

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

<b>Date:</b>	January 6, 2012
<b>To:</b>	Executive Committee
<b>From:</b>	General Manager, Shelter, Support and Housing Administration, and Director, Affordable Housing Office
<b>Wards:</b>	All
<b>Reference Number:</b>	AFS #14719

### **SUMMARY**

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The federal and provincial governments have committed \$480.6 million to Ontario through the Investment in Affordable Housing (IAH) program over the next four years (2012-2015). Up to \$108 million has been allocated to Toronto for initiatives under four program components - housing allowances, home repair funding, construction of new rental housing, and affordable home ownership.

The purpose of this report is to seek Council approval for the program's delivery principles and the allocation of funding between the program components. These are based on the strategic priorities approved by Council in *Housing Opportunities Toronto*, the City's 10 year housing plan, as well as on previous experience with similar programs.

The program principles reflect the intent to foster economic independence among those served, keep vulnerable low-income renters and home owners housed and reduce dependence on more expensive emergency service systems.

The report requests authorization for the General Manager, Shelter, Support and Housing Administration, and the Director, Affordable Housing Office, to enter into agreements with the provincial government, other organizations and individuals to deliver these program components to ensure effective use of available federal/provincial funding.

No additional City funds are required to deliver the program as up to five per cent of the total funding (\$5.4M) can be applied to administration costs over the length of the program. It will be made clear to all program participants and the provincial and federal

governments that the City will not fund these programs beyond the expected expiry of available funding in 2017 for housing allowances, and 2015 for all other program components.

While the new federal/provincial funding is welcome, it is not sufficient to meet the significant ongoing need for affordable housing in Toronto. For this reason it is proposed that Council reiterate its request to the provincial and federal governments to develop and fully fund sustainable national and provincial housing programs. City staff will work with private and non-profit groups to encourage further federal and provincial involvement in meeting the housing needs of Torontonians.

## **RECOMMENDATIONS**

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The General Manager, Shelter, Support and Housing Administration, and the Director, Affordable Housing Office, recommend that:

1. City Council approve the funding allocations and program principles for the Investment in Affordable Housing ("IAH") program substantially as outlined in Attachment 1 and authorize the General Manager, in consultation with the Director of the Affordable Housing Office, to submit the required Program Delivery and Fiscal Plan to the Ministry of Municipal Affairs and Housing based on these principles and allocations;
2. City Council authorize the General Manager, in consultation with the Director of the Affordable Housing Office, to enter into an administration agreement and/or related agreement(s) with the Ministry of Municipal Affairs and Housing or related entity necessary for the receipt and expenditure of funding under the IAH program and to undertake appropriate measures as the program proceeds to adjust program parameters, recipients, and year end funding among program components as required to ensure full and effective use of available federal/provincial funds, on such terms and conditions as are satisfactory to the General Manager, Shelter, Support and Housing Administration, in consultation with the Director, Affordable Housing Office, and in a form approved by the City Solicitor;
3. Subject to the adoption of Recommendations No. 1 and 2 above, City Council authorize the General Manager, Shelter, Support and Housing Administration, and/or the Director, Affordable Housing Office, as appropriate, to enter into agreements with the provincial government, other City divisions including Toronto Employment and Social Services, community agencies, private entities and/or individuals to deliver the IAH program in accordance with the terms and conditions of the Province's program guidelines and the approved allocations on terms and conditions satisfactory to the General Manager or the Director and in a form approved by the City Solicitor;

4. Subject to the adoption of Recommendations No. 1 and 2 above, City Council authorize the Director, Affordable Housing Office, to enter into agreements with Toronto Community Housing Corporation to allocate \$16.4 million in funding under the New Affordable Rental Housing Component, and \$3.3 million of the \$6.6 million in total funding under the Affordable Homeownership Component, as approved by Council, on such terms and conditions as are satisfactory to the Director, Affordable Housing Office, and in a form approved by the City Solicitor;
5. City Council inform the Minister of Municipal Affairs and Housing that the City will not fund any affordable housing programs funded under the IAH after the expected expiry of federal/provincial funding under the IAH;
6. City Council reiterate the request to the federal and provincial governments to provide long-term and sustainable funding for affordable housing programs in the City of Toronto;
7. 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 funding 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.
8. City Council direct the General Manager, Shelter, Support and Housing Administration, and Director, Affordable Housing Office, to report to Executive Committee and Council on any further implications relating to the Investment in Affordable Housing program, as required, and to report back on the results of the program;
9. City Council direct the General Manager, Shelter, Support and Housing Administration, and the Director of the Affordable Housing Office to report to Budget Committee annually on program funding allocations, and provide an update on the need to alter funding from the allocations proposed in Attachment 1 as part of the annual budget process; and
10. City Council direct the General Manager, Shelter, Support and Housing Administration, and the Director, Affordable Housing Office, to report to Budget Committee with the details of the 2012 funding allocations and the administration cost including the impacts on the 2012 Approved Operating Budgets for Shelter, Support and Housing Administration and on the Affordable Housing Office, once the details have been identified.

