



## STAFF REPORT ACTION REQUIRED

### Affordable Housing *Open Door Program*

<b>Date:</b>	November 19, 2015
<b>To:</b>	Affordable Housing Committee Executive Committee
<b>From:</b>	Director, Affordable Housing Office
<b>Wards:</b>	All
<b>Reference Number:</b>	AFS - 51601

### SUMMARY

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This report fulfills the May request of the Executive Committee to report on the *Open Door Program* recommendations for a range of affordable housing tools and incentives, as proposed by Mayor John Tory and the City's Housing Advocate, Councillor Ana Bailão. The report also responds to a request of the Executive Committee to identify sites and pilot project opportunities for affordable housing.

Creating affordable housing for residents is a powerful contributor to the economic and social well-being of Toronto. Affordable housing enhances the City's national and global competitiveness by providing housing for a diverse workforce and stimulating a full range of construction-related industries. Equally powerful is the contribution to improving communities, the health of people and to Toronto's equity and poverty reduction goals.

The City's *Housing Opportunities Toronto – Affordable Housing Action Plan 2010-2020* (HOT) established targets of 1,000 new affordable rental homes and 200 new affordable ownership homes annually or 10,000 affordable rental and 2,000 ownership homes over the Plan's ten years. Funding and support from other orders of government is essential to meet these affordable housing targets.

During the Plan's first five years, the City, often in partnership with the federal and provincial governments, has assisted non-profit and private sector organizations to build some 2,800 affordable rental homes and more than 700 affordable ownership homes. The government assistance to support the creation of these units included fee exemptions, provision of land, and provision of loans and direct government funding. Using current resources and delivery methods the City will continue to open new homes over the next

five years. However, by 2020 a shortfall in meeting the City's targets is projected of 6,000 affordable rental homes and almost 600 affordable ownership homes.

This report outlines an *Open Door Program* to improve the City's capacity to work with the non-profit and private housing sectors to achieve the City's housing targets over the next five years. It also requests staff to report on the details of implementation on a range of *Open Door Program* initiatives by May 2016.

Highlights of the recommended actions for Council approval and consideration include:

- Updating the City of Toronto Municipal Housing Facility By-law
- Activating five surplus City sites for the construction of 389 affordable rental and ownership homes
- Releasing an inventory of 17 other City, Waterfront Toronto, and provincially-owned sites with affordable housing potential
- Extending to the private sector City financial incentives for affordable rental housing that are currently limited to non-profit groups
- Updating the Home Ownership Assistance Program to support the creation of 200 affordable ownership homes annually
- Establishing a "Gold Star" Planning initiative for the timely delivery of affordable rental and ownership housing developments
- Setting a target of 500 housing benefits to be provided within new affordable rental buildings developed under the *Open Door Program*
- Enhancing the City's advocacy to engage the federal and provincial governments to participate in the *Open Door Program*
- Creating annual accountability, tracking and reporting mechanisms on the outcomes of the *Open Door Program*

Together the actions above will assist the City to meet affordable rental and ownership housing targets. However, for the City to meet its targets requires the federal and provincial governments to step-up support by providing surplus land, more funding and housing income supports for lower-income residents, new tax incentives and regulatory changes.

This report was prepared in consultation with City Planning, Finance and other relevant City Divisions and Agencies.

## **RECOMMENDATIONS**

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The Director, Affordable Housing Office recommends that:

1. City Council approve the overall direction of the *Open Door Program* to assist the City in achieving its approved affordable rental and ownership housing targets and request the Director, Affordable Housing Office, in consultation with the Executive Director, Corporate Finance, the Chief Planner and Executive Director,

City Planning, the Executive Director Financial Planning, Chief Building Official, and City Solicitor, to report to the Affordable Housing Committee in the second quarter of 2016 on the financial and administrative implications of implementing the different components of the *Open Door Program*. Final approval of the *Open Door Program* is subject to Council approval of the specific component initiatives under the *Open Door Program*.

### ***Open Door Program Pilot Projects***

2. City Council request the Director, Affordable Housing Office, to develop an ongoing inventory of public, private and non-profit housing sites for affordable housing developments supported by City incentives and funding, including from the Development Charges Reserve Fund (2009) for Subsidized Housing (XR2116);

### **Activating Government Land**

3. City Council request the City Manager and Chief Corporate Officer, as part of the City-wide real estate review, to report on how to make the creation of affordable housing a corporate priority for surplus lands suitable for residential development owned by the City and/or its agencies, boards, commissions or corporations, and investigate the feasibility of creating a non-profit land registry, similar to the Ontario registry, which would provide registered non-profit organizations the ability to access a circulation list of surplus City properties before they are advertised on the open market;
4. City Council request the Deputy City Manager, Cluster A, and the Director, Affordable Housing Office, to update the Affordable Housing Memorandum of Understanding between the City and Build Toronto to strengthen Build Toronto's role in making land and/or funding available for the creation of affordable housing and set new targets;
5. City Council request the City Manager further engage with the province and appropriate provincial agencies, boards, commissions and corporations to partner in the development of affordable homes, including through the provision of land on favourable terms on those sites already identified by City Council in Appendix 3;
6. City Council request the City Manager request the federal government to provide suitable surplus federal land on favourable terms for affordable housing development;

### **Financial Incentives and Streamlining City Processes**

7. City Council request the Chief Planner and Executive Director, City Planning to identify affordable housing as a priority Section 37 community benefit to be

- provided by new developments in consultation with Ward Councillors and the community;
8. City Council approve the updated Municipal Housing Facility By-law attached as Appendix 4 as the enabling by-law which supports the policies outlined in this report, and repeal the 2002 Housing Facility By-law 282-2002, and request the Director of Affordable Housing Office to report to the Affordable Housing Committee for approval of individual projects under the new By-law and *Open Door Program*;
  9. City Council approve the extension of the current affordable housing policy providing eligibility for an exemption from building and planning permit fees to purpose-built affordable rental housing developed by the private sector, where affordability is secured for a minimum 20-year term;
  10. City Council authorize the Executive Director, Corporate Finance, in consultation with the Chief Planner and Executive Director, City Planning, and Director, Affordable Housing, to undertake a study on rental housing, including mid-range market rental housing, as part of the next development charges bylaw update process beginning in 2016, and bring forward development charges policies around mid-range rental housing for Council consideration as part of that process;
  11. City Council request the Director, Affordable Housing Office, in consultation with the Executive Director, Corporate Finance, the Chief Planner and Executive Director, City Planning, Chief Building Official, and City Solicitor to report to the Affordable Housing Committee in the second quarter of 2016 on improvements and implementation modifications, including potential refinements to the eligibility criteria, to the City's *Home Ownership Assistance Program* to better support the target of 200 affordable/ assisted ownership homes annually developed by non-profit corporations or developers building on public lands, and that the program provide for the repayment of any incentives with appreciation at the time of resale to the open market;

### **Expanded Planning Supports**

12. City Council request the Chief Planner and Executive Director, City Planning report to the Affordable Housing Committee the second quarter of 2016 on the extension of the City's "Gold Star" planning approval process for non-profit and private-sector developers of affordable rental and ownership housing, including details on inter-divisional pre-application co-ordination, a timely inter-divisional application review, and dedicated staff contacts and resources to facilitate approvals;
13. City Council request the Chief Planner and Executive Director, City Planning to include in the annual report on Section 37 and 45 community benefits a description of affordable housing benefits secured;

