



April 24, 2015

From: Mayor Tory and Councillor Bailão
To: Affordable Housing Committee Members
RE: Affordable Housing “Open Door” Program

Dear Members of the Affordable Housing Committee,

As you know, Toronto is facing a serious housing crunch as low and moderate-income families and individuals find it harder to find an affordable home to rent or own.

We value our reputation as a welcoming and livable city. We believe Toronto is a city of opportunity and that includes the opportunity to rent or own an affordable home. To stimulate the creation of affordable housing, we believe we must change the way the City does business with the groups that build it.

Five years ago, City Council set a goal of creating 1,000 affordable rental and 200 affordable ownership homes annually. The City’s 10-year housing action plan *Housing Opportunities Toronto* recognizes that by 2020 we require 10,000 additional affordable rental and 2,000 affordable ownership homes to keep pace with growth and demand.

Progress in meeting our goals was made during the past five years with some 2,792 new affordable rental and 750 new affordable ownership homes being completed. But we are falling behind. While there is some new affordable housing under construction and in the pipeline, there is still a significant potential shortfall.

The extension of the federal/provincial *Investment in Affordable Housing* program to 2020 will help provide housing allowances to very low- income families and individuals in need and spur some new affordable and ownership housing – but much more must be done.

The City has supported the creation of affordable rental and ownership housing through policies and programs such as exemptions from development charges, building permit fees, planning application fees and property taxes for non-profit, affordable rental housing.

Since inception, the Development Charges reserve fund has raised \$56 million for new affordable housing, and the city has extended to the private sector exemptions from development charges and property taxes for affordable rental housing.

Still, at the current pace, by 2020 the City will significantly under-achieve our affordable housing objectives by an estimated 6,810 rental and 734 ownership homes. It is clear the City must refocus its efforts if it is to meet the 10-year affordable housing targets.

In working with our private and non-profit housing partners, it has become apparent that we can do a better job by adopting an “Open Door” approach to the business of affordable housing.

We can do better by addressing key factors that reduce the cost of doing business and thereby increase affordability. An “Open Door” approach would include:

- Unlock opportunities on private, public and non-profit land including working with Build Toronto, Parking Authority and Toronto Community Housing
- Fast-track the planning-approval process
- Expand City financial incentives to reduce construction costs
- Challenge provincial and federal governments and private and non-profit developers to scale up their efforts.

To move forward with the “Open Door” approach, we are recommending the Executive Committee approve the following actions.

Recommendations:

Mayor Tory and Councillor Bailão recommend that:

1. The Executive Committee direct the Director, Affordable Housing Office, in co-ordination with City Planning, and in consultation with Finance and other relevant Divisions and Agencies, to co-ordinate a staff report to the Executive Committee through the Affordable Housing Committee on the development of an “Open Door” program. The program is to be comprised of land, planning and financial actions aimed at enhancing the City's ability to deliver affordable housing and achieve its approved housing targets, to include:
 - a. Reporting on options for activating quick-start housing developments through the investment of \$20 million from the Development Charges Reserve Fund for Subsidized Housing and seeking cost-sharing partnerships with the federal and provincial governments and private and non-profit developers.
 - b. Improving the City's approach to its surplus lands suitable for housing, including opportunities to reduce the cost of land through providing long-term leases to private and non-profit groups.

- c. Finding opportunities with the development industry to pilot six-story wood construction buildings for affordable housing.
 - d. Developing a “gold star” fast-track planning approval process for affordable ownership, affordable rental and mid-range rental applications.
 - e. Considering reduced parking standards on a site-specific basis for private and non-profit affordable rental housing well-served by public transit.
 - f. Encouraging city staff and City Councillors to increase efforts in all wards to prioritize the voluntary use of Section 37 contributions for affordable housing.
 - g. Expanding policies and procedures for the discount, exemption and waiver or deferral of City development charges, planning and building permit fees and property taxes for affordable rental housing.
 - h. Establishing criteria for grants and loans from the Development Charges Reserve Fund for Subsidized Housing.
 - i. Enhancing City efforts to encourage purpose-built, mid-range rental housing (up to 150% of the Canada Mortgage and Housing Corporation average market rent), and leveraging these opportunities to secure a portion of these buildings as affordable rental housing (at CMHC average market rent or less), resulting in buildings with a mix of rent levels.
 - j. Reviewing opportunities to increase affordability of new rental homes through income support programs such as housing allowances, rent supplements and provincial income supports and through a centralized, coordinated housing registry.
 - k. Securing additional provincial and federal government funding and/or legislative changes that would support the creation of long-term affordable rental and ownership housing in the City.
 - l. Quantifying the financial and administrative implications of implementing the additional measures outlined in this request.
2. The Executive Committee direct the Director, Affordable Housing Office, in consultation with City Planning, Finance and other appropriate Divisions to co-ordinate an inter-divisional targeted consultation with external housing stakeholders to inform the report and recommendations to be submitted to the Affordable Housing and Executive Committees resulting from this request.

3. The Executive Committee direct the Director, Affordable Housing Office, in conjunction with the Chief Planner and Executive Director, City Planning, and in consultation with Finance and other Divisions, to submit a report to the Affordable Housing Committee, Executive Committee and City Council in November and December of this year on the results of the work arising from this report, with policy and program recommendations, including options for immediate implementation.

Sincerely,

John Tory
Mayor
City of Toronto

Ana Bailão
City Councillor, Ward 18