

April 8, 2010

To: Executive Committee

From: Affordable Housing Committee

Subject: Increasing Homeowners' Access to the Residential Rehabilitation Assistance Program (RRAP)

Recommendations:

The Affordable Housing Committee recommended to the Executive Committee, for its meeting on April 19, 2010 that:

1. In order to increase access for low-income homeowners, Council urge Canada Mortgage and Housing Corporation to adopt a mechanism to annually update House Value Thresholds in Toronto to better reflect market conditions in Toronto.
2. Council request Canada Mortgage and Housing Corporation to work with the Director, Affordable Housing Office, the Municipal Property Assessment Corporation and the Toronto Real Estate Board to develop updated House Value Thresholds.
3. Council request Canada Mortgage and Housing Corporation to update the Toronto House Value Thresholds with an effective date of January 1, 2010 and that existing applications be considered eligible under the revised threshold.
4. Council support Recommendation 42 in the Report of the Subcommittee on Cities submitted by the Standing Senate Committee on Social Affairs, Science and Technology, as set out below:

"Extend the Residential Rehabilitation Assistance Program as a permanent program, increase the budget allocations for this program, and amend eligibility requirements to take into account differential costs for repairs in different communities across Canada, and projects converting housing units for affordable rental accommodation."

Decision Advice and Other Information:

The Affordable Housing Committee requested the Director, Affordable Housing Office to report to the next Affordable Housing Committee on the rental components of the Federal Residential Rehabilitation Assistance Program (RRAP) and also provide a ward by ward breakdown of Toronto home ownership prices and RRAP eligibility.

Background:

The Affordable Housing Committee on April 8, 2010, considered a report (March 24, 2010) from Sue Corke, Deputy City Manager, responding to a request from the Chair of the Affordable Housing Committee, Councillor Mammoliti, to summarize the demographics of Residential Rehabilitation Assistance Program (RRAP) clients; to outline what the City has done to address RRAP house value limits; and to discuss a protocol for Councillors to assist in RRAP applications.

Background Information

Staff Report from Sue Corke, Deputy City Manager

<http://www.toronto.ca/legdocs/mmis/2010/ah/bgrd/backgroundfile-28678.pdf>

City Clerk

Dela Ting
Item AH12.3

Attachment

cc: Deputy City Manager, Sue Corke
Director, Affordable Housing Office
Councillor Giorgio Mammoliti, Ward 7 York West
Interested Persons



STAFF REPORT ACTION REQUIRED

Increasing Homeowners' Access to the Residential Rehabilitation Assistance Program (RRAP)

| | |
|--------------------------|--------------------------------|
| Date: | March 24, 2010 |
| To: | Affordable Housing Committee |
| From: | Sue Corke, Deputy City Manager |
| Wards: | All |
| Reference Number: | AFS - 11174 |

SUMMARY

This report responds to a request from the Chair of the Affordable Housing Committee, Councillor Mammoliti, to summarize the demographics of Residential Rehabilitation Assistance Program (RRAP) clients; to outline what the City has done to address RRAP house value limits; and to discuss a protocol for Councillors to assist in RRAP applications.

RRAP has helped repair and create more than 9,000 homes in Toronto over the past decade. Housing Opportunities Toronto (HOT), the City's ten-year affordable housing plan, calls on the federal government to expand RRAP and other initiatives that support renovation and energy retrofits.

Limits on incomes, house values and rents, set by Canada Mortgage and Housing Corporation (CMHC), ensure RRAP is available to existing low-and moderate-income households in lower-cost housing. Seniors and low-income families are the most common beneficiaries of RRAP. In effect, the lowest-income quarter of Toronto homeowners and the lowest-income half of tenants are eligible for RRAP.

"House Value Thresholds" (HVT), i.e. price ceilings, are set by CMHC in three zones that cover the city and are currently \$300,000, \$350,000 and \$400,000. However, the average house price in about half of Toronto's wards exceeds these levels. The 2009 median house value was \$406,045, a 5.5% increase from \$384,992 in 2007.

Therefore, the City should request an increase in the HVTs to reflect Toronto's higher home prices. This request is based on CMHC's commitment to renew RRAP through 2014.

With regards to the existing RRAP communications protocol, once CMHC confirms the annual funding amount the Director of the Affordable Housing Office (AHO) advises Councillors in writing. Councillors refer interested constituents to RRAP staff in the AHO, who provide information and assistance with the application and monitor the repair process.

RECOMMENDATIONS

The Deputy City Manager responsible for the Affordable Housing Office recommends that:

1. In order to increase access for low- income homeowners, Council urge Canada Mortgage and Housing Corporation to adopt a mechanism to annually update House Value Thresholds in Toronto to better reflect market conditions in Toronto.
2. Council request Canada Mortgage and Housing Corporation to work with the Director, Affordable Housing Office, the Municipal Property Assessment Corporation and the Toronto Real Estate Board to develop updated House Value Thresholds.

FINANCIAL IMPACT

This report has no financial impact.

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

DECISION HISTORY

This report responds to a written request (November 5, 2009) from Councillor Mammoliti, chair of the Affordable Housing Committee, to the AHO Director, regarding the City's administration of the RRAP.

The request was to summarize the demographics of RRAP clients; outline what the City has done to address issues relating to the RRAP "House Value Threshold"; and discuss the possibility of implementing a protocol for Councillors and their staff to assist in the RRAP application process.