## **Improving Affordability**

14. City Council request the General Manager, Shelter, Support and Housing Administration, in consultation with the Director, Affordable Housing Office, support the City's *Housing Stability Service Planning Framework* by setting a target of 500 housing benefits to be provided in new affordable rental buildings developed under the *Open Door Program* and accessed through the housing portal or programs serving the homeless;

## **Support from Other Governments**

15. City Council urge the Prime Minister and new federal government to introduce funding and tax measures in its 2016 budget to support the creation of affordable housing, including housing allowances, through the *Investment in Affordable Housing Program*;
16. City Council request the Premier of the Province of Ontario to join the City in providing new funding and financial incentives to support the creation of affordable housing including income-support initiatives, regulatory reform, reduced taxes on affordable housing construction, and providing the City with new inclusionary zoning powers;

## **Financial Impact**

Council has approved an annual target of creating 1,000 affordable rental homes and 200 affordable ownership homes. To help reach these goals this report outlines a number of City incentives and financial contributions to support non-profit and private sector organizations in building affordable housing.

The City's affordable housing targets cannot be achieved without significant support from other orders of government. To meet the target of 1,000 affordable rental homes annually, an estimated average of \$77,500 per home or \$77.5 million annually in capital funding would be required. This would deliver a mix of homes with half at rents of 80% of average market rents (AMR) for the City, as reported by Canada Mortgage and Housing Corporation, and half at rents at AMR. The City's Official Plan definition of affordable rental housing is housing at or below AMR.

The level of funding relates to the level of affordability, as greater funding reduces costs and allows for lower rents. The estimated average of \$77,500 per home above is a blend of larger capital payments for homes at 80% of AMR and lower funding amounts for homes at 100% of AMR. If all 1,000 affordable rental homes in the City's target were delivered at 80% of AMR the capital funding required is estimated to be \$120,000 per home or \$120 million annually. If all 1,000 affordable rental homes in the City's target were delivered at 100% of AMR the capital funding required is estimated to be \$35,000 per home or \$35 million annually.

The overall financial impact to the City to implement the *Open Door Program* and meet the target of 1,200 affordable homes annually is estimated to be \$41 million per year. Should the target of 1,000 affordable rental homes be met, the City's contribution in the form of planning fees, building permit, development charge and property tax relief, is estimated to be \$36,000 per home or \$36 million per year. To support 200 affordable home ownership units through direct loan funding or a fees and charges deferral is estimated at \$25,000 per home or \$5 million in value per year.

The specific financial implications arising from this report include funding for the affordable housing rental and ownership pilot projects listed in Appendix 2, and future affordable housing projects on the public lands included in Appendix 3. The financial implications of each of these projects will be reported separately to Council as they come forward for approval.

Approval of the *Open Door Program* is subject to Council approval of financial and administrative implications of the Program, which will be set out in reports to the Affordable Housing Committee in the second quarter of 2016 on specific initiatives under the *Open Door Program*. The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **EQUITY IMPACT**

Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's 10-year *Housing Opportunities Toronto Action Plan 2010-2020*. The provision of new affordable housing is also a goal of the City's *Poverty Reduction Strategy* and the *Housing Stability Service Planning Framework*.

The new affordable homes anticipated through the *Open Door Program* will provide a mix of housing opportunities for low and moderate income households, including singles, couples and families.

The *Open Door Program* will provide housing stability for equity seeking groups such as homeless people, aboriginal households, victims of domestic violence, and lower-income individuals, couples and families.

## **DECISION HISTORY**

In 1999 City Council adopted the *Housing First Policy for City-Owned Property* to make suitable surplus sites available for affordable housing development. The policy provided a first right of refusal for affordable housing purposes when surplus real estate was circulated among City departments for potential interest.

<http://www.toronto.ca/legdocs/1999/agendas/council/cc/cc990609/sp10rpt/cl007.htm>

On February 1, 2 and 3, 2000 City Council adopted *Exempting Non-Profit Housing from Planning Application Fees, Building Permit Fees and Parkland Dedication Payment*

*Requirements* to provide Planning fees relief to new affordable non-profit rental housing developments.

<http://www.toronto.ca/legdocs/2000/agendas/council/cc/cc000201/plt1rpt/cl003.pdf>

On April 16, 17 and 18, 2002 City Council adopted Planning and Transportation Committee Report No. 4, Clause No. 5, *City of Toronto By-Law No. 282-2002 to enact a Municipal Housing Facility By-law* to provide property tax and Development Charges relief to new affordable rental housing developments.

<http://www.toronto.ca/legdocs/bylaws/2002/law0282.pdf>

On October 29 and 30, 2008, City Council adopted EX24.1 *New Model to Enhance Toronto's Economic Competitiveness* with amendments establishing Build Toronto and Invest Toronto. Build Toronto was to unlock the value of the City's under-utilized real estate holdings and use the available City and ABC land base to attract targeted industries, stimulate the creation of desirable employment and regenerate neighbourhoods. An Affordable Housing Memorandum of Understanding was signed between the City and Build Toronto on May 20, 2010 setting a target of 1,250 affordable ownership and rental homes on the surplus sites the City provides to Build Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX24>

On August 5 and 6, 2009, City Council adopted EX33.47 *Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020* as the plan to address Toronto's affordable housing challenges over 10 years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.47>

City Council on October 8, 9, 10 and 11, 2013, adopted EX34.1 *Development Charges By-law Review* to enact a new Development Charges by-law. The decision included direction to the Deputy City Manager and Chief Financial Officer to establish a Staff-Rental Apartment Industry Working Group to recommend a mechanism to defer payment of Development Charges for Purpose Built Rental Housing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX34.1>

At its meeting of December 16, 17 and 18, 2013, City Council adopted CD25.10 the *2014-2019 Housing Stability Service Planning Framework*. The framework includes nine strategic directions and a number of key actions to transform Toronto's housing stability service system.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD25.10>

On June 10, 11, 12 and 13, 2014, City Council adopted item EX42.15 from the General Manager, Shelter Support and Housing Administration and the Director Affordable Housing Office entitled *Investment in Affordable Housing Program Extension* approving the City's participation in this renewed federal/provincial affordable housing program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX42.15>

On May 26, 2015 Executive Committee adopted EX6.8 *Affordable Housing "Open Door" Initiative* with amendments instructing staff to report on land, planning and financial

actions aimed at enhancing the City's ability to deliver affordable housing and achieve its approved housing targets.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX6.8>

At its meeting on July 7, 8 and 9, 2015 City Council adopted CD5.7 *Transforming Social Housing: Renewing the Partnership with the City's Social Housing Providers* which addressed the long-term sustainability of social housing in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD5.7>

On September 30, 31 and October 2, 2015 City Council adopted EX8.21 *Results of the Request for Proposals to Develop and Operate Affordable Rental Housing at 200 Madison Avenue* to approve Madison View Homes Inc. as the successful proponent for the development of new affordable rental housing on the surplus City site at 200 Madison Avenue as the first pilot project under the *Open Door Program*.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.21>

At its meeting on November 3, 4 and 5, 2015, City Council adopted EX9.5 *TO Prosperity: Toronto Poverty Reduction Strategy*. In relation to affordable housing and the Mayor's *Open Door Program*, under the Strategy the City will: (3.1) Update and expand the City's menu of funding and other incentives for the development of new affordable rental and ownership housing; (3.2) Affirm affordable housing as a priority community benefit for any development applications where contributions are proposed pursuant to Section 37 of the Planning Act; and (3.5) Provide surplus government land for new affordable housing development, incorporate affordable housing in developments on government lands, or dedicate a percentage of the net proceeds from the land sales to affordable housing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.5>

## **ISSUE BACKGROUND**

Supporting the construction of new affordable rental and ownership homes is an important City strategy to help achieve the goal of providing residents and neighbourhoods with a full range of housing opportunities in complete communities.