## **Financial Impact**

The City of Toronto has been allocated notional funding of \$108,337,484 through the Investment in Affordable Housing (IAH) Program. It is recommended that IAH funding be allocated among four programs, as outlined in Attachment 1. Funding is available between 2011 and 2015, with the exception of Housing Allowance funding, which is available for up to ten years.

Funding will be allocated to the City over three years, with the final allocation in 2015, as noted below:

Year 1 (2011-12) - no specific allocation (transitional year)

Year 2 (2012-13) - \$44,458,138

Year 3 (2013-14) - \$44,537,721

Year 4 (2014-15) - \$19,341,625

Total - \$108,337,484

Service Managers who are able to commit funds to "quick start" projects up to March 31, 2012, may bring a portion of the funding allocation from the 2012-13 period into the three month period ending March 31, 2012.

No new financial commitments are required from the City to support the initiatives outlined in this report, as all program costs are to be recovered through program administration fees. The program allows for up to \$5.4 million, or 5% of the total \$108.4 million, to be applied to administration costs over the length of the program.

Staff will report back in the spring of 2012 with the adjustments required to the 2012 Approved Operating Budgets for Shelter, Support and Housing Administration and to the Affordable Housing Office to fund and administer the IAH program. Funding allocation for 2013 and future years will be included in the operating budget submissions for Shelter, Support and Housing Administration and the Affordable Housing Office.

Toronto's participation in the IAH program will reduce pressure on public expenditures by helping to keep vulnerable low-income renters and home owners housed and reducing dependence on more expensive emergency service systems. The program will support the local economy through construction activity and have a positive impact on the municipal tax base. It will also reduce the financial pressures resulting from Toronto Community Housing's capital commitments, including Regent Park revitalization.

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

## **Equity Impact**

Affordable housing and homeless services respond to the needs of vulnerable people in the City of Toronto. The funding recommended in this report will assist many of the

City's priority groups. This includes women, people with disabilities, seniors and low-income residents as well as children and families. The housing allowances, affordable rental and ownership housing and home renovations for low-income residents funded through the IAH program are designed to assist these residents by improving their economic and social well being. These are goals outlined in the City's 10-year action plan *Housing Opportunities Toronto*. The Shelter, Support and Housing Administration Division and the Affordable Housing Office will be able to measure the results of these initiatives throughout their delivery and will report on equity related outcomes.

## **DECISION HISTORY**

At the Executive Committee meeting on September 19, 2011, the Committee referred KPMG's Core Service Review recommendations related to Affordable Housing Development to the City Manager for consideration as part of the 2012 and 2013 budget process. At the meeting of September 26 and 27, 2011 City Council directed the City Manager, "in his consideration of Affordable Housing in the 2012 and 2013 budget process, as previously directed by the Executive Committee [Decision Advice Item 2:1b], to ensure that affordable housing development activities are to be funded by the federal and provincial governments."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX10.1>

At its meeting of July 12, 2011, Council adopted the report " Overview of Ontario's New Long-Term Affordable Housing Strategy and Housing Services Act: Implications for the City of Toronto."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.CD5.5>

On June 14, 2011, Council adopted the report "In-Year Budget Adjustment for Short-Term Rent Support Program: Shelter, Support and Housing Administration" which recommended that City Council request the Province of Ontario to provide long-term and sustainable funding for a permanent housing allowance program in the City of Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX6.14>

The *Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020* was adopted by Council at its meeting of August 5 and 6, 2009. The HOT plan requests that the provincial government implement a fully funded long-term affordable housing plan consistent with the City's 10 year Action Plan.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

At its meeting of July 19, 20, 21 and 26, 2005, Council approved a report entitled "Regent Park Revitalization - Financial Strategy (Ward 28)" that included a strategy for new affordable housing funding in partnership with federal and provincial governments through existing and proposed funding programs to complete the revitalization goal for affordable housing in Regent Park.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/pof7rpt/cl003.pdf>

## ISSUE BACKGROUND

In September 2008, the Government of Canada committed to a five-year investment of more than \$1.9 billion in housing and homelessness. As a part of this investment, the federal government considers the IAH program integral to providing both opportunities for Canadian households to prosper, as well as investment to stimulate and support local economic growth.

