



City Budget
2013

Affordable Housing Program
Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pay's the day-to-day operating costs for the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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PART I: RECOMMENDATIONS

2013 Recommended Operating Budget
(In \$000s)

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	Operating Budget v. 2012 Appvd. Budget		2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	2,599.5	2,436.5	2,639.5	0.0	2,639.5	40.0	1.5%	31.4	32.2
REVENUE	1,433.4	1,270.4	1,473.4	0.0	1,473.4	40.0	2.8%	(327.4)	0.0
NET EXP.	1,166.1	1,166.1	1,166.1	0.0	1,166.1	0.0	0.0%	358.8	32.2
Approved Positions	19.0	19.0	19.0	0.0	19.0	0.0	0.0%		

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Recommended Operating Budget for the Affordable Housing Office of \$2.640 million gross and \$1.166 million net, comprised of the following services:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Housing Improvements	544.2	544.2
Housing Development, Policy and Partnerships	2,095.3	621.9
 Total Program Budget	 <u>2,639.5</u>	 <u>1,166.1</u>

2. The Affordable Housing Office's services and 2013 proposed service levels, as outlined on page 4, and associated staff complement of 19.0 positions be approved.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

Affordable Housing Office

To enhance the health of Toronto's economy, people, neighbourhoods and environment by promoting, managing and funding the creation of safe, affordable, rental and ownership housing. This will be accomplished by:
Working in partnership with Shelter, Support & Housing Administration to fulfill legislative requirements under Federal/Provincial funding programs.
Working with private sector, community and government partners to support job creation through residential construction, resulting in new homes developed through construction, conversion and intensification of existing sites.
Ensuring effective and efficient use of affordable housing funding made available by the federal and provincial governments in line with city priorities and other legislative and policy frameworks.
Facilitating implementation of Housing Opportunities Toronto - An Affordable Housing Action Plan 2010-2020.



Purpose:

- Work with private sector, community and government partners to support job creation through residential construction, resulting in new affordable homes developed through construction, conversion & intensification of existing sites.
- Ensure effective and efficient use of affordable housing funding made available by the federal and provincial governments and City incentives
- Provide advisory services, sometimes fee-based, to the federal and provincial governments, non-profits and the private sector on innovative affordable housing opportunities.

Purpose:

- Deliver the Toronto Renovates program within the private sector using federal and provincial home renovation funding to assist low income households including seniors and persons with disabilities to remain in their homes.

Purpose:

- Promote, lead and leverage affordable housing solutions through policy/program development, implementation & monitoring, financial stewardship of affordable housing resources, advocacy, and creating & maintaining partnerships with the private & community sectors.
- Ensure effective and efficient use of affordable housing funding made available by the federal and provincial governments in line with city priorities and other legislative and policy frameworks.
- Coordinate the corporate implementation of Housing Opportunities Toronto - An Affordable Housing Action Plan 2010-2020.

Legend:

- Program
- Service

Service Customer

New Affordable Housing Development

- Low-to-Moderate Income Renters (individuals & families) • Federal & Provincial Governments • Private & Non-Profit Housing Developers/Community Groups • Members of Council • ABCDs

Housing Improvement Loans & Grants

- Low Income Homeowners & Renters • Seniors • Persons with Disabilities • Private Apartment Landlords • Federal & Provincial Governments • Members of Council • ABCDs

Housing Policies & Partnerships

- Low to Moderate Income Affordable Homeownership Loan Recipients • Seniors • Persons with Disabilities • Private Sector & Non-Profit Groups • Federal & Provincial Governments • Members of Council • ABCDs

2013 Recommended Service Levels

The 2013 proposed service levels for Affordable Housing Office activities are summarized in the table below:

Service Types and Service Levels

Service	Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
New Affordable Housing Development	Development of New Affordable Housing through Construction, Conversion and Intensification	Funding disbursed 100% of the time within prescribed guidelines leading to completion of new affordable homes achieving annual targets according to available funding.	Funding disbursed 100% of the time within prescribed guidelines leading to completion of new affordable homes achieving annual targets according to available funding. Note: Federal/Provincial funding is now provided under the new Investment in Affordable Housing (IAH) Program.
New Affordable Housing Development	Advisory & Consultation Resource to Other Orders of Government	Service delivered within prescribed requirements to satisfaction of clients.	Service delivered within prescribed requirements to satisfaction of clients.
New Affordable Housing Development	Implementation of Special Council & Committee Directives	Special directives implemented to prescribed requirements to satisfaction of council and committees	Special directives implemented to prescribed requirements to satisfaction of council and committees.
Housing Improvement Loans & Grants	Loans for Private Homes Owned by Low Income Seniors & Persons with Disabilities	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or accessibility modification of homes achieving annual targets according to available funding. Note: The Toronto Renovates component of the new Federal-Provincial Investment in Affordable Housing (IAH) funding program replaces RRAP & HASI. The service for private homeowners (formerly under RRAP) supports low-income homeowners, either seniors or persons living with disabilities, to remain in their homes. The AHO is responsible for direct administration of this funding and is establishing program guidelines in 2012.
Housing Improvement Loans & Grants	Loans for Private Apartments Rented by Low-Income Tenants	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding. Note: The Toronto Renovates component of the new Federal-Provincial Investment in Affordable Housing (IAH) funding program replaces RRAP & HASI. The service for Private Apartments (formerly under RRAP) supports renovations to rental housing for low-income tenants. The AHO is responsible for direct administration of this funding and is establishing program guidelines in 2012.