Toronto's affordable housing policy framework is embedded in the Official Plan, the *Housing Opportunities Toronto Action Plan 2010-2020* and a range of other policies, by-laws and programs.

The City's program framework to support new affordable rental construction was first established in 1999 when Council adopted a "Housing First" priority for surplus City lands. In 2000, the City extended its support for affordable rental housing by providing financial incentives for non-profit housing in the form of exemptions from planning and building permit fees. In 2002 incentives were expanded through the Municipal Housing Facilities By-law, which exempted non-profit and private sector groups from development charges and property taxes during the period of affordability.



In 2008, the City created Build Toronto to manage and monetize the City's surplus real estate assets. Council also directed that the Deputy City Manager execute a Memorandum of Understanding with Build Toronto to deliver affordable housing.

The City introduced the Home Ownership Assistance Program (HOAP) in 2010 to provide loans to non-profit organizations developing affordable ownership homes to defray the cost of development charges, planning fees and building permits. HOAP is capped at an annual allocation of \$2 million funded from the Development Charges Reserve Fund for Subsidized Housing.

In addition to the City's efforts to create affordable housing, the federal and provincial governments have provided funding since 2002 from the *Affordable Housing Program* and its successor, the *Investment in Affordable Housing Program*. These programs have provided a significant source of funding, which has been combined with the City's incentives, for the construction of new affordable homes.

The 2010-2020 *Housing Opportunities Toronto Action Plan* established targets of 1,000 new affordable rental homes and 200 new affordable ownership homes annually. During the first five years of the Plan, the City has assisted non-profit and private-sector organizations construct some 2,800 affordable rental homes and more than 700 affordable ownership homes. This represents a shortfall of some 2,300 homes against the targets of the first five-years.

Based on current plans and commitments to 2020 using existing resources from the federal and provincial governments, it is projected the City will continue to be challenged in meeting the targets. Without a renewed and enhanced effort from all governments and private- and non-profit housing stakeholders, the overall 10-year shortfall will rise to some 6,000 affordable rental homes and almost 600 affordable ownership homes by 2020.

In April, Mayor John Tory and Toronto's Affordable Housing Advocate and Chair of the Affordable Housing Committee, Councillor Ana Bailão, announced the City will take new action on affordable housing through the *Open Door Program*. In May, Executive Committee instructed staff to report on implementing *Open Door*, including providing sites for pilot projects to be activated with \$20 million from the Development Charges Reserve Fund for Subsidized Housing.

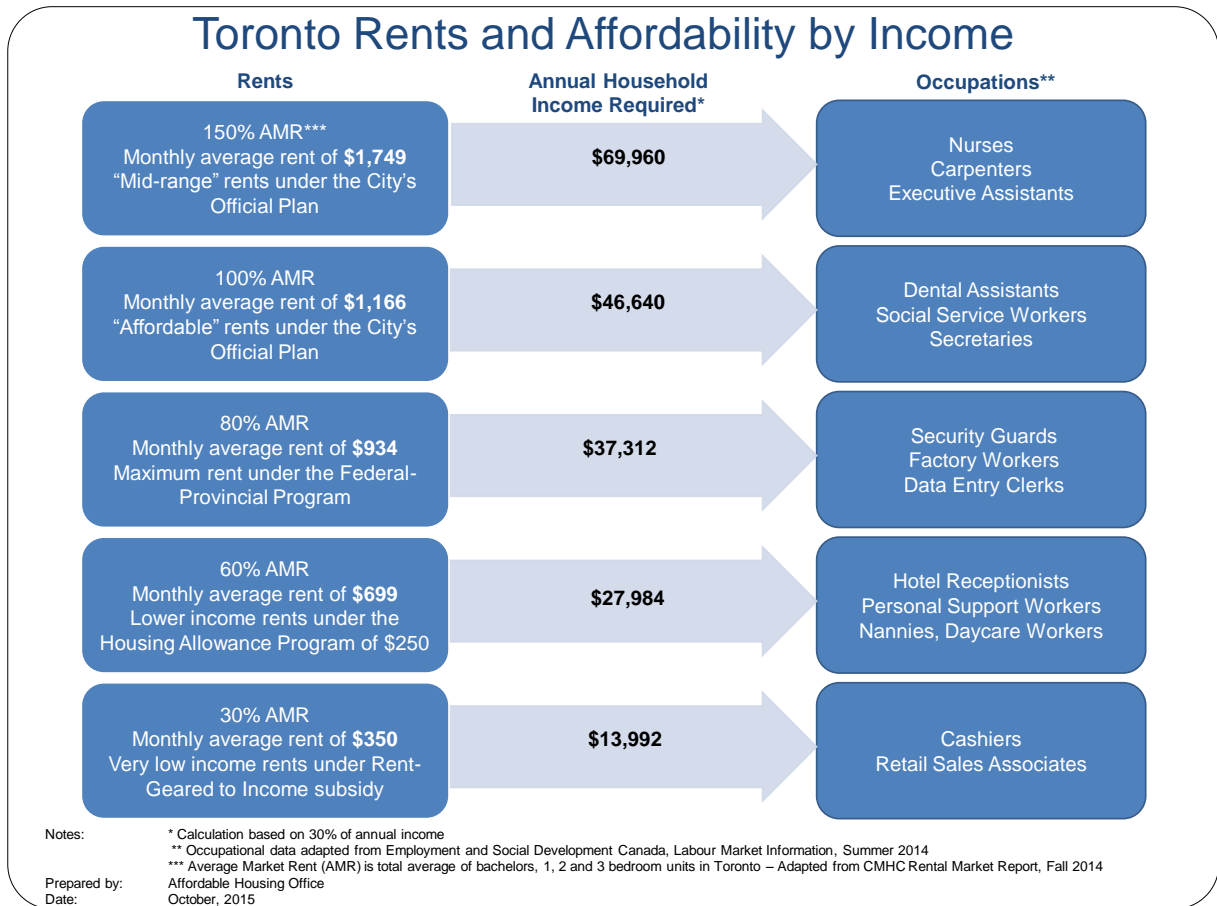
## **COMMENTS**

Acting on the recommendations of the Executive Committee, the Director, Affordable Housing Office, established an interdivisional committee to review the *Open Door Program* proposals and to contribute to this report. The committee included Corporate Finance, Financial Planning, City Planning, Real Estate Services, Shelter Support and Housing Administration, Toronto Community Housing, Build Toronto and the Toronto Parking Authority. The interdivisional committee concurs with the recommendations of this report. The Director also conducted discussions with non-profit and private-sector organizations.