On July 4, 2011 a new framework for Affordable Housing was announced between the federal, provincial and territorial governments with \$1.4 billion in combined investments nationally. As part of this initiative, \$480.6 million is available in Ontario through the Investment in Affordable Housing (IAH) program over four years, a joint initiative between Ontario and the federal government. Up to \$108 million has been allocated for Toronto. The new program can include initiatives aimed at housing allowances, home repair funding, construction of new rental housing, and affordable home ownership.

The provincial government released its Long-Term Affordable Housing Strategy (LTAHS) in November 2010. The LTAHS and associated Provincial Housing Policy Statement recognizes the important role played by municipal Service Managers in long-term planning of the housing and homelessness service systems in Ontario, and commits to providing greater flexibility to Service Managers to meet local housing needs. The Investment in Affordable Housing program is consistent with the LTAHS by providing municipalities with greater flexibility in program design.

While welcome, the \$108 million in funding available through the IAH is not sufficient to meet the significant need for affordable housing in Toronto. Council has, on many occasions, requested that the federal and provincial governments provide long-term sustainable funding programs. *Housing Opportunities Toronto* identified that, over the next ten years, investments of \$483.7 million per year would be needed to meet the targets set out in the plan and assist the more than 250,000 households with unmet housing needs in Toronto.

## COMMENTS

This report provides:

- an overview of the Investment in Affordable Housing Program;
- proposed program principles to guide investments in Toronto;
- proposed funding allocations between program components;
- a description and business case for investment in each of the proposed program components (housing allowances, home repair funding, construction of new rental housing, and affordable home ownership) with procurement and delivery details; and

- a proposed approach regarding administrative funds.

Attachment 1 contains a summary of the proposed funding allocations and program principles for Council approval. All program principles and program details are consistent with Toronto's Official Plan and the recently approved Provincial Housing Policy Statement.

## **Investment in Affordable Housing (IAH) Program**

Under the IAH there are four program components:

- **Housing Allowances** – Objective is to address affordability issues of households in need across the province. Housing Allowances can be paid to landlords or directly to tenants, can be in-situ and portable.
- **Ontario Renovates** – Objective is to improve living conditions through financial assistance to repair deficiencies, foster independent living of seniors and people with disabilities and to increase the supply of secondary suites. May consist of forgivable loans and grants for home repair for low- to moderate-income home owner households and multi-unit rehabilitation. This program replaces the existing federal Residential Rehabilitation Assistance Program (RRAP).
- **Rental Housing** – Objective is to increase the supply of safe, adequate and affordable housing available to Ontario households. New construction, acquisition and conversion projects are eligible for up to \$150,000 per unit.
- **Homeownership** – Objective is to provide renter households with an opportunity to move to homeownership and encourage developers to build affordable housing by fostering demand.

Under the terms of the federal/provincial/territorial framework, the following are not eligible for funding under the IAH:

- Repairs to existing social housing
- Emergency shelters and crisis care facilities
- Nursing and retirement homes

Service Managers are required to develop and submit to the Ministry of Municipal Affairs and Housing a Program Delivery and Fiscal Plan (PDFP) by February 28, 2012 that outlines how their annual funding allocations will be invested. Service Managers are also required to enter into an Administration Agreement with the province before receiving any funding.

After signing the Administration Agreement, Service Managers will receive \$100,000 in administration fees for planning and pre-development activities in Year 1. The total

amount available to the City for administration of the program for Years 2 to 4 is up to \$5.4 million in Toronto (5% of the total funding allocation).