In September 2007, Council recommended that the Deputy City Manager write to CMHC and meet with their officials to inform them that Council is requesting that CMHC revise the House Value Threshold (HVT) to accurately reflect Toronto's current housing market. (<http://www.toronto.ca/legdocs/mmis/2007/cc/bgrd/m142.pdf>)

ISSUE BACKGROUND

RRAP is a very popular, successful and important federal initiative which has helped repair and create more than 9,000 homes in Toronto over the past decade. Seniors and low-income families are the most common beneficiaries.

RRAP has existed since the 1970s. The City, through the AHO, has been the delivery agent since amalgamation. The City of Toronto provides staffing to administer the delivery of the program while CMHC provides RRAP loan funds directly to loan recipients. In fall 2008, the federal government announced an extension of RRAP through March 2014. The City is awaiting details of the extension for the years 2011-2014.

RRAP provides forgivable loans to homeowners and landlords to fund needed repairs (structural, life safety, and health-and-safety), while ensuring the housing remains affordable. It funds modifications and repairs that allow disabled persons to continue to live independently. RRAP also provides forgivable loans to create secondary suites and convert non-residential buildings into new affordable rental housing.

Loans do not have to be repaid as long as the homeowner or landlord meets the conditions, set out in an agreement with CMHC. Eligible homeowners must remain owner-occupants of the property for up to five years. Landlords must agree to operate with income limits for incoming tenants and with limits on rent increases, for up to 15 years. CMHC monitors adherence to these conditions.

Good repair of rental housing is one of five main priorities in HOT, which was adopted by Council in August 2009. HOT Action #38 proposes “The federal and provincial governments increase funding for private-sector rental repair and energy retrofit programs while ensuring rents remain affordable.”

Overall, the good repair of housing has a powerful positive impact on the lives of residents and the health of neighbourhoods as well as on the City’s assessment base.

COMMENTS

1. RRAP Demographics

Table 1 shows the average annual RRAP funding and units, for the five-year period of fiscal 2004/05 through 2008/09. Projected 2009/10 amounts are similar. The priority for rental and rooming houses reflects the tendency for the rental sector to have the more severe cases of disrepair, and the greater risk of losing valuable affordable housing if repairs are carried out without RRAP assistance.

**Table 1: Average Annual RRAP Funding in Toronto
(Five-year Period 2004/05–2008/09)**

| Final Budget (\$ million) | Units | Average Loan/unit |
|---------------------------------|-------|----------------------|
| | | |

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| | | | |
|-------------------------------|--------------|------------|----------------|
| Homeowner | \$1.9 | 159 | \$11,900 |
| Disabled | \$1.2 | 110 | \$11,000 |
| Rental Apartments | \$3.1 | 326 | \$9,500 |
| Rooming houses | \$0.5 | 38 | \$12,400 |
| Conversion of non-residential | \$0.4 | 20 | \$19,300 |
| Other | \$1.0 | 271 | \$3,600 |
| Total | \$8.0 | 924 | \$8,700 |

(Numbers may not add to same decimal due to rounding)

The demand for RRAP from low-income residents remains high and its impact is significant. Applications generally exceed the funding available. Some 120,000 Toronto households are eligible for RRAP funding, although not all need major repairs.

Table 2 provides the household income limits for RRAP.

| Table 2: RRAP Household Income Limits, 2009–2010 | |
|---|----------|
| Single person or couple | \$37,000 |
| Two or three persons (except couple) | \$43,000 |
| Four or five persons | \$51,500 |
| Six or more persons | \$63,500 |

Table 3 provides rent limits for RRAP.

| Table 3: RRAP Maximum Market Rents 2009-10 | |
|---|---------|
| Rooming house bed-unit | \$549 |
| Bachelor and one-bedroom unit | \$915 |
| Two-bedroom unit | \$1,070 |
| Three-bedroom unit | \$1,280 |
| Four-bedroom unit | \$1,580 |

2. RRAP House Value Thresholds

“House Value Thresholds” (HVT), i.e. price ceilings, are set by CMHC to limit eligibility to homeowners with middle and lower property values. Since 2007, there have been three zones: The attached map displays the three zones.

| | |
|--|-----------|
| West of Dufferin St. | \$350,000 |
| Central zone | \$400,000 |
| East of the DVP and Victoria Park Avenue | \$300,000 |

(DVP is the boundary south of Eglinton, and Victoria Park north of it.)

However, the median house value in Toronto in 2009 was \$406,045, compared to \$384,992 in 2007. That represents a 5.5% increase. Median house value is the value where 50% of Toronto's homes have higher values and 50% are lower.

3. Protocols for RRAP Applications

The AHO administers a process for RRAP applications which meets the requirements of CMHC and ensures access to the public. The AHO also assists homeowners and landlords by determining required repairs, reviewing contractor quotations and providing guidance about the application process. RRAP information is also distributed at the Reno Forums, on AHO web pages and through 311 Toronto.

Under the existing protocol, once CMHC confirms the annual funding amount for Toronto in the spring of each year, the Director of the AHO advises councillors in writing. Councillors refer constituents to RRAP staff in the AHO, who provide information and assistance with the application process. This protocol has been working well.

Conclusion

RRAP is a very important program for low-income families and seniors who require repairs to their homes. The purpose of this report is to request Council to urge that the federal government raise the House Value Thresholds in Toronto to allow as many low-income homeowners as possible to access RRAP.

CONTACT

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SIGNATURE

Sue Corke
Deputy City Manager



TORONTO HOUSING VALUE THRESHOLDS For Residential Rehabilitation Assistance Program