The recommendations in this report were prepared using the housing affordability framework chart below. The affordability framework builds on the City’s rental housing policy and program interests and priorities. The purpose of the affordability chart is to assist in better co-ordinating the work of different divisions and guide policy and program development in the delivery of affordable and ownership housing across the income low- and moderate-income spectrum.

The chart illustrates the relationship between rent levels in Toronto and the household incomes required for those rents to be affordable. The recommendations in this report have been guided by the goal of producing housing outcomes to serve the range of low- and moderate-income households in need. This includes households in need of housing at, or below 30%, 60%, 80%, 100%, and up to 150% of average market rents.

To achieve rents at the affordability levels outlined requires varying degrees of government support. Under current market conditions and in today’s tax environment it is not viable to develop and operate rental housing which would serve low- and moderate-income households able to afford moderate or mid-range rents.



The *Open Door Program* addresses the following seven policy and program areas where the City can improve its performance and make strides to reach its affordable housing goals:

- a) Pilot Projects
- b) Activating Government Land
- c) Financial Incentives and Streamlining City Processes
- d) Expanded Planning Supports
- e) Improving Affordability
- f) Support from Other Governments
- g) Administration, Co-ordination and Reporting

Appendix 1 contains a summary chart comparing current policies and practices in each of these areas to what is proposed under the *Open Door Program*.

Appendix 4 contains a new *City of Toronto Municipal Housing Facility By-Law* that provides an update to the City's legal framework for new affordable housing development. The new by-law supersedes the 2002 *Municipal Housing Facility By-law 282-2002*, and the extension of Planning and building permit fees relief to new private affordable rental housing supersedes the 2000 City Council policy *Exempting Non-Profit Housing from Planning Application Fees, Building Permit Fees and Parkland Dedication Payment Requirements*. The by-law enables the City to support affordable rental and ownership housing. The new by-law is considered an enabling legal framework only, as each development that will be provided City contributions under the by-law will require a site-specific by-law to be passed by Council, as well as approval of detailed implementation frameworks that will be the subject of a further reports next year.

#### **a) Pilot Projects**

The Mayor and Executive Committee requested that *Open Door Program* pilot projects be brought forward investing \$20 million in available Development Charges Reserve Fund for Affordable Housing (DCRF). Appendix 2 contains a list of pilot affordable rental and ownership developments on City land. The projects to be recommended to Council represent 389 new affordable homes: 262 affordable rental units and 127 affordable home ownership units.

As requested by the Executive Committee, the Director, Affordable Housing Office, will bring forward for Council approval these and other pilot projects to be funded from the current balance of \$20 million and future funds available from the DCRF.

Other potential public affordable housing developments sites within a 5-year development horizon have been identified in Appendix 3. Many of the City sites identified have been transferred to Build Toronto and are suitable for affordable housing development, as part of the overall residential development mix. Council has also already identified a number of provincial lands listed in Appendix 3 as a priority for affordable housing. City officials

are continuing to work with the province in an effort to deliver affordable housing on these sites.

## **b) Activating Government Land**

Surplus public lands have a key role to play in affordable housing development. City Council recognized the importance of land for affordable housing in adopting the Housing First Policy in 1999. Much of the affordable rental housing developed in the intervening 15 years was on surplus City properties made available at no cost.

The emphasis on using surplus land for affordable housing continued when Build Toronto was established in 2008 and with the 2010 signing of an affordable housing Memorandum of Understanding (MOU) between Build Toronto and the City. However, Build Toronto and the City have fallen far short of the MOU's target of 1,250 affordable rental and ownership homes.

Over the past year the new Board and CEO of Build Toronto have enhanced their efforts and sites are now being brought forward for affordable housing, as evidenced from the list of sites in Appendices 2 and 3.

As the current MOU has reached the end of its five-year term, it is recommended that the Deputy City Manager, Cluster A, negotiate a new MOU, to strengthen and clarify Build Toronto's role in the delivery of land for affordable housing. This should include revising the current practice of selling lands at market value and then requiring subsidies to the developer to deliver affordable homes.

Providing land at no cost or through a below market lease is a powerful catalyst in making the business case for affordable rental and ownership housing. This report recommends the current City-wide real estate review, to be completed in 2016, make the creation of affordable housing a corporate priority for all City surplus lands suitable for residential development. The review should return the City to the policy of directly providing surplus land (or portions of the land designated for transfer to Build Toronto) to non-profit and private-sectors organizations through its Housing First Policy.

The real estate review should also revisit the City's Shareholders Mandate to Build Toronto to make it easier for Build Toronto to work with the charitable and not-for-profit sector through financial and land contributions, as well as investigate the feasibility of creating a non-profit land registry, similar to the Ontario registry, to provide non-profit organizations the ability to access a circulation list of surplus City properties before they are advertised on the open market.

During the past five years the Province of Ontario has provided surplus lands in the West Don Lands district for affordable housing. City Council has also identified additional surplus provincial lands as outlined in Appendix 3. This report recommends that the City advocate to persuade the provincial and federal governments to contribute suitable surplus residential land for affordable housing at an accelerated pace.

In addition, the non-profit and private sectors own land that, with the assistance of government incentives and/or funding, is ready to be developed for affordable housing. These development sites often involve residential intensification or properties previously purchased at much lower land values, and as such, are well suited to be planned and approved for affordable housing.

This report recommends that the Director, Affordable Housing Office, maintain an ongoing inventory of potential public, non-profit and private development projects which would be eligible for *Open Door Program* funding and incentives.

### **c) Financial Incentives and Streamlining City Processes**

#### **Extending Affordable Rental Housing Exemptions**

The City's current incentives for new affordable housing developed by non-profit corporations include exemptions from a range of City fees and charges, including building permits, planning applications, parkland dedication and Toronto District School Board levies. While these incentives will continue to be available to non-profit groups this report recommends that private sector developers of affordable housing also be eligible for these benefits.

The extension of these incentives would continue to operate within the City's annual target of 1,000 affordable rental units, and assist in achieving those targets.

Members of the non-profit and private sector rental sector have expressed an urgent need for the City to create a straightforward formula or template of City contributions for the development of affordable rental housing. This would provide certainty on what affordable housing incentives are available.

In response to these industry concerns, it is recommended that the Director, Affordable Housing Office, report to the Affordable Housing Committee in the second quarter of 2016 on the implementation details of a streamlined incentive application and approval process.

#### **Financial Incentive for New Affordable Home Ownership**

As noted in the Background section, the City created a Home Ownership Assistance Program (HOAP) to provide loans to non-profit affordable/assisted home ownership organizations to pay the City's development charges, building permit and planning fees to a maximum of \$25,000 per home. This funding is then converted into down payment assistance loans for eligible purchasers of the homes. The funding for this program is made available annually from the Development Charges Reserve Fund for Subsidized Housing (DCRF) and is capped at \$2 million a year.

