housing project facilities; and

Whereas the City wishes to repeal and replace By-law 124-2016 with a new and updated municipal housing facility by-law; and

Whereas the City is a service manager under the Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1; and

Whereas this by-law contains the elements of a municipal housing facility by-law required by Ontario Regulation 598/06;

The Council of the City of Toronto enacts:

1. City of Toronto By-law 124-2016 is repealed.
2. In this new by-law:
  - (a) "Act" means the City of Toronto Act, 2006, S.O. 2006, c. 11, Sched. A, as amended;
  - (b) "Affordable Housing", for the purpose of this by-law and all municipal housing facility agreements:
    - (i) for new affordable rental housing, means housing units with monthly occupancy costs at or below Average Market Rents;
    - (ii) for existing affordable rental housing, means housing units in Former Federal Projects providing low-rent units; and
    - (iii) for assisted ownership housing, means housing units with a sale price at or below the Average Resale Price of a home.

Update the City's Municipal Housing Facility By-Law