Service Types and Service Levels

Service	Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
Housing Improvement Loans & Grants	Accessibility Grants for Low-Income Seniors & Persons with Disabilities	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding. Note: The Toronto Renovates component of the new Federal-Provincial Investment in Affordable Housing (IAH) funding program replaces RRAP & HASI. The provision of accessibility grants for seniors and persons with disabilities (formerly under HASI) supports accessibility modifications for low-income residents. The AHO is responsible for direct administration of this funding and is establishing program guidelines in 2012.
Housing Policy & Partnerships	Policies, Plans, Programs, Agreements & Special Council & Committee Directives	100% of the time authorized policies, plans, programs, agreements & special Council & Committee directives developed, implemented and maintained according to required parameters, high standards of best practices and where applicable achieving annual targets according to available funding.	100% of the time authorized policies, plans, programs, agreements & special Council & Committee directives developed, implemented and maintained according to required parameters, high standards of best practices and where applicable achieving annual targets according to available funding. Note: This includes development of policies and implementation of Housing Opportunities Toronto (HOT), the Home Ownership Assistance Program and Toronto Renovates.
Housing Policy & Partnerships	Partnership/ Relationships	100% of the time excellent partnerships/relationships maintained with the federal & provincial governments, affordable housing developers and private sector & community groups to assist in the implementation of HOT strategies & recommendations and Council & Committee directives, including funding decisions.	100% of the time excellent partnerships/relationships maintained with the federal & provincial governments, affordable housing developers and private sector & community groups to assist in the implementation of HOT strategies & recommendations and Council & Committee directives, including funding decisions.
Housing Policy & Partnerships	Financial stewardship	100% of funded developments or programs to be reviewed as being cost-effective and financially sound according to program requirements with quarterly reporting on federal-provincial programs.	100% of funded developments or programs to be reviewed as being cost-effective and financially sound according to program requirements with quarterly reporting on federal-provincial programs.

2013 Service Deliverables

The 2013 Recommended Operating Budget of \$2.640 million gross and \$1.166 million net provides funding to deliver affordable housing services to the public in three key areas, supporting the goals of Housing Opportunities Toronto and the City's 10-Year affordable housing plan as follows:

New Affordable Housing Development

- Fulfill provincial legislative requirements under the Investment in Affordable Housing Program by providing stewardship of funds invested in affordable housing initiatives throughout the City of Toronto and administering Council determined new affordable housing priorities for federal/provincial funding arising from the new Investment in Affordable Housing Program (IAH) 2011-2015;
- Oversee the administration and stewardship of \$38.6 million in Council approved federal/provincial Investment in Affordable Housing (2011-2015) through an investment of \$32.0 million to create 285 new affordable rental homes in 4 developments and an investment of \$6.6 million to assist 200 residents in purchasing new homes;
- Provide continuing technical support to the Province on the 2015 PanAm/Parapan Games affordable housing legacy;
- Provide advisory services to the federal/provincial governments, non-profits and the private sector on innovative affordable housing opportunities within the City; and,
- Work with approved non-profit and private sector housing partners in the delivery of affordable homes which have received federal/provincial economic stimulus and Investment in Affordable Housing funding; in prioritizing the housing needs of low-and-moderate income residents and other vulnerable people, including seniors and persons with disabilities, as well as supporting job creation in the residential construction industry.

Housing Improvement Loans

- Administer and provide financial stewardship of the Council approved federal/ provincial investment of \$11.2 million (2011-2015) as per the prescribed guidelines under the Toronto Renovates component of the Investment in Affordable Housing Program by providing funding to low-income seniors, persons with disabilities and affordable rental landlords for modifications or renovations related to health, safety and accessibility; and,
- Administer the disbursement of \$7.9 million in federal/provincial funding to private landlords for modification/renovation of 332 apartments for low-income tenants; and \$3.3 million to 325 private homeowners who are seniors or persons with disabilities to repair or modify their homes assisting them to remain in their homes.

Housing Policy & Partnerships

- Develop and deliver Council approved policy and programs in partnership with other City divisions and agencies, including implementation of "Housing Opportunities Toronto – An Affordable Housing Action Plan 2010-2020" and "Putting People First – Transforming Toronto Community Housing";

- Work in partnership with other City Divisions to update the City's 10-year housing and homeless Plan for federal and provincial funding allocations as required by the Provincial government's Long-Term Housing Strategy and Housing Services Action Plan;
- Support home ownership opportunities for low-and-moderate income renters through the Council-approved Home Owner Assistance Program;
- Work in conjunction with private and non-profit sectors to develop new affordable rental home solutions including implementing the Council approved report, "Housing Makes Economic Sense";
- Ensure cost efficient delivery of various federal/provincial funded developments and programs and provide oversight for Council approved funds distributed through the IAH program; and,
- Continue to support the City Manager's office through inter-governmental advocacy to renew and extend federal/provincial affordable housing programs beyond March 31, 2015.

PART III: RECOMMENDED BASE BUDGET

2013 Recommended Base Budget
(In \$000s)

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014	2015
	\$	\$	\$	%	\$	\$
GROSS EXP.	2,599.5	2,639.5	40.0	1.5%	31.4	32.2
REVENUE	1,433.4	1,473.4	40.0	2.8%	(327.4)	
NET EXP.	1,166.1	1,166.1		0.0%	358.8	32.2
Approved Positions	19.0	19.0		0.0%		

2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$2.640 million gross and \$1.166 million net is equivalent to the 2012 Approved Budget of \$1.166 million net.