## **Proposed Program Principles**

The following principles will guide Toronto's involvement in the IAH program. The principles are based on the strategic priorities approved by Council in *Housing Opportunities Toronto*, the City's 10 year housing plan, as well as experience in delivering similar housing programs. They reflect the intent to foster economic independence among those served, keep vulnerable low-income renters and home owners housed and save public funds by reducing dependence on more expensive emergency service systems. Investments under the IAH program will therefore:

- support the strategic priorities in the *Housing Opportunities Toronto* plan;
- assist households with housing affordability challenges to improve their quality of life and achieve greater economic stability;
- assist vulnerable households for whom assistance was prioritized under *Housing Opportunities Toronto*;
- reduce the financial pressure on TCHC resulting from the completion of existing commitments, particularly Regent Park revitalization;
- reduce the risk of homelessness and dependence on public services through keeping low-income renters and home owners housed;
- support the local economy and low-income renters and owners through renovation and construction activity; and
- rely on existing City, provincial and stakeholder capacity to implement.

## **Proposed Funding Allocations**

Toronto's proposed funding allocation will assist an estimated 5,800 households over the term of the program when allocated to the program components as outlined in the chart below. The 10-year targets from the *Housing Opportunities Toronto* strategy were used to develop the proposed funding allocations (see Attachment 2 for details).

<b>Investment in Affordable Housing Program 2011-2015</b>	<b>Funding Allocated</b>	<b>Percentage of Funding</b>	<b>Estimated Households Served</b>
<b>Housing Allowances</b>	\$60 mil	59%	3,850
<b>Toronto Renovates</b>	\$20 mil	19%	1,200
<b>New Affordable Rental</b>	\$16.4 mil	16%	137
<b>Affordable Homeownership</b>	\$6.6 mil	6%	200
<b>Total</b>	<b>\$103 mil</b>	<b>100%</b>	<b>5,387</b>

## **Toronto Transitional Housing Allowance Program**

The *Housing Opportunities Toronto* Action Plan set a target of creating 70,000 new housing allowances through long-term funding from provincial and federal governments over the next ten years. Over the past several years, a number of different housing allowance programs have been created using federal/provincial funding (see Attachment 4) – however, these programs have assisted a relatively small number of households, have been short-term in nature and often had overly restrictive rules. Approximately 5,800 allowances have been provided through these programs since 2008, and current participants may be at risk of losing their housing when these existing programs expire in March 2013.

While the funding available under the IAH is also short-term in nature and the limited amount of funding will only meet a small proportion of the existing target, municipalities have been given the flexibility to design a program that meets local needs.

The proposed new Toronto Transitional Housing Allowance Program is designed to help address affordability issues of renter households by helping to bridge the difference between the rent that a household can afford to pay and the actual market rent. A modest housing allowance program such as this one can be a transitional support to assist households to improve their quality of life and achieve greater economic stability over the length of the program, without creating long-term dependence.

The program guidelines provide flexibility for Service Managers to design a program which provides payments either directly to landlords or tenants, to in-situ households, and which are fully portable (i.e. not tied to a specific unit). Eligible households must meet income requirements as set by the program guidelines (see Attachment 3) and eligible units cannot exceed average market rents for the area.

The proposed new Toronto Transitional Housing Allowance Program would consist of three components:

- **Transition to Employment:** Assist approximately 1,600 households participating in employment programs through additional housing stability to better enable the transition from social assistance to employment.

- Next Steps to Housing: Assist approximately 250 people who are homeless, those living outdoors and those staying in shelter for longer periods, to move into housing, reduce their use of the shelter system, and improve employment outcomes where appropriate.
- Homelessness Prevention: Assist approximately 2,000 households currently participating in housing allowance programs which are set to expire in 2012-2013 to transition to housing stability. Some households who are on the waiting list for social housing may transition to a rent-geared-to-income unit over the course of the program, and some may improve their circumstances while receiving the allowance and no longer need to remain on the waiting list.

The Transition to Employment and Homelessness Prevention participants will be assisted in their current housing with an allowance of approximately \$250. Based on previous experience with other housing allowance programs for currently housed participants, an allowance in the range of \$250 per month is proposed as an appropriate balance between achieving affordability for these low income households and including as many households in the program as possible.

The Next Steps to Housing participants will be referred from shelters and the Streets to Homes program, and will be assisted to find new housing and end their homelessness with an allowance of up to approximately \$400 per month. Experience with similar programs has shown that a greater level of support is needed to assist people who have been homeless for a long period of time to find and keep housing and participants would be provided with additional supports to help them stabilize in their housing and become more self-sufficient over the length of the program.

