



**STAFF REPORT  
ACTION REQUIRED**

**A Program for 32 New Affordable Ownership Homes at 2 Bicknell Avenue**

<b>Date:</b>	June 8, 2016
<b>To:</b>	Affordable Housing Committee Executive Committee
<b>From:</b>	Director, Affordable Housing Office
<b>Wards:</b>	Ward 12 York South-Weston
<b>Reference Number:</b>	AFS #23013

**SUMMARY**

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This report recommends funding for up to 32 new affordable ownership homes at 2 Bicknell Avenue in Ward 12 York South-Weston. The affordable housing plan for this site was developed in collaboration with Build Toronto and developers Trillium Housing Non-Profit Corporation and Van Mar Constructors, who have acquired the surplus City site from Build Toronto.

Financial contributions for the 32 affordable homes are proposed from Build Toronto, the Federal and Provincial Governments, the City and the developers. Funding from the federal/provincial *Investment in Affordable Housing Program* and from the City's Development Charges Reserve Fund for Subsidized Housing is recommended.

City Council on December 9 and 10, 2015 adopted EX10.18 *Affordable Housing Open Door Program* which detailed land, planning and financial investments and initiatives to enhance the City's ability to deliver affordable housing and achieve its approved housing targets. It contained actions to better utilize surplus public lands and provide financial contributions for new affordable housing. Two Bicknell Avenue was included as an upcoming affordable housing opportunity.

Two Bicknell Avenue is northwest of Rogers Road and Keele Street and has been approved for 63 low rise residential units. The affordable homes will be distributed throughout the development.

## RECOMMENDATIONS

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The Director, Affordable Housing Office, recommends that:

1. City Council approve allocating up to \$800,000.00 from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 32 down-payment assistance loans of \$25,000 each to eligible purchasers of housing to be developed on the property currently known as 2 Bicknell Avenue, under the terms of the City's Home Ownership Assistance Program.
2. City Council authorize the Director, Affordable Housing Office, to negotiate, enter into and execute, on behalf of the City, all affordable housing funding agreements, and any security, financing or other documents required with Build Toronto, the affordable housing developer, and any other party deemed necessary to facilitate the funding detailed in this report, on terms and conditions satisfactory to the Director, Affordable Housing Office, in consultation with the Deputy City Manager and Chief Financial Officer, and in a form approved by the City Solicitor.
3. City Council approve a change to the terms of the City's Home Ownership Assistance Program so that the down payment assistance loans no longer be forgivable after twenty years, but be repayable on sale of the home.
4. Council grant authority to the City Solicitor to execute, postpone, confirm the status of, and discharge any City security documents registered as required by normal business practices.

### Financial Impact

This report recommends that City Council allocate affordable housing funding for 32 homes at 2 Bicknell Avenue, as summarized below.

<b>2 Bicknell Avenue Trillium Housing / Build Toronto</b>	<b>Value of Loan Per Unit</b>	<b>Total Support (32 Units)</b>
City (XR2116)	\$25,000	\$800,000
Build Toronto Contribution	\$12,500	\$400,000
Federal/Provincial (IAH)	\$35,000	\$1,120,000
<b>Total Government Supports</b>	<b>\$72,500</b>	<b>\$2,320,000</b>
Trillium Housing Contribution	\$12,500	\$400,000

The funding for affordable housing projects is cash flowed through the Operating Budget for Shelter, Support and Housing Administration. Future year operating budget submissions will include the necessary IAH and DCRF funding for the advancement of the project based on project implementation schedule and construction timelines.

Contributions to the 32 new affordable ownership homes are proposed from the federal/provincial *Investment in Affordable Housing Program – Homeownership Component (IAH)* and the City's *Home Ownership Assistance Program (HOAP)*.

It is recommended that \$25,000 for each of the homes be provided from the HOAP for a total of up to \$800,000.00. The HOAP is funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116) and funds are provided as down-payment assistance loans to eligible lower-income purchasers. This funding can be provided from the \$2 million annually that Council has approved for the program.

Council has provided delegated authority to the Director, Affordable Housing Office, to make allocations from the IAH. The Director proposes to provide up to \$1.12 million for up to 32 affordable ownership homes. Similar to the HOAP funding, IAH funds are delivered as down-payment assistance loans to eligible lower-income purchasers. Loans are provided in an amount of up to 10% of the purchase price of the home.

The funding from both programs are applied together to make home ownership more accessible for lower-income households.

Under both the IAH and the HOAP, loans are repaid to the City with a share of appreciation in the value of the home when the original purchaser sells or refinances the home. The funds are then available to assist additional purchasers.

A change to the terms of the *City's Home Ownership Assistance Program* is recommended so that the down payment assistance loans no longer be forgivable after twenty years, but be repayable on sale of the home so that they may be used to assist additional purchasers through the program.

