

## **Home Ownership Funding Allocations to Support 80 New Non-Profit Affordable Ownership Homes**

**Date:** February 15, 2018  
**To:** Affordable Housing Committee, Executive Committee  
**From:** Director, Affordable Housing Office  
**Wards:** Ward 11 - York South-Weston, Ward 42 - Scarborough- Rouge River

### **SUMMARY**

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This report recommends funding of \$2,000,000 for two new non-profit housing developments through the City's Home Ownership Assistance Program (HOAP). The program provides up-front funding to support the development of the homes, which is then converted into down payment assistance loans to help qualifying low to moderate income families and individuals purchase the homes at more affordable prices. Funding for the HOAP is from the Development Charges Reserve Fund for Subsidized Housing (XR2116).

The two non-profit housing developments recommended for funding are the Habitat for Humanity townhomes at 136, 138 and 140 Pinery Trail in Ward 42 Scarborough-Rouge River, and the Options for Homes/Home Ownership Alternatives condominium apartment building at 10 Wilby Crescent in Ward 11 York South-Weston.

These HOAP funding recommendations follow a competitive Request for Proposals (RFP) process run by the Affordable Housing Office. The down payment assistance loans under the program average \$25,000 each and 50 loans or \$1,250,000 are recommended for the Habitat for Humanity at 136, 138 and 140 Pinery Trail, and 30 loans or \$750,000 are recommended for Options for Homes/Home Ownership Alternatives at 10 Wilby Crescent.

The HOAP funding for these 80 new affordable ownership homes aligns with the City's Housing Opportunities Toronto 10-year Affordable Housing Action Plan and contributes to Toronto's annual target of creating 400 new affordable ownership opportunities for low to moderate income families and individuals.

## **RECOMMENDATIONS**

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The Director of the Affordable Housing Office recommends that:

1. City Council approve an allocation up to \$750,000 from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 30 down-payment assistance loans averaging \$25,000 each, to eligible purchasers of housing to be developed by Options for Homes Non-Profit Corporation (Greater Toronto Area), Home Ownership Alternatives Non-Profit Corporation (Greater Toronto Area) and Humber Co-operative Development Corporation on the property currently known as 10 Wilby Crescent, under the terms of the City's Home Ownership Assistance Program.
2. City Council approve an allocation up to \$1,250,000 from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 50 down-payment assistance loans averaging \$25,000 each, to eligible purchasers of housing to be developed by Habitat for Humanity Greater Toronto Area on the property currently known as 136, 138 and 140 Pinery Trail, under the terms of the City's Home Ownership Assistance Program.
3. 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 Options for Homes Non-Profit Corporation (Greater Toronto Area), or a related corporation, Home Ownership Alternatives Non-Profit Corporation (Great Toronto Area), or a related corporation, Humber Co-operative Development Corporation, or a related corporation, Habitat for Humanity Greater Toronto Area, or a related corporation and any other parties deemed necessary to facilitate the funding detailed in the report dated February 14, 2018 from the Director, Affordable Housing Office, on terms and conditions satisfactory to the Director, Affordable Housing Office, in consultation with the Acting Chief Financial Officer, and in a form satisfactory to the City Solicitor.
4. City Council authorize the City Solicitor to execute, postpone, confirm the status of, and discharge any City security documents registered as required by normal business practices.
5. City Council authorize the Director, Affordable Housing Office to determine when the developments at 10 Wilby Crescent and 136, 138 and 140 Pinery Trail have reached an adequate and appropriate stage in the City Planning approvals process and construction readiness to allow the funding to be securely advanced.

## **FINANCIAL IMPACT**

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This report recommends that City Council allocate funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for two non-profit affordable home ownership developments selected through a Request for Proposals, for a total of 80 new affordable ownership homes. Details for the two developments are summarized in the table below.

	<b>Number of Affordable Homes</b>	<b>City XR2116 Allocation</b>	<b>Average Per Home</b>
Options for Homes/Home Ownership Alternatives 10 Wilby Crescent	30	\$750,000	\$25,000
Habitat for Humanity Greater Toronto Area 136, 138, 140 Pinery Trail	50	\$1,250,000	\$25,000
<b>Totals</b>	<b>80</b>	<b>\$2,000,000</b>	<b>\$25,000</b>

It is recommended that an average of \$25,000 per eligible home, up to a maximum of amount of \$50,000 and a minimum amount of \$5,000, be provided through the City's *Home Ownership Assistance Program (HOAP)* for a total of \$2,000,000 for the two 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. Toronto City Council has approved \$2,000,000 annually for the HOAP from XR2116.