This report recommends that the HOAP be re-evaluated and extended to private sector organizations building affordable homes on public lands. Administrative agreements with eligible organizations and mortgage agreements with the homeowners would continue to secure the value of the City contribution and provide for repayment with appreciation at the time of resale to the open market.

The report recommends that the Director, Affordable Housing Office, in consultation with Corporate Finance, the Chief Planner and Executive Director, City Planning, and the Chief Building Official report to the Affordable Housing Committee in the second quarter of 2016 on the scope, details and eligibility criteria for the updated HOAP initiative.

### **Review of Purpose-Built Mid-Range Rental Housing**

Purpose-built rental housing is a key component of a healthy housing market, providing secure, affordable opportunities to a large portion of the low and moderate-income population. Unlike condominiums that are rented out to tenants, purpose-built rental homes provide greater security of tenure as owners do not have the ability to evict tenants should they want to occupy the unit for personal or family use.

The City protects existing rental housing from demolition or conversion to condominium through the Official Plan and City By-Laws where rents by unit size are at or below 150% of Average Market Rent. This protection includes securing the replacement of affordable and mid-range rental homes that are approved by the City for demolition. Section 37 has also been used to secure rents in new purpose-built rental buildings using the 150% AMR threshold.

In 2013, the Executive Committee requested staff to report on whether the City should defer payment of Development Charges for new purpose-built rental housing. The Executive Committee's May 2015 *Open Door* decision also directed staff to consider measures to support the creation of purpose-built mid-range rental housing.

Currently, the city is seeing a rise in the construction of new purpose-built market rental housing. In a few cases, projects planned as condominiums are now being developed as market rental. Despite this trend the market is producing little purpose-built mid-range rental housing or rental condominium housing with rents below 150% of the average.

Given the City's public policy interest in supporting new purpose-built rental housing with rents up to the mid-range, City staff are reviewing potential support initiatives. This report recommends commissioning a study on rental housing, including mid-range market rental housing, as part of the next development charges bylaw update. The update will begin in 2016 and development charges policies for mid-range rental housing can be brought forward for Council consideration as part of that process.

#### **d) Expanded Planning Supports**

To promote and encourage new industrial commercial development, the City adopted a “Gold Star” process for planning applications. Key elements include pre-application meetings to review City requirements for approvals, and a one-window contact through local area Economic Development Division staff.

Under the *Open Door Program*, City Planning will extend the “Gold Star” program to planning applications for affordable housing. Working with the Director, Affordable Housing Office, the “Gold Star” initiative will include inter-divisional pre-application coordination for each application, and dedicated Planning staff contacts for each Community Council district. Overall the process will be designed to speed up the approval processes to enable affordable housing applicants to put shovels in the ground sooner.

In addition, City Planning will continue working with the development industry, in consultation with City Councillors and the local community, to secure and prioritize Section 37 contributions toward affordable housing. Affordable housing units secured through Section 37 are not eligible for a credit against development charge obligations.

City Planning will also continue to consider, and recommend where appropriate, reduced parking standards for affordable housing, such as when developments are located near subway stations.

The recommendations in this report propose that the Chief Planner and Executive Director, City Planning provide an annual update to the Affordable Housing Committee on the “Gold Star” program for affordable housing and Section 37 community benefits and other planning tools that have been implemented to support affordable housing

#### **e) Improving Affordability**

The City has an excellent track record administrating rent-geared-to-income housing within the social housing portfolio, and also on a more limited basis with private landlords. The City also has more recent experience in delivering a housing allowance program with funding from the federal/provincial *Investment in Affordable Housing Program*.

For affordable rental housing developments approved through the *Open Door Program* and secured under Section 37 of the Planning Act, non-profit and private sector developers will be required, subject to funding availability, to participate in rent-geared-to-income and housing allowance programs.

The General Manager, Shelter, Support and Housing Administration, will work with the Director, Affordable Housing Office, to support the City’s *Housing Stability Service Planning Framework* by setting a target of providing a minimum of 500 housing benefits to be provided within new affordable rental buildings developed under the *Open Door*

*Program*, which would be accessed through the housing portal or programs serving the homeless.

Such housing benefits could include housing allowances to tenants or rent supplements to housing providers, and would depend on funding available through existing and new housing allowance programs. The *Open Door Program* may also provide a unique opportunity to explore the re-assignment of rent-geared to income support to new affordable rentals, as a result of potential new flexibility in provincial rules related to rent-geared-to-income funding and service level standards.

To advance this initiative further discussions will be undertaken with the Province of Ontario and the Mayor's Housing Task Force on TCH.

#### **f) Support from Other Governments**

The federal and provincial governments have significant roles to play in providing affordable housing in Toronto. The federal/provincial *Investment in Affordable Housing Program* continues to make a valuable contribution to creating new affordable housing and providing housing allowances for low-income households.

The *Open Door Program* provides an opportunity for the federal and provincial governments to make much needed additional contributions in affordable rental and ownership solutions.

This report recommends that Council urge the new federal government to introduce funding and tax measures in the 2016 budget to increase the supply of affordable housing. To help meet the housing needs of Torontonians, increased funding for the *Investment in Affordable Housing Program* is needed, including new funding for housing allowances.

City Council is also requested to urge the province to join the City in providing new funding and financial incentives for affordable housing through poverty reduction income support initiatives, regulatory reform, reduced taxes on affordable housing construction, and providing the City with new inclusionary zoning powers.

#### **g) Administration, Co-ordination and Reporting**

As in the first five years of the City's Housing Plan, staff will continue to track progress in meeting Council's affordable housing targets. This report recommends a corporate Interdivisional Committee be established to provide oversight, strategic direction, and accountability to the *Open Door Program*. Divisional representation will include Shelter, Support and Housing Administration, Corporate Finance, City Planning, Toronto Buildings, Real Estate Services, Build Toronto, Toronto Community Housing and the Toronto Parking Authority.



The Director, Affordable Housing Office, in collaboration with the members of the Interdivisional Committee, will report annually on the program performance, financial implications, and make recommendations to improve outcomes.

## **CONCLUSION**

This report outlines a roadmap of 16 recommendations under the *Open Door Program* aimed at improving the City's delivery of new affordable rental and ownership homes.

The adoption of the recommendations will provide a positive response to both non-profit and private sector organizations looking to work with the City in creating affordable housing. The measures to provide surplus public land, increase access to financial incentives, and provide support through the planning process, will improve the City's efforts in meeting established targets.

Staff will be report to the Affordable Housing Committee in the second quarter of 2016 on implementation details, including detailed financial and administrative implications. 2016 reports will include:

- Project-specific reports on the pilot affordable rental and ownership housing developments outlined in Appendix 2
- A summary of affordable housing programs and incentives with streamlined application processes
- An updated loan program for affordable home ownership, and
- The roll-out of the "Gold Star" planning review.

Final approval of the *Open Door Program* is subject to Council approving these further reports.

By leading by example, the *Open Door Program* will also provide opportunities for the federal and provincial governments to join the City in creating new affordable housing through making surplus land available, increasing funding, providing a more favourable tax climate, and enhancing income and rent support programs to assist lower-income households.