- The 2013 Recommended Base Budget, prior to recommended budget reductions of \$0.049 million, includes a net pressure of \$0.049 million or 4.2% above the 2012 Approved Budget.
- The net increase of \$0.049 million in the 2013 Recommended Base Budget is reduced by recommended base budget savings of \$0.007 million net and revenue increases of \$0.042 million reflecting a decrease of 4.2% below the 2012 Approved Budget.
- The result of the incremental changes noted above is a 2013 Recommended Base Budget for the AHO that meets the budget target of a 0% increase from the 2012 Approved Budget.
- Approval of the 2013 Recommended Base Budget will result in no change to the Program's approved staff complement of 19.0 as highlighted in the table below:

**2013 Recommended Staff Complement
Base Budget Summary**

Changes	Staff Complement
2012 Approved Complement	19.0
- 2012 In-year Adjustments	
2012 Approved Staff Complement	19.0
2013 Recommended Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	
Total 2013 Recommended Complement	19.0

**2013 Recommended Service Change Summary
(In \$000s)**

Description	2013 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% Change over 2012 Budget	2014		2015	
					Net Expenditure	Position Change	Net Expenditure	Position Change
Base Changes:								
Base Expenditure Changes								
Reduction to Reflect Actual Experience		(7.0)	(7.0)	(0.6%)				
Base Expenditure Changes		(7.0)	(7.0)	(0.6%)				
Base Revenue Changes								
Changes to Admin Fee Revenue - Provincial & Federal			(41.7)	(3.6%)				
Base Revenue Changes			(41.7)	(3.6%)				
Sub-Total Base Budget Changes		(7.0)	(48.7)	(4.2%)				
Total Service Changes		(7.0)	(48.7)	(4.2%)				

2013 Recommended Service Changes

The 2013 recommended service changes consist of base expenditure savings of \$0.007 million and revenue increases of \$0.042 million, totaling a \$0.049 million net or 4.2 % decrease from the 2012 Approved Budget. When combined with incremental base budget pressures of \$0.049 million or 4.2%, the Recommended Base Budget for the AHO is equivalent to the 2012 Approved Budget of \$1.166 million net.

Base Expenditure Changes: (\$0.007 million gross, savings of \$0.007 million net)

Reduction to Reflect Actual Expenditures

- After a detailed review of expenditure trends, the Program's Operating Budget will be reduced by \$0.007 million net including a reduction in interdepartmental charges of \$0.016 million, equipment of \$0.006 million and savings from reduction in expenditures to reflect actual for \$0.003 million offset by an increase in Service and Rents of \$0.018 million.

Base Revenue Changes: (Revenue of \$0.042 million)

Changes to Federal/Provincial Administration Fee Revenue

- The replacement of the previous Federal/Provincial programs including the Canada-Ontario Affordable Housing Program, the Residential Rehabilitation Assistance Program (RRAP) & Home Adaptations for Seniors' Independence (HASI) housing improvement Programs with the new Investment in Affordable Housing Program (2011-2015) has resulted in a change to the administration fee structure giving Service Managers the flexibility, subject to Council approval, to spend the funds among different program components, according to local needs. This change results in an increase in revenue of \$0.042 million in 2013 to offset the operating pressures.

2014 and 2015 Outlook

(In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
Known Impacts											
Economic Factors	31.4		31.4	2.7%		32.2		32.2	2.7%		5.5%
Reversal of Capital Reserve Fund draw		(327.4)	327.4	28.1%							28.1%
Sub-Total Known Impacts	31.4	(327.4)	358.8			32.2		32.2			
Anticipated Impacts											
Sub-Total - Anticipated Additional Impacts											
Total Incremental Impacts	31.4	(327.4)	358.8			32.2		32.2			

Approval of the 2013 Recommended Base Budget for the Affordable Housing Office will result in a 2014 incremental cost increase of \$0.359 million and a 2015 incremental cost increase of \$0.032 million to maintain 2013 service levels.

The incremental costs for 2014 are primarily attributable to the following:

- An increase in salary and benefits of \$0.031 million for cost of living adjustment (COLA), progression pay and OMERS rate increase; and,
- A reversal of the 2013 contribution from the Capital Revolving Fund of \$0.327 million.

The incremental costs for 2015 are primarily attributable to the following:

- An increase in salary and benefits of \$0.032 million for cost of living adjustment (COLA), progression pay and OMERS rate increase.

Part V: ISSUES FOR DISCUSSION

2013 and Future Year Issues

2013 Issues

Sustainability of Funding Sources

The 2013 Recommended Operating Budget for the Affordable Housing Office is funded by a combination of Provincial and Federal funding of \$1.146 million and funding from the Capital Revolving Fund of \$0.327 million with the balance from property tax revenue (net City funding).

The 2013 Recommended Operating Budget for AHO includes changes in Federal/Provincial funding sources from 2012, as noted in the following table. These changes include an increase in federal/provincial fees and grants of \$0.040 million with no changes in funding from the Capital Revolving Fund of \$0.327 million.