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

Under the HOAP program, loans will be repaid by the home purchasers to the City with a share of appreciation in the value of the home when the purchaser sells or refinances their home. The funds are then returned to the relevant City accounts and reused under the program 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. The funding for affordable housing projects is cash-flowed through the Operating Budget for Shelter, Support and Housing Administration.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **EQUITY IMPACT**

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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 City investments, in partnership with the non-profit development sector, to create 80 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**

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City Council on July 12, 13, 14 and 15, 2016, EX16.26 *Implementing the Open Door Affordable Housing Program*, adopted with amendments, provided financial and implementation details regarding the City's new *Open Door Program*. The program 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; 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 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 City Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

City Council on July 16, 17, 18 and 19, 2013 adopted EX33.36, *Assisting New Home Owners - Affordable Home Ownership Assistance Program Allocations 2013*. This report included a HOAP funding allocation for 10 Wilby Crescent. Due to a number of unforeseen pre-construction issues which resulted in development delays, the HOAP funding was re-allocated to and utilized by other non-profit affordable home ownership developments. The Council decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.36>

City Council at its meeting of May 11 and 12, 2010 adopted EX43.26 *Standardizing City Support for New Assisted Ownership Housing Opportunities* that recommended creation of the Home Ownership Assistance Program funded by \$2 million annually from the City's Development Charge Reserve Fund (2009) for Subsidized Housing (XR2116). The Council decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.26>

## COMMENTS

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This report recommends affordable home ownership program funding of \$2,000,000 using the Development Charge Reserve Fund for Subsidized Housing funds for 80 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 City's HOAP provides down-payment assistance loans averaging at \$25,000 per home, up to a maximum amount of \$50,000 and a minimum amount of \$5,000 to make home ownership more accessible for lower to moderate income households. The maximum annual household income under this program is \$90,500, a figure set by the Provincial Ministry of Housing under its homeownership loan program. The HOAP loans are registered on title of the homes as no-payment, no interest second mortgages. Each of the non-profit 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 HOAP to assist future purchasers.

The Affordable Housing Office issued a Request for Proposals to make this HOAP funding available to non-profit proponents with new affordable housing projects. The RFP detailed information required from each proponent and provided a weighted evaluation criteria used to assess each proposal. The review process was carried out by an evaluation committee which comprised of staff from the Affordable Housing Office. Each proponent must score a minimum of 70% in each category to be recommended for funding to City Council.

HOAP funding is recommended for two new non-profit housing developments that were successful through this RFP. Details of each development are described in the site-specific sections below. Each successful proponent has strong development, management, administrative, marketing, and financial capabilities, including a strong track record in delivering affordable ownership housing in Toronto. HOAP funding is contingent upon planning approvals being secured by the proponents.

The City is currently reviewing its Development Charges By-Law. A staff report will be provided in the event that any changes are needed to the HOAP, or to the funding of these developments, as a result of the new Development Charges By-Law.

The 80 affordable ownership homes recommended by this report, as well as the 80 affordable ownership homes approved by City Council in January 2018 at 51 Panorama Court under the Provincial Affordable Housing Lands Program, contribute to meeting the City's annual target of 400 new affordable ownership homes.

### **136, 138 and 140 Pinery Trail - Habitat for Humanity Greater Toronto Area**

Habitat for Humanity Greater Toronto Area (Habitat) is a registered charity that has been active in Toronto since 1988. Habitat focuses on lower-income families and constructs larger, family-sized homes. Habitat uses a unique system of volunteer labour

and donated or reduced-cost building materials and services to bring down construction costs which in turn lowers the cost of homes for purchasers. As part of Habitat's program, home purchasers must contribute at least 500 volunteer hours with Habitat. All Habitat second mortgages are geared to the household's income level and do not exceed 30% of their gross household income, making home ownership affordable for low-income homeowners.

Habitat also operates Habitat ReStores which are retail home improvement stores that sell donated, new or gently used home furnishing and renovation materials. The revenue generated from Habitat ReStores also help support development projects.

The development at 136, 138 and 140 Pinery Trail is located west of Neilson Road and north of McLevin Avenue in Ward 42 Scarborough- Rouge River. The development consists of 50 three to five bedrooms stacked townhouses and is being developed in three blocks. The first two phases of construction are nearing completion and sales closing. City Planning staff have been consulted and Habitat will be submitting building permit drawings for the last phase at 140 Pinery Trail for review.