Progress on the *Open Door Program* will be tracked through an interdivisional staff committee and reports will be made annually to the Affordable Housing Committee.

## **CONTACT**

Erik Hunter  
Manager, Policy and Partnerships  
Affordable Housing Office  
Phone: 416-397-4251  
Email: [ehunter@toronto.ca](mailto:ehunter@toronto.ca)

## **SIGNATURE**

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Sean Gadon, Director, Affordable Housing Office

## **ATTACHMENTS**

**Appendix 1:** Summary of Key *Open Door Program* Recommendations and Current Policies and Practices

**Appendix 2:** Pilot Affordable Rental and Ownership Housing Developments

**Appendix 3:** 5-Year Affordable Rental and Ownership Housing Development Forecast

**Appendix 4:** City of Toronto Affordable Housing By-Law

**Appendix 1: Summary of Key *Open Door Program* Recommendations and Current Policies and Practices**

Current Policies and Practices	<i>Open Door Program</i>
<b>a) Pilot Projects</b>	
<ul style="list-style-type: none"> <li>Affordable housing developments typically proceed following a proposal call process for federal/ provincial funding.</li> <li>The City does not have an accessible process whereby non-profit and private developers of affordable housing can access the City’s incentives.</li> </ul>	<ul style="list-style-type: none"> <li>Five <i>Open Door</i> pilot projects outlined in Appendix 2 are proposed on City land, representing 389 new affordable homes: 262 affordable rental units and 127 affordable home ownership units.</li> <li>The Director, Affordable Housing Office, will develop an ongoing inventory of public, private and non-profit housing sites for affordable housing developments and report to the Affordable Housing Committee for specific project approvals.</li> <li>A clear and streamlined application and approvals process will be developed and reported on in the second quarter of 2016 to provide the City’s affordable housing incentives to non-profit and private developers of affordable housing.</li> </ul>
<b>b) Activating Government Land</b>	
<ul style="list-style-type: none"> <li>Build Toronto is making progress on its affordable housing mandate under the Memorandum of Understanding (MOU) with the City, including investing a portion of proceeds from land sales into affordable housing in new developments.</li> <li>Other City groups such as the Toronto Parking Authority have on occasion dedicated land to affordable housing or incorporated affordable housing in redevelopment initiatives on an ad-hoc basis.</li> <li>The provincial government provided land and funding for the development of two non-profit affordable rental buildings in the West Donlands Pan-Am Village.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a City-wide corporate priority for affordable housing and emphasis on utilizing land to support affordable housing development.</li> <li>Make affordable housing a corporate priority for all residential surplus City lands as part of the 2016 City-wide real estate review.</li> <li>The Director, Affordable Housing Office, will work with the <i>Open Door</i> steering committee to maximize the opportunities to apply the City’s Housing First Policy.</li> <li>Update the City/Build Toronto Affordable Housing MOU to strengthen Build Toronto’s role in making land and/or funding available for affordable housing as a part of the land sale or lease process.</li> <li>Staff to report to the Affordable</li> </ul>

Current Policies and Practices	<i>Open Door Program</i>
	<p>Housing Committee in the second quarter of 2016 on creating a registry for non-profit organizations to access a circulation list of surplus City properties before they are offered to the open market.</p> <ul style="list-style-type: none"> <li>• Recommend the federal and provincial governments utilize their land resources to support affordable housing development.</li> <li>• Five pilot sites and 17 other potential affordable housing sites on City and provincial lands are listed in Appendices 2 and 3 to the report.</li> </ul>
<b>c) Financial Incentives and Streamlining City Processes</b>	
<u><i>Extending Affordable Rental Housing Exemptions</i></u>	
<ul style="list-style-type: none"> <li>• Only non-profit groups are eligible for building and planning permit fee waivers.</li> <li>• City incentives are provided through a staff report and Council's approval (incentives include waivers of Development Charges, building and planning permit fees and municipal taxes).</li> </ul>	<ul style="list-style-type: none"> <li>• Level the playing field by extending building and planning permit fee waivers to private sector groups.</li> <li>• Create a straightforward and streamlined application process for access to the City's incentives.</li> <li>• Staff to report with implementation details to the Affordable Housing Committee in the second quarter of 2016.</li> </ul>
<u><i>Financial Incentive for New Affordable Home Ownership</i></u>	
<ul style="list-style-type: none"> <li>• Limited funding is provided to non-profit affordable ownership developers through federal/ provincial down payment assistance loans and the City's Home Ownership Assistance Program (HOAP).</li> <li>• Program funds are delivered through an administratively burdensome proposal call process.</li> </ul>	<ul style="list-style-type: none"> <li>• Update HOAP for non-profit corporations or developers building on public lands.</li> <li>• Staff to report with implementation details to the Affordable Housing Committee in the second quarter of 2016.</li> </ul>
<u><i>Financial Incentives for Mid-range Market Rental Housing</i></u>	
<ul style="list-style-type: none"> <li>• New multi-residential property tax class provides property tax rates equivalent to the residential rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake a market study on rental housing, including mid-range market rental housing, to inform potential incentives that may be needed. Report in 2016 on the results of the market study and any recommendations.</li> </ul>

Current Policies and Practices	<i>Open Door Program</i>
<b>d) Expanded Planning Supports</b>	
<ul style="list-style-type: none"> <li>Affordable housing is a key City priority of the Official Plan.</li> <li>Section 37 is consistently used on large sites and in the waterfront, and is sometimes used on a voluntary basis to secure affordable housing.</li> <li>Large sites require affordable housing.</li> <li>Parking requirement reductions are assessed on a site-by-site basis.</li> </ul>	<ul style="list-style-type: none"> <li>A new “Gold Star” planning approval process.</li> <li>Emphasis on use of Planning tools such as Section 37 for affordable housing.</li> <li>Encourage best practices for the reduction of parking requirements for new affordable housing.</li> </ul>
<b>e) Improving Affordability</b>	
<ul style="list-style-type: none"> <li>New affordable housing often remains out of reach for lower-income households who need extra monthly help.</li> </ul>	<ul style="list-style-type: none"> <li>Improve affordability in new affordable housing by expanding housing allowances and other income support, including a target of a minimum of 500 housing benefits to be provided within buildings developed under the <i>Open Door Program</i>.</li> </ul>
<b>f) Support from Other Governments</b>	
<ul style="list-style-type: none"> <li>The federal/provincial <i>Investment in Affordable Housing Program</i> makes valuable contributions to creating new affordable housing and providing housing allowances for low-income households.</li> </ul>	<ul style="list-style-type: none"> <li>The <i>Open Door Program</i> provides an opportunity for the federal and provincial governments to make much needed additional contributions in affordable rental and ownership solutions.</li> <li>Council should urge the new federal government to introduce funding and tax measures in the 2016 budget to increase the supply of affordable housing.</li> <li>Council should urge the province to provide new funding through poverty reduction income support initiatives, regulatory reform, reduced taxes on affordable housing construction, and provide the City with new inclusionary zoning powers.</li> </ul>