	2010 Approved Budget	2011 Approved Budget	2012 Approved Budget	2013 Rec'd Budget	Change 2012 Approved v. 2013 Rec'd	Incremental Funding Requirements	
						2014	2015
Gross Expenditures	3,222.7	2,886.5	2,599.5	2,639.5	40.0		
Grants, Fees							
Provincial Admin Fee (AHP)	350.0	150.0	50.0	110.8	60.8	39.1	(149.9)
Fed /Prov AHP 2009: Economic Stimulus Fees	326.0	475.0	685.0		(685.0)		
Federal Admin Fee (RRAP)	300.0	300.0	250.0		(250.0)		
Investment in Affordable Housing (IAH Program)				915.9	915.9	(166.8)	147.9
Fee for Service (Advisory & Consultation)						50.0	(50.0)
Homelessness Partnership Initiative	221.8	238.3	121.0	119.3	(1.7)		
Total Grants, Fees	1,197.8	1,163.3	1,106.0	1,146.0	40.0	(77.7)	(52.0)
City Funding							
Capital Revolving Fund	420.4	444.5	327.4	327.4			
Capital Funding	270.0						
Total City Funding	690.4	444.5	327.4	327.4		(327.4)	
Total Revenue	1,888.2	1,607.8	1,433.4	1,473.4	40.0		
Net Expenses	1,334.5	1,278.7	1,166.1	1,166.1		(405.1)	(52.0)

The Affordable Housing Office is responsible for the administration and stewardship of Federal/Provincial investments to create and modify transitional and permanent affordable housing for low-to-moderate income residents, which includes construction or renovation of new buildings, the disbursement of affordable home ownership loans and the renovation, essential repair or modification of existing housing which assists people to remain in their homes. As well, the AHO develops and implements housing policies, plans, programs,

agreements, special Council and Committee directives, and fosters partnerships and relationships.

The Federal and Provincial governments have committed \$480.6 million to Ontario through the new Investment in Affordable Housing (IAH) program for the duration of four years (2011-2015), and up to \$108.4 million to Toronto for affordable housing initiatives under four program components-housing allowances, home repair/modification funding, construction of new affordable rental housing, and affordable home ownership loans. \$5.338 million in administration funding is available to the City under this program to cover the costs of program delivery allocated between Shelter Support and Housing Administration (\$2.776 million or 52%) and the Affordable Housing Office (\$2.562 million or 48%). The programs are provided with the flexibility to draw the administration fee revenue, annually, as required over the length of the program (2011-2015).

The IAH program replaces the previous federal/ provincial programs including the federal Residential Rehabilitation Assistance Plan (RRAP), Home Adaptations for Seniors' Independence Program (HASI) and the Canada-Ontario Affordable Housing Program.

These changes result in the following funding levels for 2013:

Provincial Administration Fees (AHP)

- The 2013 Recommended Operating Budget includes revenue of \$0.111 million from the Province through the Canada/Ontario Affordable Housing Program (AHP). This funding is partial reimbursement to municipalities to cover the costs Service Managers incur in delivering affordable housing projects under the program. The program provides the City with 3.27% of the capital costs that include developing, implementing and managing approved affordable housing projects.
- Total funding of \$0.261 million (\$0.111 million in 2013 and \$0.150 million in 2014) is available under this program and can be carried forward to future years to match the timing of completion of the projects.
- A \$0.050 million fee-for-service for the AHO's provision of technical support to assist in the selection of non-profit rental housing providers who will own and operate 253 affordable rental homes in perpetuity following the 2015 Pan Am Games will be drawn down by the AHO in 2014.

Investment in Affordable Housing for Ontario program (IAH)

- The 2013 Recommended Operating Budget includes administration fee revenue of \$0.916 million from the Federal/Provincial governments through the Investment in Affordable Housing Program (IAH). This funding is a partial reimbursement to municipalities to cover the cost of administering this program which includes selection of recipients, receipt and disbursement of funds, and allocation of year end funding between program components to ensure full and effective use of available Federal/Provincial funds. Under this program, up to 5% of the total funding or (\$5.338 million) will be allocated between Shelter Support and Housing Administration (\$2.776 million or 52%) and the Affordable Housing Office (\$2.562 million or 48%) can be applied to cover the administration costs over the length of the program.

- Total funding of \$2.562 million is available (\$0.916 million in 2013, \$0.749 million in 2014 and \$0.897 million in 2015) to cover the costs of administration over the length of the program.
- The funding of \$0.916 million in 2013 will enable AHO to implement the recommended actions as per the report "Housing Makes Economic Sense" adopted by City Council in 2012 and to administer the program to create 7,783 affordable homes and support 13,174 construction jobs over the next three years.

Homelessness Partnership Initiative (HPI)

- The 2013 Recommended Operating Budget includes administrative funding under HPI of \$0.119 million. HPI is a Federal program that supports a number of initiatives aimed at combating homelessness.

Issues Referred to the 2013 Operating Budget Process

Core Service Review and Efficiency Study Implementation

- As part of the City's Service Efficiency study process the Affordable Housing Office was reviewed in 2011 to assess the merits of possible consolidation within the Shelter, Support and Housing Administration Division and the potential for efficiencies to be found. MCC Workplace Solutions Inc. undertook an independent review and reported specific recommendations to the City Manager in November 2011; namely

Recommendation 1 :Retain the AHO in its current organizational structure with reduced capacity in 2013 to reflect federal/provincial funding levels:

- *Reduce staff complement to not more than 17 FTE's by mid-2013*
- *Retain entrepreneurial business model that attracts private and non-profit developers to partner with the City in public-private developments that include affordable housing, creating mixed communities.*
- *Retain innovative approach during a period of limited federal/provincial funding to support execution of the HOT plan.*
- *Maintain strong relationships with external government and housing partners.*

Status: Consideration of the recommendation, including AHO's complement is underway and any changes will be reported through the 2014 Operating Budget process.