Investments in the Toronto Transitional Housing Allowance Program will achieve the following benefits:

- Provide incentives for Ontario Works (OW) recipients to transition to employment by providing an additional bridge to greater stability – in the current system, people transitioning to employment have to assume the entire cost of their shelter at the same time as they assume other costs, such as dental care. The Housing Allowance is intended to reduce this financial disincentive to move off of OW benefits.
- Assist homeless individuals to move off the streets or out of shelters and gain greater stability and self-sufficiency, while also reducing their use of expensive emergency services like shelters. The average cost to provide someone with an emergency shelter bed for one year is \$27,385 gross and \$14,639 net.
- Reduce costs associated with homelessness. Research has shown that stable housing improves health and well-being and can reduce use of expensive

emergency services such as EMS ambulance transports by 38%, arrests by police by 56%, and emergency room use by 40%.

- Create more stable tenancies and reduce the risk of evictions due to rental arrears through homelessness prevention, saving the costs of emergency shelters to the City and potentially diverting families from the social housing waiting list. This also reduces costs to landlords, tenants and the court system through reduced legal fees and court time.
- Provide greater housing stability and prevent homelessness for households on the waiting list for social housing, who can wait anywhere from 2 to 10 years before getting an offer for RGI assistance. Greater housing stability may also assist them to improve their circumstances and reduce the need to remain on the waiting list, potentially taking pressure off the demand for social housing.
- Provide choice in housing for tenants – can live in the private market, in housing of their choice, in mixed income communities.

The housing allowance program may be extended for up to 10 years according to provincial program guidelines. However, given the limited amount of funding which would provide only a small number of allowances to assist vulnerable households over a 10 year period, and the lack of additional administration funding to cover the additional years of program delivery, a five year program is recommended.

Given that the funding is short-term in nature and does not provide a deep enough subsidy to achieve full affordability, this program is not intended to be a long-term solution to the significant affordability challenges facing residents of Toronto. It is intended to provide modest, short-term transitional assistance to improve housing affordability and stability while households improve their economic stability and quality of life.

## **Toronto Renovates**

One of the key priorities of the *Housing Opportunities Toronto* Action Plan is rental and home-owner repair assistance. Promoting and facilitating investment in the city's affordable rental and ownership housing provides a direct benefit to vulnerable lower-income renters, seniors and persons with disabilities.

Since 1973, housing repair programs have been 100% funded by the federal government and administered by the City, primarily through the Residential Rehabilitation Assistance Program (RRAP). In recent years, funding has averaged \$8 million annually.

RRAP will be phased out by the federal government and end March 31, 2012, with program administration continuing through the remainder of 2012. Starting April 1, 2013, it is recommended that \$20 million in IAH funding be allocated to the Toronto Renovates component of the program. This will allow the City to continue to support housing

repairs, although at a reduced service level, over the three years that follow (2013-2015). To maintain service continuity, Toronto Renovates will generally mirror the former Residential Rehabilitation Assistance Program approach to the delivery of affordable housing renovations.

Toronto Renovates is proposed to be delivered in two components, focussing on the most vulnerable residents:

- Seniors and Disabled Home Adaptations and Repairs – approximately 600 forgivable loans of up to \$10,000 for lower-income seniors and persons living with a disability who own their home and require repairs, adaptations or home modifications essential to safety and the ability to live independently. Maximum incomes would be set at \$37,000 for a single person or a couple.
- Rental Renovations – approximately 600 forgivable loans to eligible landlords of up to \$24,000 per unit for renovations to private rental buildings with low- to moderate-income tenants paying a maximum monthly rent of \$920 for a one-bedroom apartment. These loans will help to fulfill the goals of the City's Tower Renewal strategy to encourage health, safety and energy-efficiency repairs for people living in the City's 1,000 aging high-rises.

Toronto Renovates is designed to assist seniors and disabled households with limited financial means and limited capacity to undertake necessary health and safety repairs.

Investments in the Toronto Renovates program component will achieve the following benefits:

- The program will reduce the pressure on more costly health and social support programs and services such as long-term care homes by assisting seniors to "age in place" and disabled households to remain in their homes and live independently.
  - For example, compared to the cost of a \$10,000 home modification loan, the annual cost to house a senior in one of Toronto's long-term care homes is close to \$56,000 annually.
- The rent limits attached to the rental housing renovation loans provide 15 years of secure affordable housing for lower-income tenants, potentially diverting these families from the social housing waiting list and emergency shelters.
- Landlords receiving renovation loans will be encouraged to access the centralised waiting list for new tenants, potentially taking pressure off the demand for the City's social housing stock.
- By targeting rental housing renovation loans to problem buildings, the City will realize savings by reducing demands on the City's property standards inspectors.

