

Funding Allocations to Support 57 Affordable Ownership Homes

Date: November 24, 2017
To: Executive Committee
From: Director, Affordable Housing Office
Wards: Ward 10 - York Centre, Ward 36 - Scarborough Southwest and Ward 17-Davenport

SUMMARY

This report recommends affordable home ownership program funding for up to 57 new homes to be built by non-profit and private sector developers at two Build Toronto sites and one private site in various locations in the City:

	Address	Ward	Proponent	Number of Affordable Homes
1)	4 and 6 Tippett Road	10 York Centre	Malibu Investments Inc.	25
2)	383-425 Old Weston Road	17 Davenport	Habitat for Humanity	20
3)	80 Dale Avenue	36 Scarborough Southwest	80 Dale Avenue Ltd.	12
Total				57

The affordable housing plans for the Build Toronto sites were developed in collaboration with Build Toronto and the respective developers who will be acquiring the properties from Build Toronto. The affordable housing plan for 4 and 6 Tippett Road was developed in collaboration with the developer under the policies in the Tippett Road Area Regeneration Study.

Financial contributions for the 57 affordable new homes will take the form of down payment assistance loans to assist eligible purchasers moving from rental housing into home ownership. The loans will be funded from the federal/provincial *Investment in Affordable Housing Program*, the City's *Home Ownership Assistance Program* using Development Charges Reserve Fund for Subsidized Housing funds, and the developers.

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 4 and 6 Tippet Road, under the terms of the City's Home Ownership Assistance Program.
2. City Council approve allocation up to \$300,000 from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 12 down payment assistance loans of \$25,000 each, to eligible purchasers of housing to be developed on the property currently known as 80 Dale Avenue, under the terms of the City's Home Ownership Assistance Program.
3. City Council approve allocation up to \$500,000 from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 20 down payment assistance loans of \$25,000 each, to eligible purchasers of housing to be developed on the property currently known as 383-425 Old Weston Road, under the terms of the City's Home Ownership Assistance Program.
4. 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 Inc., or a related corporation, Habitat for Humanity Greater Toronto Area, or a related corporation, 80 Dale Avenue Ltd., 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 Chief Financial Officer, and in a form approved by the City Solicitor.
5. City Council grant authority to the City Solicitor to execute any documents required to postpone, confirm the status of, and discharge any City security documents registered as required by normal business practices.
6. City Council authorize the Director, Affordable Housing Office to designate the President, or other position of 80 Dale Avenue Ltd. and the President of Malibu Investments Inc. to execute on behalf of the City the loan agreements with eligible purchasers.
7. City Council authorize the City to enter into an agreement with Habitat for Humanity Greater Toronto Area, Build Toronto, Glenspring Developments Inc., and any other party deemed necessary, to secure the purchase of a prepared block of land on which Habitat intends to build up to 20 homes (the "Habitat Property").
8. City Council authorize the City to be a party to the agreement of purchase and sale contemplated to be entered into for the Habitat Property as a contingent transferee, in order to ensure the benefit of the Habitat Property is secured for the intended purposes,

in the event Habitat for Humanity Greater Toronto Area or its assignee is not able to complete the transactions.

9. City Council authorize the City to assign its interests in the Habitat Property to another not for profit housing provider, chosen by the Director, Affordable Housing Office, if Habitat is unable to complete the transaction, to give effect to the intended purpose of the Habitat Property as affordable housing, or to an arm's length purchaser at fair market value if no agreement can be made with a suitable not for profit, on terms and conditions determined by the Director, Affordable Housing Office and in a form approved by the City Solicitor prior to the closing date with Glenspring Developments Inc., with the intention that there are no financial consequences to the City having been a party to the agreements of purchase and sale for the Habitat Property.

10. City Council authorize the net proceeds of the assignment of the agreement of purchase and sale for the Habitat Property at fair market value be paid to the Capital Revolving Reserve Fund for Affordable Housing (XR1058) after payment of all expenses incurred in making the assignment of any Habitat Property.

11. City Council authorize the Director, Affordable Housing Office to negotiate and execute on behalf of the City, the agreement referred to Recommendation 7 above as well as any documents, agreements, or security required to give effect to Council's decision on terms and conditions determined by the Director, Affordable Housing Office and in a form approved by the City Solicitor.