Appendix 1 2012 Performance

2012 Key Accomplishments

In 2012, the Affordable Housing Office achieved the following results:

Managing the Creation of Housing and Jobs

- ✓ The Affordable Housing Office continued to fulfill its legislative requirements in its role as Service Manager responsible for Federal, Provincial and Municipal funding which is creating or upgrading affordable rental and ownership homes in Toronto and retention of existing affordable housing, helping to ensure these units are not permanently lost through demolition, conversion or other activities. This funding leverages additional investment from the private and non-profit sectors.
- ✓ In collaboration with housing partners, delivered affordable housing programs to invest \$230.3 million federal/ provincial funding and an additional \$581.0 million of private and non-profit sector funding to create or upgrade over 2,378 rental and ownership homes creating 6,522 additional jobs.
- ✓ The federal funding under the Residential Rehabilitation Assistance program (RRAP) and Home Adaptations for Seniors' Independence (HASI) helped 1,698 households of low income seniors, and persons with disabilities.

Actions on Affordable Housing Policy and Partnerships

- ✓ Since Housing Opportunities Toronto was adopted by City Council in 2009, progress continues in implementing the plan's 67 actions across several City Divisions, Agencies and external partners. However federal/ provincial financial constraints and reduced affordable housing funding is limiting the ability to achieve short and medium term targets outlined in the action plan. The AHO was given the responsibility of facilitating the coordination and implementation of Housing Opportunities Toronto-An Affordable Housing Action Plan 2010-2020, and will continue its efforts in 2013.
- ✓ The Affordable Housing Office conducted a client satisfaction survey of low and middle income residents receiving government assistance to determine the effectiveness of Home Ownership Assistance Loans. The "Making Homeownership Happen" report on the survey results will guide the City as well as provincial and federal governments in making improvements to their home ownership programs.
- ✓ In 2012, City Council adopted the Private Sector Housing Roundtable Report "Housing Makes Economic Sense" requiring the Affordable Housing Office to facilitate and follow up on several recommendations in the report over the three year implementation period 2012-2015. The report proposes a housing strategy with 12 actions which when implemented would create, repair and ensure affordability of 7,783 homes and support 13,174 new jobs in Toronto.
- ✓ The Affordable Housing Office provided lead staff support to the Special Housing Working Group established by City Council in 2012 to determine innovative financial strategies to

fund the social housing state of good repair backlog in Toronto Community Housing and the future of 619 occupied Toronto Community Housing single family homes and the urgent need to engage the federal and provincial governments in providing long-term, sustainable funding to meet Toronto's affordable housing needs. The report entitled, "Putting People First –Transforming Toronto Community Housing was released on September 17, 2012 and was adopted by City Council at its meeting on October 30, 2012.

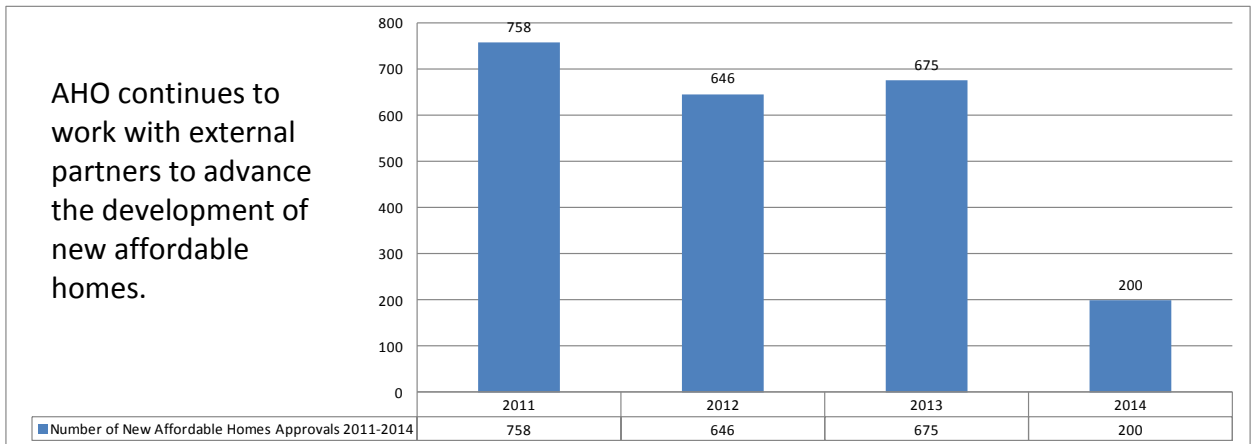
- ✓ The recommendations of the Affordable Housing Office 2010 Program Review and the Shelter, Support and Housing Administration 2011 Service Efficiency Study continue to be implemented to improve program efficiency and the provision of excellent service to the public.

2012 Performance

New Affordable Housing Development

The Affordable Housing Office continued to work with over 14 external partners to advance the development of over 2600 new rental and ownership homes in Toronto initiated through multi-year Council approvals and federal-provincial investment.