- The funding will generate an estimated 180 renovation and construction jobs and directly impact the Toronto economy through goods and services purchased.
- The program will provide housing security and stability for 1,200 Toronto households, who pay approximately \$2.7 million in taxes annually.
- By funding repairs and renovations to private rental apartment towers, the City will help to fulfill the goals set out in the City's Tower Renewal strategy to revitalize its aging apartment buildings and create long-term affordability for residents.

As under the Federal renovation programs, Toronto Renovates will be delivered by way of a standing, open call for proposals, with annual funding being made available on a first-come first-served basis, after which a waiting list will be used for the following year.

Toronto Renovates is designed to complement the proposed provincial "Healthy Home" seniors' renovation tax credit. In this regard, Toronto Renovates would serve lower-income senior and disabled homeowners who are unable to pay renovation costs upfront and then wait to be reimbursed many months later through a limited tax credit. Low-income home owners who are neither seniors nor disabled will not be eligible for Toronto Renovates funding.

## **New Affordable Rental Housing**

The *Housing Opportunities Toronto* plan set a target of creating 1,000 new affordable rental homes for Torontonians annually. This goal is intended to help the City keep up with the growth in demand for new affordable housing and contribute to the City's economic and social well-being.

During the past decade, Toronto has successfully partnered with the federal and provincial governments to support new affordable housing construction. Between 2009 and 2011, through the national Economic Action Plan, \$145.9 million in economic stimulus funding was invested, creating more than 3,100 jobs and more than 1,243 new rental homes for some 3,000 residents.

Based on the priority assigned new affordable housing within *Housing Opportunities Toronto* and the limited funding available, it is recommended that \$16.4 million of the IAH allocation be spent on new affordable housing over four years.

To reduce pressure on Toronto Community Housing's capital commitments and the need to borrow funds to support the Regent Park revitalization, it is recommended that three rental housing developments in Phase Two of Regent Park be approved for funding. Up to 137 new affordable apartments will be funded on Blocks 20, 22, and 24 South of Regent Park.

Investments in this program component will achieve the following benefits:

- In the absence of the \$16.4 million IAH allocation, were Toronto Community Housing to otherwise borrow the funds needed to build these homes and provide them at the same affordable rents it would result in an annual deficit of almost \$1 million over a 30-year financing period, which equates to a net present value of at least \$19 million.
- Providing this IAH funding to TCH will allow the Corporation to save enough money to renovate 238 existing homes needing repairs at an average cost to repair of \$70,000.
- This funding will also allow TCH to provide a mix of new rental housing at Regent Park which includes both affordable low-end of market rents and replacement rent-geared-to-income homes.
- TCH will rent these apartments to households from the centralised waiting list, potentially taking pressure off the demand for the City's social housing stock.
- These homes will be affordable in perpetuity, providing secure affordable housing for lower-income tenants.
- The funding will support 343 construction jobs and positively impact Toronto's economy through goods and services purchased locally.

A development proposed by the Medallion Corporation at 3415 Weston Road/2435 Finch Avenue West, was previously recommended by Council for funding however it was the only development not approved by the provincial government due a shortage of federal/provincial funds. The proposal is "shovel ready" and subject to the availability of funds should proceed.

It is recommended that City Council request the province allocate up to \$36 million in any additional federal/provincial Investment in Affordable Housing Program funding on a priority basis to build this development, which will add up to 360 affordable homes for families and seniors in Toronto.

Consistent with Affordable Housing Committee directions from 2009, City staff will continue to work with affordable rental housing proponents so that they are poised to invest any new additional federal/provincial affordable housing funding should it become available. There are many private sector and non-profit housing organizations wishing to contribute to the creation of new affordable rental housing in Toronto. City staff will also continue to work with private and non-profit housing stakeholders to seek out new and innovative opportunities to create new affordable rental housing in this period of limited funding.

## Affordable Homeownership

Since 2008, in partnership with local non-profit affordable home ownership developers, the City of Toronto has directed over 650 federal/provincial Affordable Housing Program down-payment assistance loans to eligible families.

Based on the funds currently available it is being proposed that \$6.6 million of IAH funding be utilized to provide approximately 200 loans to eligible Toronto families and individuals.

