

**Supplementary Report:
Investments in Affordable Housing: Proposed Program
Allocations for New Federal/Provincial Funding**

Date:	February 2, 2012
To:	City Council
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

On January 24, 2012 the Executive Committee adopted the recommendations in the staff report EX15.2 *Investments in Affordable Housing: Proposed Program Allocations for New Federal/Provincial Funding* and further, requested the City Manager to report directly to Council on a motion by Councillor Del Grande proposing to reallocate funding among the program components to provide \$36 million to a new 360-unit rental housing development by the Medallion Corporation at 3415 Weston Road/2435 Finch Avenue West (Ward 7).

Specifically Councillor Del Grande's motion proposes to reallocate \$16.4 million in new rental housing funding from Toronto Community Housing (TCH) at Regent Park (Ward 28), and \$19.6 million in housing allowances to fund the development at 3415 Weston Road/2435 Finch Avenue West.

As requested by the Executive Committee this report provides information directly to Council regarding the implications of the motion and related matters.

Financial Impact

As this is an information report there are no financial implications.

DECISION HISTORY

At the Executive Committee meeting on January 24, 2012, the Committee considered report EX15.2 *Investments in Affordable Housing: Proposed Program Allocations for New Federal/Provincial Funding* and adopted the staff recommendations in the report.

Further, the Committee requested the City Manager to report directly to Council on the following motion by Councillor Del Grande:

"That Recommendation 7 be amended by deleting the words, "City Council request the Province, on a priority basis, to allocate up to \$36 million in any additional federal/provincial Investment in Affordable Housing Program" and replacing them with, "City Council immediately reallocate \$16.4 million from the New Affordable Rental component and \$19.6 million from the Housing Allowances component".

As a result the new Recommendation would read:

- "7. City Council immediately reallocate \$16.4 million from the New Affordable Rental component and 19.6 million from the Housing Allowances component to the Medallion Corporation for up to 360 units of affordable rental housing at 3415 Weston Road/2435 Finch Avenue West which project was recommended by Toronto City Council for federal/provincial economic stimulus funding at the Council meeting of September 30 and October 1, 2009."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX15.2>

ISSUE BACKGROUND

The distribution of IAH funding recommended by staff among the various program components is guided by the funding allocations proposed in the City's *Housing Opportunities Toronto, Affordable Housing Action Plan 2010-2020* (HOT).

The Action Plan, adopted by Council in 2009, calls for annual spending of \$484 million. Toronto's IAH allocation of \$108 million, spread over the four years, represents approximately six per cent of the funding needed annually to meet the affordable housing needs of Toronto residents.

Under the new program, for the first time, Council can now determine the funding allocation within four program components – housing allowances, rental and home ownership repairs, new affordable rental housing and affordable home ownership.

Because of the limited amount of funding available through the program, there is not enough funding to adequately meet the need in all of these areas. In particular, since the City's adoption of HOT, the federal government has confirmed that as of April 2012 it will withdraw from directly funding the Residential Rehabilitation Assistance home repair and renovation programs.

The rebalancing of IAH funding allocations between the capital components as recommended by staff and adopted by the Executive Committee primarily reflects the introduction of the new home repair and renovation component as part of the IAH program.

With respect to the recommendation to fund new affordable units within Regent Park, recommendation number 47 in *Housing Opportunities Toronto* places a priority on the allocation of affordable housing program funding for "program-ready initiatives on public sites being developed by proponents such as Build Toronto, Toronto Community Housing and Waterfront Toronto."

COMMENTS

Further Details Concerning the Medallion Project (Ward 7)

In September 2009, City Council recommended six affordable rental developments totalling 1,253 rental units to the Ministry of Municipal Affairs and Housing for funding under the Canada-Ontario Affordable Housing Program. The program was part of the federal/provincial economic stimulus initiative to assist in the economic recovery effort and provided jobs in the residential construction industry.

The Medallion proposal is located in the south-west quadrant of a planned community at the corner of Finch Avenue West and Weston Road called Renaissance at Emery Village. It calls for two mid-rise buildings of 10 stories each with a mix of 360 one, two and three bedroom units. The units would rent at an average 80% of Toronto average rents.

Five of the six developments recommended by Council were selected by the province for funding, including three located in suburban wards. The Medallion proposal was not chosen because more projects were recommended from across the province than there was funding available.

In response to Medallion's continued interest to participate in the program, the province also reviewed whether there were sufficient funds for the first phase of the development, which was 185 units at approximately \$20 million, with a second phase of 175 units to be funded and at a later date.

However, this effort proved unsuccessful as the program ended in March 31, 2011 and there was no funding left over.

The staff report recommended Council request up to \$36 million in additional funding from the province for up to 360 units, if more funds became available. The project remains "shovel ready" with all planning approvals in place and a Shoring and Excavation Permit having been issued.