The three to five bedroom stacked townhouses at 136, 138 and 140 Pinery Trail will be targeted to three to seven member families with annual incomes estimated between \$38,500 and \$74,000. It is recommended that \$1,250,000 in HOAP funding be allocated to this development to provide down-payment assistance for 50 homeowners.

### **10 Wilby Crescent - Options for Homes/Home Ownership Alternatives**

Home Ownership Alternatives (HOA) was started in 1998 and works closely with Options for Homes, a non-profit development consultant, to develop and provide up-front financial support to new affordable home ownership projects. The HOAP funding will combine with contributions from HOA to improve affordability for low and moderate income purchasers by reducing the amount of down-payment required by eligible homebuyers. The second mortgages will assist eligible families and individuals with a household income lower than the 60th percentile, currently \$90,500 as defined by the Ministry of Housing. HOA then administers the second mortgages securing the funds contributing to the affordability of the new homes.

The proposed development at 10 Wilby Crescent is a 21-storey apartment with a total of 235 bachelor to three-bedroom homes, located west of Weston Road and south of Lawrence Avenue West in Ward 11 York South-Weston. City Planning staff have been consulted and Options for Homes/Home Ownership Alternative is working with City Planning to revise this development application. It is recommended that \$725,000 in HOAP funding be allocated to the proposed development to assist 30 homeowners.

## **CONTACT**

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## **SIGNATURE**

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Sean Gadon  
Director, Affordable Housing Office

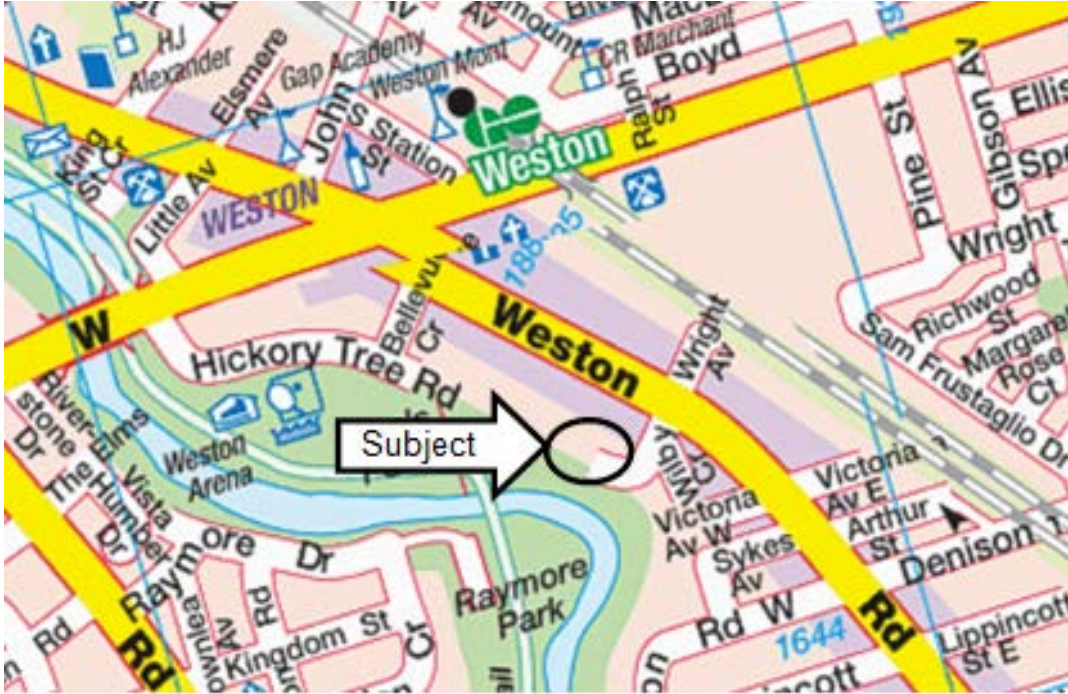
## **ATTACHMENTS**

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Attachment 1: Location Map and Rendering - 10 Wilby Crescent  
Attachment 2: Location Map and Rendering - 136, 138 and 140 Pinery Trail



Attachment 1: Location Map and Rendering - 10 Wilby Crescent





Attachment 2: Location Map and Rendering - 136, 138 and 140 Pinery Trail