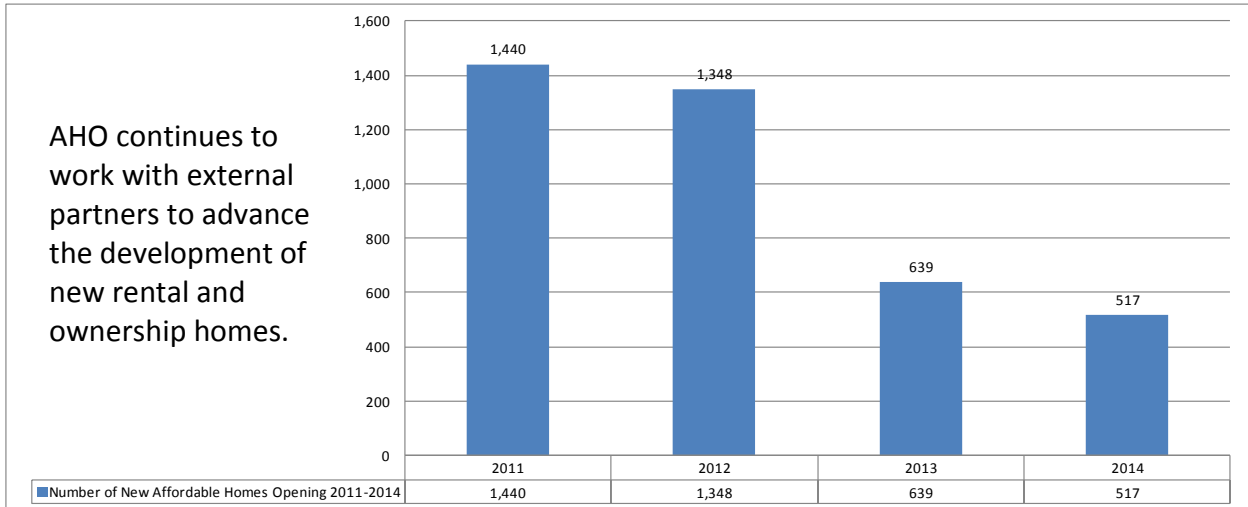
Number of New Affordable Home Approvals 2011-2014



- In 2011, the AHO administered Council approved Federal-Provincial funds and City programs resulting in approvals for 758 new affordable homes. These were comprised of 693 affordable rental homes, 5 affordable ownership homes and 60 new homes created through conversion;
- In 2012, the AHO administered Council approved Federal-Provincial funds and City programs resulting in approvals for 646 new affordable homes. These were comprised of 327 affordable rental homes and 319 affordable ownership homes;
- In 2013, approval for 675 new affordable homes comprised of 175 rental homes and 500 affordable ownership homes are projected to be created or supported based on current federal- provincial funding approvals; and,

- In 2014, 200 affordable home ownership loans are projected to be provided based on current federal/ provincial funding approvals.

Number of New Affordable Homes Opening 2011-2014

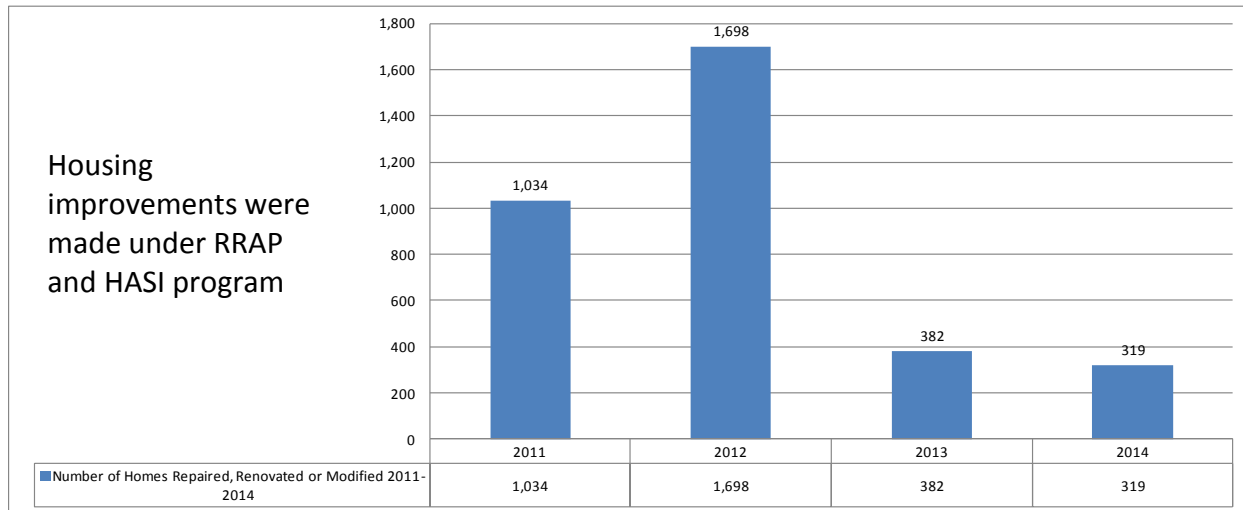


- In 2011, 1440 new affordable homes were opened comprised of 1,035 affordable rental homes, and 405 affordable ownership homes through Federal-Provincial funding and City programs;
- In 2012, 1348 new affordable homes were opened comprised of 1,082 affordable rental homes and 266 affordable ownership homes through Federal-Provincial funding and City programs;
- In 2013, 639 new affordable homes comprised of 313 affordable rental homes and 326 affordable ownership homes are projected to open through Federal-Provincial funding and City programs; and,
- In 2014, 517 new affordable homes comprised of 448 affordable rental homes and 69 affordable ownership homes are projected to open through Federal-Provincial funding and City programs.

