

July 2, 2013

To the Attention of:  
Ms. Kelly McCarthy  
Executive Committee Administrator  
Toronto City Hall  
100 Queen Street West, 10<sup>th</sup> Floor, West Tower  
Toronto, Ontario M5H 2N2

**Re: EX33.36 Assisting New Home Owners –  
Affordable Home Ownership Assistance Program Allocations 2013**

Dear Mayor Ford and Members of the Executive Committee:

Habitat for Humanity Toronto has appreciated the opportunity to respond to the Requests for Proposals for funding through the Home Ownership Assistance Program (HOAP). We were pleased to learn earlier this spring that the Affordable Housing Office will be recommending funding support for 40 affordable home ownership units that we are in the process of delivering to hardworking low income families. This letter is an expression of our support for Executive Committee and subsequently City Council approval of these HOAP loans.

Research has shown unequivocally that low income families who become home owners through the Habitat model realize significant improvements in health, social and economic well-being. Affordable home ownership enables these families to move away from reliance on social housing and other forms of social supports. 2010 calculations found that prior to home ownership, Habitat Toronto homeowners who lived in social housing cost taxpayers \$10,508 in subsidies annually. After homeownership, these same families were contributing on average \$2,000 in property taxes each year. In addition, they were capturing \$26,840 in economic gain for their own families as a result of equity contributions through mortgage payments, appreciation on the value of their homes, and increases in household income that typically stems from the stability and other benefits of home ownership.

In view of these many benefits of affordable home ownership, Habitat Toronto urges City Council to continue its support of HOAP. Moreover, as Council contemplates increases in development charges, Habitat Toronto urges consideration of extending the principles of the HOAP program to encompass the full upfront costs of development charges for new Habitat homes built in the City of Toronto. In practical terms, this would mean that the full cost of development charges for Habitat homes would be deferred at the time of construction. Instead, these costs would be converted to an interest free second mortgage that would be fully payable at the time of sale of the Habitat home by its first owner. As with the current HOAP loan structure, the City would also realize a share of the appreciation on the home at the time of sale proportionate to the percentage that the “development charge loan” represents of the original purchase price of the home from Habitat Toronto.

From a City of Toronto perspective, this extension of the current HOAP loan concept would have many benefits.

- Promote the goals of the City's Affordable Action Plan, *Housing Opportunities Toronto*, by contributing to the target delivery of 2,000 new affordable home ownership units by 2020.
- Retain the integrity of development charges for new home construction in that the City of Toronto would still realize the proceeds from development charges, even though the timing of cash realization would be deferred.
- Enable more low income families to become home owners, moving away from social assistance and reversing their economic relationship with the City from one of dependence to one of financial contribution through property taxes.

Habitat Toronto applauds the City of Toronto and its Affordable Housing Office and Affordable Housing Committee for its commitment to supporting home ownership for low income families. In the past 25 years, our partnership with the City has enabled us to deliver affordable home ownership to 250 Toronto families. We look forward to continuing to build on this partnership in the years to come.

Sincerely,



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Cc. Ana Bailão, Chair, Affordable Housing Committee  
Sean Gadon, Director, Affordable Housing Office  
Erik Hunter, Acting Manager, Housing Improvement Programs, Affordable Housing Office