12. City Council authorize and direct the City Solicitor to execute the agreements of purchase and sale for the Habitat Property, together with any documents or agreement relating to the release of the City's interest to Habitat, an assignment or a re-sale transaction that may occur as a result of entering into that agreement, or to amend and to waive any terms and conditions on behalf of the City, on such terms as the City Solicitor considers reasonable.

FINANCIAL IMPACT

This report recommends that City Council allocate funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 57 homes, in the form of down payment assistance loans, as summarized in the chart below:

	Number of Affordable Homes	Total City XR2116	Average City XR2116/ Home	Total Federal/ Provincial IAH	Average IAH/ Home	Total Funding	Total Average/ Home
Malibu Investments Inc. 4 and 6 Tippet Road	25	\$625,000	\$25,000	\$925,000	\$37,000	\$1,550,000	\$62,000

	Number of Affordable Homes	Total City XR2116	Average City XR2116/ Home	Total Federal/ Provincial IAH	Average IAH/ Home	Total Funding	Total Average/ Home
Habitat for Humanity 383-425 Old Weston Road	20	\$500,000	\$25,000	\$1,000,000	\$50,000	\$1,500,000	\$75,000
80 Dale Avenue Ltd. 80 Dale Avenue	12	\$300,000	\$25,000	\$396,000	\$33,000	\$696,000	\$58,000
Totals	57	\$1,425,000	\$25,000	\$2,321,000	\$40,719	\$3,746,000	\$65,719

It is recommended that \$25,000 for each of the homes be provided through the City's *Home Ownership Assistance Program (HOAP)* for a total of up to \$1,425,000 for the three developments. The HOAP is funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116) and funds are provided as down-payment assistance loans for eligible low to moderate income purchasers.

Federal/provincial funding is planned from the *Investment in Affordable Housing Program (IAH) Homeownership Component*. Council has delegated decisions to the Director, Affordable Housing Office, to make allocations from the IAH. The Director proposes to provide up to \$2,321,000 for up to 57 affordable ownership homes. Similar to the HOAP, IAH funds are delivered as down-payment assistance loans to eligible purchasers.

The two programs combined deepen the home's affordability and make home ownership more accessible for lower to moderate income renter households. The combined funding will be registered on title of the affordable homes as no-payment, no interest second mortgage loans.

A change to the terms of the City's HOAP was approved by City Council in December 2015 so that the down payment assistance is no longer forgivable, unless the value of the home goes down more than the value of the loan. Under both the HOAP and IAH programs, loans will be repaid to the City with a share of appreciation in the value of the home when the original purchaser sells or refinances their home. The funds are then returned to the relevant City accounts and reused under the programs to support new affordable housing initiatives.

The uncommitted balance in the Development Charges Reserve Fund for Subsidized Housing (XR2116) is sufficient to support the recommendations of this report. There is also sufficient IAH funding available.

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 projects based on project implementation schedules and construction timelines.

The Interim Chief Financial Officer has reviewed this report and agrees 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 and non-profit development sectors, to create up to 57 new 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 populations.

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

DECISION HISTORY

City Council on July 12, 13, 14 and 15, 2016 adopted the following reports relating to affordable home ownership programs and funding:

EX 16.28 *A Program for 100 New Affordable Rental and Ownership Homes at 30 Tippett Road*. The report recommended federal and provincial funding and City funding and incentives for 100 affordable homes on Build Toronto lands at 30 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.EX16.28>

EX16.30 *Funding 25 New Affordable Ownership Homes at 9 Tippett Road*. The report recommended federal and provincial funding and City funding and incentives for the 25 affordable homes at 9 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.EX16.30>

EX16.26 *Implementing the Open Door Affordable Housing Program*, adopted with amendments which provided financial and implementation details regarding the City's new initiative. Open Door aims to scale-up affordable housing development to better meet Council's annual targets of 1,000 new affordable rental homes and 400 new affordable ownership homes. Implementation matters addressed in the report include: a multi-year affordable housing investment plan to meet targets; a streamlined affordable housing incentives application process, and; expanded planning supports through the new Open Door Planning Service development application review process. The City Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.26>

City Council on March 31 and April 1, 2016 adopted EX13.8, *A Program for 100 New Affordable Rental and Ownership Homes at 36 Tippett Road*. 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>

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). City Council also increased the City's target for new affordable ownership homes from 200 homes annually to 400, and extended HOAP funding to developers delivering affordable homes on public lands. The report also informed Council of Build Toronto's 80 Dale Avenue and 383-425 Old Weston Road properties as upcoming affordable housing opportunities. The City Council Decision can be found here:

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

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 on November 27, 28 and 29, 2012 adopted GM18.8 *Transfer of Properties to Build Toronto – Fourth Quarter 2012* which recommended that a number of City properties be declared surplus for the purposes of transfer to Build Toronto, including 80 Dale Avenue. The Council decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM18.8>

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 September 30 and October 1, 2009, adopted GM24.3 *Transfer of Properties to Build Toronto*, which recommended that a number of City properties be declared surplus for the purposes of transfer to Build Toronto, including 383-425 Old Weston Road. The Council decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.GM24.30>

COMMENTS

This report recommends affordable home ownership program funding for up to 57 new homes. The funding will be delivered in the form of down payment assistance loans to help eligible low to moderate income purchasers afford the new homes.

The down payment assistance loans will be funded from the federal/ provincial *Investment in Affordable Housing Program (IAH)*, the City's *Home Ownership Assistance Program (HOAP)* using Development Charges Reserve Fund for Subsidized Housing funds, and the developers, as described in the site-specific sections below.

The City's HOAP provides a \$25,000 loan per home and the federal/provincial IAH provides loan funds of, on average, 10% of the home's price. The two programs are combined to make home ownership more accessible for lower to moderate income households. The maximum annual household income under both programs is \$90,500, a figure set by the Provincial Ministry of Housing. The combined funding is registered on title of the homes as a no-payment, no interest second mortgage loans. The development proponents will deliver the loans to eligible purchasers as part of their normal marketing process, under the terms of program funding agreements with the City. The loans will be repaid to the City with a share of any appreciation in the value of the home when the original purchaser sells or refinances their home. The funds are then redeployed under the affordable ownership programs to assist future purchasers.

Funding is recommended for two surplus City of Toronto properties at 80 Dale Avenue and 383-425 Old Weston Road, and one private site at 4 and 6 Tippett Road. The two surplus City properties were transferred to Build Toronto and have been sold, or are in the process of being sold, to non-profit and private sector developers.

4 and 6 Tippett Road

The affordable housing program at 4 and 6 Tippett Road is being delivered under the Tippett Road Area Regeneration Study. This study was undertaken to develop a comprehensive planning frame to guide the redevelopment of this 12.6 hectare, formerly industrial area, as a complete community. City Council directed the Director, Affordable Housing Office, to work with the local developers and landowners in the Regeneration Area to achieve an initial 250 affordable rental and ownership homes on lands south of Wilson Avenue.

In 2016, City Council allocated funding and incentives for 100 affordable rental homes and 125 affordable ownership homes in the Regeneration Area. The 25 affordable ownership homes recommended by this report bring the total to 250 affordable homes in the Tippett Road Regeneration Area.

Malibu Investments Inc. (Malibu) is the owner and developer of 4 and 6 Tippett Road and has previously worked with the Affordable Housing Office to deliver 25 affordable ownership loans at 9 Tippett Road. Malibu will build and market the new homes with IAH and HOAP loan funding, providing new housing opportunities for the local community. Marketing will begin shortly. The City Planning Division is working with

Malibu under City Council directions adopted on October 2, 3 and 4, 2017 for the Official Plan and Zoning By-Law Amendment application at 4 and 6 Tippett Road.

The site is south east of the intersection of Wilson Road and Allen Road in Ward 10 York Centre.

383-425 Old Weston Road

The surplus City works yard at 383-425 Old Weston Road was approved for transfer to Build Toronto in 2009. Build Toronto is working with a private developer, Habitat for Humanity and the Affordable Housing Office to deliver up to 20 affordable ownership homes using the recommended IAH and HOAP loan funding. Habitat for Humanity and the developer building on the remainder of the site will work with the City Planning Division to secure the necessary development approvals.

The site is north east of the intersection of Old Weston Road and St. Clair Avenue West in Ward 17 Davenport.

80 Dale Avenue

This surplus City property was approved for transfer to Build Toronto in 2012. The private sector developer, 80 Dale Avenue Ltd., has entered into an agreement to purchase the site from Build Toronto and is working with Build Toronto and the Affordable Housing Office to deliver up to 12 affordable ownership homes using IAH and HOAP loan funding, as recommended. 80 Dale Avenue Ltd. will also make contributions to the down payment assistance loans.

This site is on the north side of Dale Avenue, near Kingston Road in Ward 36 Scarborough Southwest.

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