The uncommitted balance in the Development Charges Reserve Fund for Subsidized Housing (XR2116) is sufficient to support these recommendations. The sufficiency of the reserve is reviewed regularly by the Affordable Housing Office and on an annual basis as part of the City's operating budget process. There is also sufficient IAH funding available.

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

### **Equity Impact**

Lack of access to safe, secure, affordable housing in complete communities is a barrier to lower-income Toronto residents. The recommendations contained in this report address this by delivering federal, provincial and city investments, in partnership with the non-profit and private development sectors, to create 32 affordable ownership homes.

Providing affordable housing serves equity-seeking groups such as lower-income residents, women, seniors, persons with disabilities, Aboriginal people, individuals with mental health issues and other vulnerable groups.

This initiative will contribute toward achieving the City's *Housing Opportunities Toronto* 10-year targets for new affordable rental and ownership homes.

## **DECISION HISTORY**

City Council on May 11, 2010, adopted EX43.26 *Standardized Support for New Assisted Ownership Housing Opportunities*, implementing a policy framework for the City funding to the Housing Ownership Assistance Program (HOAP), including eligibility criteria, terms and conditions of the second mortgage loans, and funding sources.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.26>

City Council on May 11 and 12, 2010 adopted GM30.17 *Transfer of Properties to Build Toronto - Second Quarter 2010*, which recommended that a number of City properties be declared surplus for the purposes of transfer to Build Toronto, including 2 Bicknell Avenue. The Council decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM9.10>

City Council on December 9 and 10, 2015 adopted EX10.18 *Affordable Housing Open Door Program* with amendments which detailed land, planning and financial actions aimed at enhancing the City's ability to deliver affordable housing and achieve its approved housing targets. Council adopted actions to better utilize surplus public lands and provide financial contributions for new affordable housing from the City's Development Charges Reserve Fund for Subsidized Housing (XR2116). The report informed Council of Build Toronto's 2 Bicknell Avenue property as an upcoming affordable housing opportunity. Staff will report further on financial and administrative implications of the *Open Door Program* to the June 20, 2016 Affordable Housing Committee, June 28, 2016 Executive Committee, and July 12, 13 and 14, 2016 City Council. The December 2015 City Council Decision document can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

City Council on December 9 and 10, 2015 adopted EY10.4 *Final Report - 2 Bicknell Avenue - Zoning By-law Amendment Application* to amend City of Toronto Zoning By-law 569-2013 for the lands at 2 Bicknell Avenue. The City Council Decision can be viewed here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EY10.4>

## **BACKGROUND**

The surplus City property at 2 Bicknell Avenue was transferred to Build Toronto in 2010. Also in 2010, Build Toronto entered into a Memorandum of Understanding (MOU) with the City of Toronto regarding the development of affordable housing on surplus City sites.

The MOU set targets for affordable ownership and rental homes and will be updated in 2016 under the *Open Door Program* and the City-Wide Real Estate Review. Build Toronto continues to work with the Affordable Housing Office to identify properties, funding sources and financial strategies to deliver affordable housing.

## **COMMENTS**

This report outlines the affordable housing program for 2 Bicknell Avenue and recommends funding for up to 32 affordable homes. This housing will be delivered under the City's housing programs and secured by agreements with the developer and Build Toronto.

Trillium Housing Non-Profit Corporation and Van Mar Constructors have purchased 2 Bicknell Avenue from Build Toronto and have worked in collaboration with Build Toronto and the Affordable Housing Office to deliver the homes.

To deliver the 32 affordable ownership homes it is proposed that up to 32 loans from the IAH be provided to eligible purchasers. As per the provincial guidelines, the maximum household income under the program is currently \$88,900 and the loans are valued at 10% of the home's price, for an approximate IAH funding total of \$1.12 million. This report also recommends loans that \$25,000 per home, for a total of up to \$800,000, be made available from the City's HOAP. In addition to the federal/provincial and City investments, Build Toronto and the developer will each provide \$400,000 or \$12,500 per home. With the combined contributions the price of each home is effectively reduced by \$85,000.

The combined funding will assist in providing the homes at more affordable prices to eligible lower-income families and individuals. Each home will have the combined loan funds secured by a "silent" no-payment mortgage and the loan will be paid back to the parties with a share of any capital appreciation, if the home is resold or refinanced. Given the combined value of the assistance, it is proposed that the loans not have a forgiveness date after which the mortgage would no longer be payable if the purchaser remained in the home. As with previous affordable ownership funding arrangements, the non-profit group involved – in this case Trillium Housing - will administer the mortgages under the funding agreement with the City.

## **CONCLUSIONS**

This affordable housing delivery plan represents another example of a successful partnership between the City, Build Toronto and developers. It also demonstrates the effectiveness of the City's Open Door program in accelerating the creation of affordable housing.

## **CONTACT**

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## **SIGNATURE**

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