<b>g) Administration, Co-ordination and Reporting</b>	
<ul style="list-style-type: none"> <li>Responsibility for development of new affordable housing is fragmented among Build Toronto, Toronto Community Housing, the Affordable Housing Office, City Planning, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a new corporate-wide <i>Open Door Program</i> Steering Committee with divisional representation, including Corporate Finance, City Planning, Toronto Building, Build Toronto, Toronto Community Housing, Waterfront Toronto and the Toronto Parking Authority to provide oversight, strategic direction and facilitate implementation and report annually on the <i>Open Door Program</i>.</li> </ul>

## Appendix 2: Pilot Affordable Rental and Ownership Housing Developments

	<b>Current Property Ownership</b>	<b>Address/ Location</b>	<b>Number of Affordable Homes</b>	<b>Ward</b>
1.	City of Toronto	200 Madison Avenue	82 affordable rental homes	22 – St. Paul's
2.	Build Toronto	Tippett Road	100 affordable rental homes 100 affordable ownership homes	10 – York Centre
3.	Build Toronto	505 Richmond Street West	15 affordable ownership homes	20 – Trinity Spadina
4.	Toronto Community Housing	Block 36 North Railway lands	80 affordable rental homes	20 – Trinity Spadina
5.	Toronto Parking Authority	150 Harrison Ave.	12 affordable ownership homes	19 – Trinity Spadina
Totals			262 affordable rental homes 127 affordable ownership homes	
Grand Total			389 affordable homes	

**Appendix 3: 5-Year Affordable Rental and Ownership Housing Development  
Forecast**

**City of Toronto Properties**

	<b>Current Property Ownership</b>	<b>Address / Location</b>	<b>Estimated Number of Affordable Homes</b>	<b>Ward</b>
1.	Build Toronto	2 Bicknell Avenue	32 affordable ownership	12 – York South-Weston
2.	Build Toronto	5131 Sheppard Avenue East	100 affordable rental and ownership	42 – Scarborough-Rouge River
3.	Build Toronto	1035 Sheppard Avenue West (Downsview Station)	50 affordable rental and ownership	10 – York Centre
4.	Build Toronto	411 Victoria Park Avenue	30 affordable ownership	36 – Scarborough Southwest
5.	Build Toronto	50 Wilson Heights Boulevard	TBD	10 – York Centre
6.	Build Toronto	Eglinton Avenue East/Don Mills Road	TBD	26 – Don Valley West
7.	Build Toronto	253 Markham Road and 12 Dunelm Street	100 affordable rental and ownership	36 – Scarborough Southwest
8.	Build Toronto	Kingston Road and Dale Avenue	10 affordable ownership	36 – Scarborough Southwest
9.	Build Toronto	Bloor Street West and Islington Avenue (Westwood)	60 affordable rental and ownership	5 – Etobicoke-Lakeshore
10.	Build Toronto	640 Lansdowne Avenue	TBD	18 – Davenport
11.	Build Toronto	383-425 Old Weston Road	32 affordable ownership	17 – Davenport



	<b>Current Property Ownership</b>	<b>Address / Location</b>	<b>Estimated Number of Affordable Homes</b>	<b>Ward</b>
12.	Toronto Parking Authority	Sherbourne Street	TBD	28 – Toronto Centre-Rosedale
13.	City of Toronto / Waterfront Toronto	East Bayfront	777	28 – Toronto Centre-Rosedale

**Province of Ontario Properties**

	<b>Current Property Ownership</b>	<b>Address / Location</b>	<b>Estimated Number of Affordable Homes</b>	<b>Ward</b>
1.	Province of Ontario	26 Grenville / 27 Grosvenor Streets	100 affordable rental	27 – Toronto Centre-Rosedale
2.	Province of Ontario	West Donlands	200-400 affordable rental	28 – Toronto Centre-Rosedale
3.	Province of Ontario	11 Brock Avenue	TBD	14 – Parkdale-High Park
4.	Province of Ontario	Jarvis/ George Streets former Provincial Courts and Youth Detention Centre	TBD	28 – Toronto Centre-Rosedale

## **Appendix 4: City of Toronto Municipal Housing Facility By-law**

Authority: Executive Committee Item No. EX. xxx, as adopted by City of Toronto Council on xxx, 2015.  
Enacted by Council: xxxx, 2015

### **CITY OF TORONTO**

#### **BY-LAW No.**

#### **By-law to repeal By-law 282-2002 and enact a revised Municipal Housing Facility By-law**

WHEREAS the City passed By-law No. 282-2002 being a municipal housing facility by-law, pursuant to the provisions of section 110 of the *Municipal Act* and Ontario Regulation 46/94, to set out the definitions of and policies regarding the public eligibility for new affordable rental housing.

WHEREAS Report 4, Clause 5 of the Planning and Transportation Committee contemplated a review of the by-law and a report with respect to required modifications within two years of the passing of the by-law.

AND WHEREAS section 252 of the *City of Toronto Act, 2006* now allows the City to enter into agreements for the provision of municipal capital facilities;

AND WHEREAS Ontario Regulation 598/06 sets out the classes of municipal capital facilities for which the City of Toronto may enter into such agreements, one of which is municipal housing project facilities;

AND WHEREAS the City wishes to amend by-law 2002-284 by repealing it and replacing it with a new and updated municipal housing facility by-law; and

AND WHEREAS the City continues to be the delivery agent under the *Ontario Works Act, 1997, S.O. 1997, c. Sch. A*, authorized to operate and manage housing under the *Housing Services Act, 2011, S. O. 20111 c.6*; and

AND WHEREAS this by-law contains the elements of a municipal housing facility by-law required by Ontario Regulation No. 598/06.

The Council of the City of Toronto HEREBY ENACTS as follows:

1. City of Toronto by-law 282-2002 is hereby repealed.
2. In this by-law:

- (a) “Act” means the *City of Toronto Act, 2006, S.O. 2006, CH.11* as amended;
- (b) "Affordable Housing", for the purpose of this by-law and all municipal housing facility agreements:
  - i. for new affordable rental housing, means housing units with monthly occupancy costs at or below Average Market Rents or, at the discretion of the Director, overall housing project rents at or below Average Market Rents;
  - ii. for assisted ownership housing, means housing units with a sale price at or below the Average Resale Price of a home; and
- (c) “Average Market Rents” means average monthly City-wide rents by unit type as determined in the annual fall survey of City-wide rents for the prior calendar year published by the Canada Mortgage and Housing Corporation (CMHC); if CMHC does not publish an annual fall survey of City-wide rents for the prior calendar year, then Average Market Rents for the calendar year shall be City-wide average rents as determined by the Director;
- (d) "Average Resale Price" means the average City-wide resale price of a home as reported by the Ministry of Municipal Affairs and Housing (MMAH); if MMAH does not publish an Average Resale Price, then the Average Resale Price shall be determined by the Director;
- (e) “CMHC” means the Canada Mortgage and Housing Corporation;
- (f) “City” means the City of Toronto;
- (g) "Director" means the Director of the City's Affordable Housing Office, his designate or successor;
- (h) “household income” means the gross annual income from all sources of all persons who reside in a housing unit, or who will reside in a housing unit;
- (i) “housing project facility" means a project or part of a project designed to provide or facilitate the provision of residential accommodation, with or without any public space, recreational facilities and commercial space or buildings appropriate thereto;
- (j) “housing provider” means a person with whom the City has entered into or will enter into a municipal housing project facilities agreement under section 4;

