



**STAFF REPORT
ACTION REQUIRED**

**Funding 25 New Affordable Ownership Homes at 9
Tippett Road**

Date:	June 8, 2016
To:	Affordable Housing Committee Executive Committee
From:	Director, Affordable Housing Office
Wards:	Ward 10 – York Centre
Reference Number:	AFS #23012

SUMMARY

This report recommends funding for 25 affordable ownership homes at 9 Tippett Road in Ward 10 York Centre. The affordable housing plan for this site was developed in collaboration with the developer Malibu Investments under the policies of the Tippett Road Area Regeneration Study.

Allocations from the federal/provincial *Investment in Affordable Housing Program* and the City's Development Charges Reserve Fund for Subsidized Housing are recommended.

City Council adopted the Tippett Road Area Regeneration Study in July 2015 and directed the Director, Affordable Housing Office, to work with the Regeneration Area property owners to deliver affordable homes.

On March 31 and April 1, 2016 City Council approved federal and provincial funding and City funding and incentives for the first 100 affordable homes in the Regeneration Area at 36 Tippett Road. A concurrent report, *A Program for 100 New Affordable Rental and Ownership Homes at 30 Tippett Road*, will recommend similar funding for a further 100 affordable homes on former City land in the Regeneration Area. Combined, these three reports recommend support for 250 affordable homes.

The Tippett Regeneration Area is bounded by Wilson Heights Boulevard, Wilson Avenue, Champlain Boulevard, Highway 401 and Allen Road.

RECOMMENDATIONS

The Director of the Affordable Housing Office recommends that:

1. City Council approve allocation up to \$625,000 from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 25 down payment assistance loans of \$25,000 each, to eligible purchasers of housing to be developed on the property currently known as 9 Tippet Road, 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 Malibu Investments Limited, or a related corporation, 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 & 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 50 homes at 9 Tippet Road under the affordable housing plan for the Tippet Road Regeneration Area, as summarized below.

9 Tippet Road Malibu Investments	Value of Loan Per Unit	Total Support (25 Units)
City (XR2116)	\$25,000	\$625,000
Federal/Provincial (IAH)	\$33,000	\$825,000
	\$58,000	\$1,450,000

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.

It is being proposed that contributions to the 25 new affordable ownership homes be made 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 25 affordable ownership homes be provided from the HOAP for a total of up to \$625,000. HOAP is funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116) and funds are provided as down-payment assistance loans for eligible lower-income purchasers.

This HOAP funding can be provided from the \$2 million annually Council has approved for the program.

City Council has provided delegated authority to the Director, Affordable Housing Office, to make allocations from the IAH. The Director proposes to provide approximately \$825,000 from the IAH for up to 25 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 programs are applied together to deepen affordability for purchasers and make home ownership more accessible for lower-income households. With the combined loan funding the price of each home is effectively reduced by \$58,000. 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 new 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.

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 private development sector, to create 25 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 ownership homes.

DECISION HISTORY

City Council on May 11, 2010, adopted EX43.26 *Standardizing 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. The Council Decision can be found here:

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

City Council on December 9 and 10, 2015, adopted PG8.6 *Tippett Road Area Regeneration Study - Final Report* with amendments. The report presented the final proposed policy framework for the Tippett Road Area Regeneration Study including affordable housing requirements. The final report and policy framework built on number of earlier reports regarding the Tippett Road Area Regeneration Study. The City Council Decision can be viewed here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.PG8.6>

City Council adopted EX13.8 *A Program for 100 New Affordable Rental and Ownership Homes at 36 Tippett Road* on March 31 and April 1, 2016, without amendments. The report recommended federal and provincial funding and City funding and incentives for the first 100 affordable homes on Build Toronto lands at 36 Tippett Road in the Tippett Road Regeneration Area. The City Council Decision can be viewed here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX13.8>

BACKGROUND

The Tippett Road Area Regeneration Study was undertaken to develop a comprehensive planning framework to guide the redevelopment of this 12.6 hectare, formerly industrial area, as a complete community.

The Director, Affordable Housing Office, was directed by City Council to work with Build Toronto and the developers and landowners in the Regeneration Area to achieve an initial 250 affordable rental and ownership homes on lands south of Wilson Avenue.

COMMENTS

This report outlines the affordable housing program for 9 Tippett Road and recommends funding and incentives for a total of 25 affordable homes. This housing will be delivered

under the City's housing programs and secured by agreements with the developer and Build Toronto, rather than Planning agreements under Section 37 of the Planning Act.

Malibu Investments has worked in collaboration with the Affordable Housing Office to deliver the 25 affordable ownership homes and will build and market them, providing new housing opportunities for the local community. Planning approvals are underway and marketing begin shortly. Construction is expected to begin before the end of 2016.

To deliver the homes it is proposed that up to 25 loans from the IAH be provided to eligible purchasers. As per the City program and provincial guidelines, the maximum sales price of the unit is \$630,000, and maximum household income under the programs is currently \$88,900. IAH loans are valued at 10% of the home's price, for an approximate IAH funding total of \$825,000. In addition, this report recommends \$25,000 loans per home, for a total of up to \$625,000, be provided from the City's HOAP. With the combined loan funding the price of each home is effectively reduced by \$58,000.

The combined funding will assist in providing the homes at more affordable prices to eligible lower-income families and individuals. Each home will have HOAP and IAH loan funds secured by a "silent" no-payment mortgage and the loan will be paid back to the City 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.

CONCLUSIONS

This affordable housing delivery plan for 9 Tippett Road provides funding for 25 new affordable homes as part of the Tippett Road Regeneration Area. This housing program is the result of a partnership between the developer, Malibu Investments, and the City and includes contributions from the City and Federal and Provincial governments.

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SIGNATURE

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