Housing Improvement Performance

Housing improvements were made under the Federal Residential Rehabilitation Assistance Program (RRAP) and the Home Adaptations for Seniors' Independence (HASI) program which ended in March 2012. In 2012, 1,698 homes were repaired, renovated, modified or newly created which exceeded the 2012 projections of 1,034 units with \$6.0 million additional funding allocated under the program as shown in the table below:

Affordable Housing Units Repaired, Renovated or Modified 2011-2014

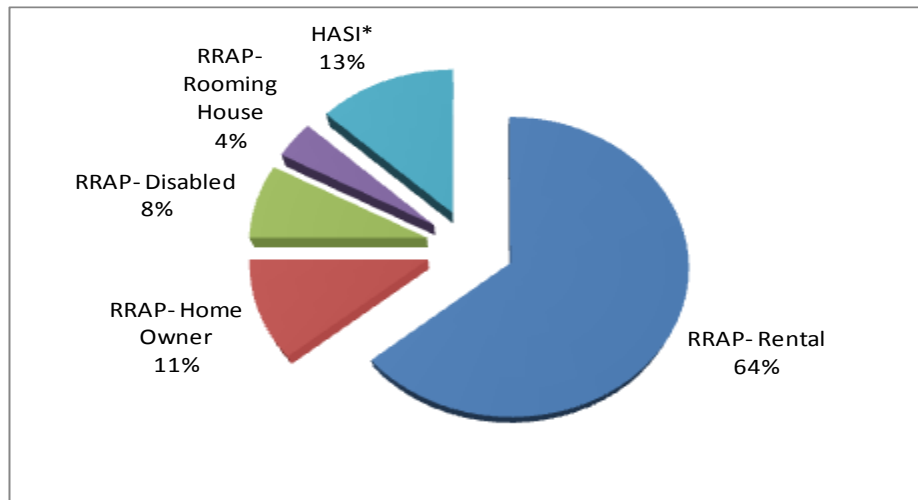


- In 2011, 1,034 homes were repaired, renovated, modified or newly created. These were comprised of 598 homes repaired, 116 homes modified and 20 newly created homes funded under the Rental Rehabilitation Assistance Program (RRAP) and 300 homes modified through the Home Adaptation for Seniors' Independence (HASI) Program;
- In 2012, 1,698 homes were repaired, renovated, modified or newly created. These were comprised of 1,343 homes repaired, 127 homes modified and 2 newly created homes funded under the Rental Rehabilitation Assistance Program (RRAP) and 226 homes modified through the Home Adaptation for Seniors' Independence (HASI) Program;
- In 2013, 382 homes are projected to be funded for housing improvements under the Investment in Affordable Housing (IAH) program; and,
- In 2014, 319 homes are projected to be funded for housing improvements under the Investment in Affordable Housing (IAH) program.

2011-2012 RRAP and HASI Funding Allocation

Program	Loans	Units	Funding
RRAP - Rental	10	1089	8,312,866
RRAP - Rooming House	2	66	420,000
RRAP - Conversion	0	0	0
RRAP - Home Owner	188	188	2,597,300
RRAP- Disabled	108	127	1,841,039
RRAP - Second Suites	2	2	48,000
HASI	226	226	730,455
TOTAL	536	1,698	\$13,949,660

2011-2012 RRAP and HASI Funding Allocation (Percentage)



The new Ontario Renovates Program has been created as a part of the new provincial Investment in Affordable Housing (IAH) Program (2011-2015). The City of Toronto will be implementing the program under the name Toronto Renovates beginning in 2013 with federal-provincial funding of \$11.2 million. The three components of the Toronto Renovates program are renovations to private rental buildings for low income tenants, repairs/ modifications to low income homeowners who are seniors or persons with disabilities and accessibility grants to low income seniors and persons with disabilities.

2012 Budget Variance Analysis

2012 Budget Variance Review (In \$000s)

(In \$000s)	2010	2011	2012	2012	2012 Approved Budget vs Projected Actual Variance	
	Actuals	Actuals	Approved Budget	Projected Actuals*	\$	%
	\$	\$	\$	\$	\$	%
Gross Expenditures	2,599.4	2,576.6	2,599.6	2,436.5	(163.1)	(6.3)
Revenues	1,264.9	1,357.6	1,433.5	1,270.4	(163.1)	(11.4)
Net Expenditures	1,334.5	1,219.0	1,166.1	1,166.1		
Approved Positions	25.0	22.0	19.0	19.0		

2012 Experience

- The Affordable Housing Office is projecting year-end gross under-spending of \$0.163 million with a corresponding reduction in revenues.
- Under-spending is primarily related to savings in salaries and benefits resulting from vacancies and non-salary expenditures. The non-salary expenditure savings have been included in the 2013 Recommended Operating Budget.