- (k) “housing unit” includes a unit in a housing project owned or rented by an occupant;
  - (l) “initial income limit” means a gross household income at or below four times the annualized monthly occupancy cost for the housing unit;
  - (m) “low-rent units” means housing units, with monthly occupancy costs at or below 80 per cent of average rents and to which a rent supplement agreement or housing allowance does not apply;
  - (n) “moderate-rent units” means housing units, with monthly occupancy costs at or greater than 80 per cent and at or below 100 per cent of average rents to which a rent supplement agreement does not apply;
  - (o) “monthly occupancy costs” means in the case of a rental housing unit, the sum of the monthly rent payable to the landlord for a housing unit and monthly charges for hydro (separately or bulk metered), heat, water and hot water payable in respect of that housing unit; "monthly occupancy costs" do not include charges for parking, cable, telephone or any other like charges;
  - (p) “municipal housing project facility” means the class of municipal capital facilities prescribed by paragraph 18 of section 2 of Ontario Regulation 598/06, as amended;
  - (q) "municipal housing project facility agreement" means an agreement as set out in Section 3;
  - (r) “rent-geared-to-income units” means housing units, to which a rent supplement agreement applies, with monthly occupancy costs at or below average rents;
  - (s) “rent supplement agreement” has the same meaning as in the *Housing Services Act, S.O. 2011 c.6*, as amended;
  - (t) “unit type” means the type of housing unit by number of bedrooms;
3. (1) Subject to (2) hereof, Council may pass by-laws permitting the City to enter into municipal housing project facility agreements, pursuant to section 252 of the Act, for the provision of municipal housing project facilities:
- (2) Prior to entering into a municipal housing project facility agreement, the following conditions must be met:

- a) Council has enacted a by-law authorizing the entering into of the municipal housing project facility agreement for the provision of the municipal housing project facility;
  - b) all the housing units to be provided as part of the municipal housing project facility meet the applicable definition of affordable housing as set out in section 2 of this by-law;
  - c) the City continues to be a delivery agent under the *Ontario Works Act, 1997* authorized to operate and manage housing under the *Housing Services Act, 2011*; and
  - d) public eligibility for the housing units to be provided as part of the municipal housing project facility will be determined in accordance with section 4.
4. (1) Subject to (2) hereof, eligibility for housing units to be provided as part of a municipal housing project facility will be determined as follows:
- a) for rent-geared-to-income units, tenants will be selected in accordance with the *Housing Services Act, 2011*, regulations under that Act and any policies adopted by the City in accordance with that Act;
  - b) for low-rent units, tenants will be selected either in the same manner as for rent-geared-to-income units or from the City's centralized waiting list or from the waiting lists of community agencies, non-profit agencies or other groups satisfactory to the Director;
  - c) for moderate-rent units, tenants will be selected by the landlord provided that, when entering into the tenancy for the housing unit, the tenant has an household income at or below the Initial Income Limit and provided that tenant selection is carried out through a non-discriminatory process to the satisfaction of the Director;
  - d) for assisted home ownership units, homebuyers will be selected by the vendor, provided that homebuyer selection is carried out through a non-discriminatory process to the satisfaction of the Director, homebuyers are selected from the waiting lists of community agencies, non-profit agencies or other groups, and can include income and other homebuyer eligibility requirements as required by the City from time to time;

- (2) Housing units subject to a municipal housing project facility agreement shall not be rented or sold to a shareholder or director of a housing provider, or any individual not at arm's length to the housing provider or shareholder or director of the housing provider unless the housing provider is a non-profit co-operative as defined in the *Co-operative Corporations Act*, R.S.O. 1990, c. C.35, as amended, or is a not-for-profit corporation.
5. A municipal housing project facility agreement may, with respect to the provision, lease, operation and maintenance of a municipal housing project facility that will be operated as new affordable rental housing at or below Average Market Rent:
  - (a) provide for financial or other assistance at less than fair market value or at no cost to the housing provider, which assistance may include:
    - (i) giving or lending money and charging interest; and
    - (ii) giving, lending, leasing or selling property.
  - (b) exempt land or a portion of it on which a municipal housing project facility is or will be located from payment of all or part of the development charges imposed by the City pursuant to the *Development Charges Act, 1997*.
  - (c) subject to section 252(6) of the Act, exempt from taxation for municipal and school purposes land or the portion of it on which the municipal housing project facility is or will be located that:
    - (ii) is owned or leased by the housing provider; and
    - (iii) is entirely occupied and used or intended for use as a municipal housing project facility.
  - (d) if a municipal housing project facility agreement contains those provisions set out in (c) hereof, a by-law distinct from the by-law referred to in section 4(1) shall be enacted and the information set out in (c) hereof shall be set out in that by-law and the by-law shall specify an effective date which shall be the date of passing of the by-law or a later date.
6. A municipal housing project facility agreement may, with respect to the provision of an assisted home ownership municipal housing project facility,
  - (a) provide for financial or other assistance at less than fair market value or at no cost to the housing provider, which assistance may include:

- (i) giving or lending money and charging interest; and
  - (ii) giving, lending, leasing or selling property.
- (b) provide development charges imposed by the City pursuant to the *Development Charges Act, 1997*, at a preferred or discounted rate, or offer a deferral of all or a portion of the development charges, for the land or a portion of it on which a municipal housing project facility is or will be located.
7. Municipal housing project facility agreements for affordable rental housing shall include but shall not be limited to the following terms and conditions:
- (a) the term of the agreement;
  - (b) that each housing project facility meets the definition of affordable rental housing set out in Section 2 (b) i. hereof;
  - (c) that each housing unit shall be made available to tenants in accordance with section 4 (a), (b) and (c) hereof;
  - (d) a list of benefits being conveyed to the housing provider in accordance with section 5;
  - (e) the monthly occupancy costs which can be charged for each housing unit in the municipal housing project facility for the first year of the term and the mechanism by which such monthly occupancy costs may annually increase and the restrictions on such annual increases.
  - (f) other terms and conditions satisfactory to the City Solicitor and the Director, which may include, but which are not limited to any and all forms of property transactions together with any and all general or specific security as the Director and the City Solicitor consider necessary and desirable.
8. Municipal housing project facility agreements for assisted home ownership housing shall include but shall not be limited to the following terms and conditions:
- (a) the term of the agreement;
  - (b) that each housing project facility meets the definition of assisted home ownership housing set out in Section 2 (b) ii. hereof;

- (c) that each housing unit shall be made available to homebuyers in accordance with section 4 (1) e hereof;
- (d) a list of benefits being conveyed in accordance with section 7;
- (e) the legal mechanism to be used to secure the City benefits made available for the development of the housing unit;
- (f) the method of determining the allocation of capital gains between the City and the homeowner on sale, if any;
- (g) other terms and conditions satisfactory to the City Solicitor and the Director, which may include, but which are not limited to any and all forms of property transactions together with any and all general or specific security as the Director and the City Solicitor consider necessary and desirable

ENACTED AND PASSED this XX day of XXXX, A.D. 2015.

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Speaker, City Council

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City Clerk

(Corporate Seal)