Chart #1 – Allocations Based on Staff Recommendations

The staff recommended allocations for funding among the four program components, as outlined in the original staff report, are as follows:

	HOT Plan Target Percentage of Funding	Investment in Affordable Housing Program		
		Funding Allocated	Percentage of Funding	Estimated Households Served
Housing allowances	61.4%	\$60 mil	59%	3,850
Rental and ownership home repairs	7.7%	\$20 mil	19%	1,200
New affordable rental housing	29.3%	\$16.4 mil	16%	137
Affordable homeownership	1.7%	\$6.6 mil	6%	200
Total	100%	\$103 mil	100%	5,387

Chart #2 - Allocations Based on Councillor Del Grande's Motion

Councillor Del Grande's motion, if adopted, would result in the following distribution of funding among the four program components:

	HOT Plan Target Percentage of Funding	Investment in Affordable Housing Program		
		Funding Allocated	Percentage of Funding	Estimated Households Served
Housing allowances	61.4%	\$40.4 mil	39%	2,540
Rental and ownership home repairs	7.7%	\$20 mil	19%	1,200
New affordable rental housing	29.3%	\$36 mil	35%	360
Affordable homeownership	1.7%	\$6.6 mil	6%	200
Total	100%	\$103 mil	100%	4,300

Summary of Implications of Councillor Del Grande's Motion

Should Council approve Councillor Del Grande's motion proposing to fund the Medallion development the implications relative to the staff recommendation would be as follows:

- \$36 million, or 35% of available funding allocated to construction of new affordable rental housing
- Create 360 units of affordable housing

- \$19.6 million in funding would be reduced for housing allowances, and the overall proportion of funding for this component would decrease from 59% to 39%. 1310 households in locations across the city would not receive a housing allowance for five years to help them transition from social assistance to employment
- Eliminate federal/provincial funding to support construction of 137 new affordable rental units in Phase 2 of Regent Park revitalization
- Divert funding that would otherwise have been available for TCH to make much needed repairs in existing social housing buildings across the city

Implications for Housing Allowances

The proposed reallocation of \$19.6 million from the Toronto Transitional Housing Allowance program would result in 1310 households not receiving assistance for five years to help them transition from social assistance to employment. Without this housing allowance, these households would likely have less success in achieving greater economic self-sufficiency, resulting in greater costs to the City.

The proportion of funds targeted to housing allowances, as set out in the HOT plan, is intended to be 61.4% of the total. This proposal would reduce the funding for this component to 39% of the total, while the other capital components would exceed their funding share.

Housing allowances are an important tool to assist low-income households to achieve greater affordability, while allowing residents to live in communities of their choice. The IAH housing allowance program, unlike previous programs, can be provided directly to tenants in the units they currently live in (in-situ) and are portable if they decide to move. This is a much more flexible program design that benefits tenants and gives them choice in their housing. In most cases, the allowance will be paid directly to tenants and landlords would not even know whether or not their tenants were receiving a housing allowance. Under the provincial program guidelines, rents for eligible units must be at or below average market rents, which removes any incentive for landlords who have tenants in the program from raising rents beyond that threshold.

Implications for TCH's Regent Park Revitalization

The proposed transfer of \$16.4 million in federal/provincial funding from TCH's Regent Park revitalization to the Medallion Corporation's development would eliminate any new federal/provincial funding to support new affordable rental units in Blocks 20, 22 and 24 South in Regent Park.

This would eliminate TCH's ability to use the \$16.4 million to fund up to 137 permanent affordable rental homes in three new buildings which will provide a mix of affordable and rent geared to income housing in Phase Two of Regent Park's revitalization. This

funding would support TCH's efforts to create mixed-income rental buildings - one of the core principles of TCH's revitalization initiatives at Regent Park.

As outlined in TCH's communication to the Executive Committee the "...\$16.4 million proposed for affordable rental... is money that we would not need to borrow to fund new construction or have to divert from much-needed capital repairs to our wider portfolio". Receiving the funding provides TCH the option to devote borrowed funds to undertake repairs to existing housing. This amount is equivalent to funding to repair some 3,600 bathrooms for tenants in buildings across the City.

Public Deputations at Executive Committee

Several deputants drew attention to the importance of allocating sufficient federal/provincial funding to the construction of new housing. They questioned the recommendation to limit the allocation of new rental housing to 16% of the funding available. In this regard they called for the City to directly follow the funding targets as established by Council in the Housing Opportunities Toronto 10-year plan.

Should Council wish to allocate IAH funding strictly according to HOT targets, rather than using them as a guide, the allocations would be as follows:

Chart #3 – Allocations Based on Housing Opportunities Toronto Targets

	HOT Plan Target Percentage of Funding	Investment in Affordable Housing Program		
		Funding Allocated	Percentage of Funding	Estimated Households Served
Housing allowances	61.4%	\$63.2 mil	61.4%	4,060
Home repair for owners	1.4%	\$7.9 mil	7.7%	415
State of good repair for private rental	6.3%			
New affordable rental housing	29.3%	\$30.2 mil	29.3%	252
Affordable homeownership	1.7%	\$1.75 mil	1.7%	53
Total	100%	\$103 mil	100%	4,780

The implications of this allocation would be as follows:

- \$14 million in additional funding for new affordable rental construction
- \$3.2 million in additional funding for housing allowances
- \$4.85 million less funding for affordable homeownership

- \$12.1 million less funding for repairs for home owner and private rental to replace the previously federally funded Residential Rehabilitation Assistance Program

If Council was to follow the HOT allocations outlined above, then \$14M could be allocated to new affordable rental construction for a total of \$30.2M. Thus, Council could provide funding to the Medallion Project (\$13.8) and still maintain the \$16.4M funding to Regent Park as recommended by staff.

The benefit would be to provide new affordable rental housing where needed in two locations within the City and importantly both projects would be ready to proceed to construction.

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SIGNATURE

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