It is recommended that Toronto Community Housing be provided with \$3.3 million of the funding to assist approximately 100 households purchase homes in new joint venture condominium buildings in Phase Two of Regent Park and/or the Railway Lands West. Toronto Community Housing has in recent years delivered more than 175 loans to eligible purchasers of condominiums in the newly revitalized Regent Park. These moderate-income purchasers provide a healthy income mix among renters and market level homebuyers.

It is recommended that the remaining 50% of the home ownership allocation of \$3.3 million be available to create approximately 100 loans and that the funding be made available to other affordable home ownership groups, such as Habitat for Humanity and Home Ownership Alternatives, by way of a competitive proposal call process. A future report to City Council would inform City Council of the outcome of the proposal call.

Investments in this program component will achieve the following benefits:

- The City's support for new affordable home ownership development helps low- and moderate-income purchasers move out of private rental and social housing, relieving pressure on the rental market and on the City's social housing stock.
- IAH down payment assistance loans will provide affordable home ownership opportunities to households on the social housing waiting list, reducing the need to build new affordable rental housing.
- Providing IAH funding to Toronto Community Housing will provide a mix of incomes in the revitalized Regent Park, bridging the gap between lower-income tenants and market rate home buyers.
- The IAH loans will return to the City with a share of appreciation when the home is sold, enabling the City to reuse the funding and help more households over time.
- The funding will support an estimated 500 construction jobs and almost \$400,000 annually in taxes.

- Over time affordable home ownership assists families in building equity and reduces the cost of other social service programs.

City staff will continue to work with affordable home ownership proponents so that they are poised to invest any new additional federal/provincial affordable housing funding should it become available. City staff will also continue to work with private and non-profit housing stakeholders to seek out new and innovative opportunities to create new affordable ownership housing.

## **Program Administration Funding**

\$5.4 million in administration funding is available to the City under the IAH program to cover the costs of program delivery. Proportional to the amount of funding allocated to the program components, an estimated \$3.24 million of the available administration funds (60% of the \$5.4 million total) will be used by Shelter, Support and Housing Administration to deliver the Housing Allowance component over five years. An estimated \$2.16 million of the available administration funds (40% of the \$5.4 million total) will be used by the Affordable Housing Office to deliver the home repair, new rental housing, and affordable home ownership components. Staff will report back to the Executive Committee during 2012 on the details of how the administration funding will be used to deliver the IAH programming, once the program details and delivery mechanisms have been established.

No additional financial commitments are required from the City to support the initiatives outlined in this report. The General Manager, Shelter, Support and Housing Administration, and the Director, Affordable Housing Office, will advise both program participants and the Ministry of Municipal Affairs and Housing that the City will not continue funding any of the program components beyond the expiry of funding.

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## SIGNATURE

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Phil Brown  
General Manager  
Shelter, Support and Housing  
Administration

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Sean Gadon  
Director  
Affordable Housing Office

## ATTACHMENTS

1. Proposed Program Principles and Allocation Summary
2. Comparison of Funding Allocations to HOT Targets
3. Household Income Limits (HILs)
4. Recent Housing Allowance Programs

## Attachment 1 Proposed Program Principles and Allocation Summary

Program Component	Planned Commitment (Millions)	Program Parameters
<b>Housing Allowances</b>	\$60.0 (59%)	<ul style="list-style-type: none"> <li>• Five year program</li> <li>• Assist households to improve housing stability and quality of life through three program components: Transitions to Employment, Next Steps to Housing and Homelessness Prevention</li> <li>• Allowances of \$250 to \$400 per month</li> </ul>
<b>Toronto Renovates</b>	\$20.0 (19%)	<ul style="list-style-type: none"> <li>• Three year program</li> <li>• Loans to assist low-income seniors and persons with disabilities to make home modifications of up to \$10,000 per home</li> <li>• Revitalize existing affordable rental housing with loans of up to \$24,000 per unit</li> </ul>
<b>New Affordable Rental Housing</b>	\$16.4 (16%)	<ul style="list-style-type: none"> <li>• Three year program</li> <li>• Support Phase Two revitalization of Regent Park with capital subsidy of approx. \$120,000 per unit</li> </ul>
<b>Affordable Homeownership</b>	\$6.6 (6%)	<ul style="list-style-type: none"> <li>• Three year program</li> <li>• Assists low- and moderate-income families and individuals with down payment assistance loans averaging \$33,000</li> </ul>
<b>Total Program Funding</b>	<b>\$103.0</b>	
<b>Administration Fees</b>	\$5.4	<ul style="list-style-type: none"> <li>• 5% of total funding, as per provincial program guidelines</li> </ul>
<b>Total Toronto Allocation</b>	<b>\$108.4</b>	