Impact of 2012 Operating Variance on the 2013 Recommended Budget

- The under-spending in salaries and benefits is not expected to continue into 2013 as the vacancies are expected to be filled by the end of 2012.
- As a result of the line-by-line review undertaken by Affordable Housing Office in 2012, the non-salary expenditures were reduced by \$0.007 million net in 2013 based on actual experience.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2010	2011	2012	2012	2013	2013 Change from		2014	2015
	Actual	Actual	Budget	Projected Actual	Recommended Budget	2012 Approved Budget		Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	2,142.1	2,246.1	2,095.3	1,993.2	2,139.2	43.9	2.1%	2,170.5	2,202.7
Materials and Supplies	14.0	1.9	12.3	9.3	12.7	0.4	3.6%	12.7	12.7
Equipment	1.0	0.7	8.2	2.7	2.0	(6.2)	(75.6%)	2.0	2.0
Services & Rents	153.2	29.2	152.7	95.2	170.7	18.0	11.8%	170.7	170.7
Contributions to Capital									
Contributions to Reserve/Res Funds	4.5	4.6	4.7	4.7	4.7			4.7	4.7
Other Expenditures									
Interdivisional Charges	284.7	294.0	326.4	331.4	310.3	(16.1)	(4.9%)	310.3	310.3
TOTAL GROSS EXPENDITURES	2,599.4	2,576.6	2,599.6	2,436.5	2,639.5	40.0	1.6%	2,670.9	2,703.1
Interdivisional Recoveries	192.8	213.7	121.0	110.8	119.4	(1.7)	(1.4%)	119.4	119.4
Provincial Subsidies	500.9	210.5	735.0	821.0	1,026.7	291.7	39.7%	1,026.7	1,026.7
Federal Subsidies		451.7	250.0	337.6		(250.0)	(100.0%)		
Other Subsidies									
User Fees & Donations	338.3	37.2							
Transfers from Capital Fund	232.9								
Contribution from Reserve Funds		444.5	327.4	1.0	327.4				
TOTAL REVENUE	1,264.9	1,357.6	1,433.4	1,270.4	1,473.5	40.0	2.9%	1,146.1	1,146.1
TOTAL NET EXPENDITURES	1,334.5	1,219.0	1,166.1	1,166.1	1,166.1	(0.0)	(0.0%)	1,524.9	1,557.1
APPROVED POSITIONS	25.0	22.0	19.0	19.0	19.0			19.0	19.0

2013 Key Cost Drivers

Salaries and Benefits comprise the largest expenditure category at 81.0% of total expenditures, followed by Interdivisional Charges at 11.8%, Services and Rents at 6.4%, with Materials and Supplies, Equipment and Other Expenditures at 0.8%.

- Salaries and Benefits of \$2.139 million represent 81.0 % of the Gross Expenditures of \$2.640 million and have increased by \$0.044 million as compared to 2012 Budget of \$2.095 million, primarily due to 1.9 % cost of living adjustment, progression pay, step increases, OMERS rate increase and associated fringe benefit changes.
- Materials, Equipment and Services and Rents of \$0.185 million have increased by \$0.012 million primarily due to an increase in costs for rendering of professional and technical services required for due diligence including value-for-money audits and financial reviews related to allocation of federal/provincial affordable housing funding.
- Interdivisional charges have decreased by a nominal \$0.016 million with savings primarily in photocopying, legal services and other services.

- The replacement of the previous Federal/Provincial programs including the Canada-Ontario Affordable Housing program and RRAP & HASI housing improvement programs with the new Investment in Affordable Housing Program (2011-2015) has resulted in a change to the administration fee structure allowing Service Managers the flexibility to spend the funds among different program components according to local needs, subject to council approval, resulting in an increase in revenue of \$0.042 million in 2013 to offset the operating pressures.

The 2013 Recommended Base Budget provides funding for the following:

Economic Factors

- Cost of providing the current level of service requires \$0.044 million gross and net for labour costs which includes progression pay and step increases, COLA and increase in OMERS;
- The non-labour inflationary cost increase for \$0.003 million gross and net offset by savings resulting from reduction in expenditures to reflect actual expenditures for \$0.007 million gross and net.

Revenue Changes

- Homelessness Partnership Initiative (HPI) funding has been available to the AHO from Shelter, Support and Housing Administration to cover the costs of one position, an AHO Housing Development Officer for managing the development of transitional and supportive housing. The changes in benefit costs in 2013 have resulted in a decrease in HPI funding of \$0.002 million net.
- The Affordable Housing Office, on behalf of the Service Manager for the City, receives Administration Fee revenue under various Federal & Provincial programs. The most recent is the Investment in Affordable Housing Program (IAH), administered by the Province, which replaces the Canada-Ontario Affordable Housing program for rental and ownership housing development; and the federal RRAP & HASI housing improvement programs. Changes in the program and realignment resulted in an increase of \$0.042 million in administration fee revenue to the AHO.

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds (In \$000s)

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2013	2014	2015
			\$		\$	\$
Capital Revolving Reserve Fund	XR1058	Projected Beginning Balance	8,038.2	7,710.8	7,710.8	7,710.8
		Proposed Withdrawals (-) Contributions (+)	(327.4)			
Balance at Year-End			7,710.8	7,710.8	7,710.8	7,710.8

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
			\$	\$	\$
Insurance Reserve Fund	XR1010	21,156.0	4.7		
Total Reserve / Reserve Fund Draws / Contributions			4.7		