Investments under the IAH program will:

- support the strategic priorities in the *Housing Opportunities Toronto* plan;
- assist households with housing affordability challenges to improve their quality of life and achieve greater economic stability;
- assist vulnerable households for whom assistance was prioritized under *Housing Opportunities Toronto*;
- reduce the financial pressure on TCHC resulting from the completion of existing commitments, particularly Regent Park revitalization;
- reduce the risk of homelessness and dependence on public services through keeping low-income renters and home owners housed;
- support the local economy and low-income renters and owners through renovation and construction activity; and
- rely on existing City, provincial and stakeholder capacity to implement.

**Attachment 2**  
**Comparison of Funding Allocations to HOT Targets**

	HOT Plan Targets			Investment in Affordable Housing Program		
	Annual Funding Target	Percentage of Funding	Households Assisted Over Ten Years	Funding Allocated	Percentage of Funding	Estimated Households Served
<b>Housing allowances</b>	\$294 mil	61.4%	70,000	\$60 mil	59%	3,850
<b>Home repair for owners</b>	\$6.5 mil	1.4%	5,000	\$20 mil	19%	1,200
<b>State of good repair for private rental</b>	\$30 mil	6.3%	30,000			
<b>New affordable rental housing</b>	\$140 mil	29.3%	10,000	\$16.4 mil	16%	137
<b>Affordable homeownership</b>	\$8 mil	1.7%	2,000	\$6.6 mil	6%	200
<b>Total</b>	<b>\$478.5 mil</b>	<b>100%</b>	<b>117,000</b>	<b>\$103 mil</b>	<b>100%</b>	<b>5,387</b>

### **Attachment 3 Household Income Limits (HILs)**

<b>Unit Type</b>	<b>Household Income Limit</b>
Bachelor	\$31,500
1 bedroom	\$37,500
2 bedroom	\$44,000
3 bedroom	\$53,000
4 bedroom	\$65,500

Source: O.Reg 370/11 (2011)

Provincial guidelines require that eligible households in the Toronto Transitional Housing Allowance Program have incomes that do not exceed the Household Income Limits (HILs) set by CMHC. The HILs are equivalent to the minimum gross income a household needs if it is to spend no more than 30% of its income on the median rent in a market area. HILs are set using CMHC's rental-market surveys.

## **Attachment 4 Recent Housing Allowance Programs**

Approximately 5,800 allowances have been provided through a number of different housing allowance programs created using federal/provincial funding since 2008. These include:

### Toronto Housing Allowance Pilot Program (HAP Pilot)

- # of allowances: 400
- Monthly allowance amount: \$190
- Assist seniors, youth and homeless individuals
- Provincially funded
- Expired March 31, 2011 – remaining participants were included in the Short Term Rent Support Program (see below).

### Canada Ontario Strong Communities Housing Allowance Program (HAP)

- # of allowances: 1300
- Monthly allowance amount: \$250 to \$450
- Assists working poor families, youth, people leaving incarceration, victims of domestic violence and people who are homeless
- Federal / Provincial funded
- Expires March 31, 2013

### Short-Term Rent Support Program (STRSP)

- # of allowances: 4100
- Monthly allowance amount: \$180 to \$350
- Assists people on the social housing waiting list, people who are homeless, youth, people leaving incarceration, and victims of domestic violence
- Provincially funded with a combination of 25% direct delivery (City) and 75% shared delivery (City/Ministry of Revenue)
- Program expires December 31, 2012 for shared delivery and March 31, 2013 for direct delivery

An additional program combines mental health supports and housing allowances:

### Mental Health Commission of Canada *At Home/Chez Soi*

- # of allowances: 250, Monthly allowance: \$600
- Assists people with mental illnesses

- Federally funded
- Program expires March 31, 2013
- Additional funding from federal or provincial health ministries for the mental health supports are required to ensure viability and sustainability of the program
- Additional funding from another source would also be required to bridge the difference between the \$250 available under the Toronto Transitional Housing Allowance program and the \$600 participants currently receive