

Open Door Affordable Housing Program 2017 Annual Activity Report

Date: June 11, 2018
To: Affordable Housing Committee
From: Director, Affordable Housing Office
Wards: All

SUMMARY

This report provides a review of activities in 2017 under the City's Open Door Affordable Housing Program. Open Door has been successful in spurring affordable housing development in Toronto with Council approving 1,224 new affordable rental and 86 affordable ownership homes in 2017, for a total of 1,310 new homes. Details of the approvals are collected in the summary tables in Attachment 1 and descriptions of all government financial contributions are provided in the report.

Open Door scales-up affordable housing development by utilizing surplus public land, City incentives and expedited planning approvals. It also complements federal/provincial affordable housing program funding and assists the City in meeting the Housing Opportunities Toronto Action Plan 2010-2020 targets. The City's annual affordable housing targets are 1,000 new rental homes and 400 new ownership homes.

The program was launched in 2015 by Mayor Tory and Deputy Mayor Bailão. In July 2016, Council approved a five-year Open Door financial plan, with a target of 5,000 new affordable rental units.

This report responds to City Council's direction to provide annual updates on the progress and results of the program. The report reviews the following financial supports provided to the new affordable homes approved in 2017:

- Federal/provincial affordable housing program funding;
- City capital funding and incentives; and
- The utilization of City and provincial lands for affordable housing development.

There are a number of initiatives underway in 2018 to increase the pace and scale of affordable housing development. Developments resulting from this work are reported throughout the year as they come forward. This includes the results of the 2018 Open Door Call for Applications, Open Door proposals approved as part of the planning approvals process, and the Provincial Home for Good and Affordable Housing Land Programs.

While the City is now meeting and exceeding its affordable rental housing targets, affordable ownership development was below the target in 2017. To address this, under the City's new Development Charges by-law the Home Ownership Assistance Program is to be updated as a development charges deferral program, prioritizing new non-profit development.

RECOMMENDATIONS

The Director, Affordable Housing Office, recommends that:

1. The Executive Committee receive this report for information.

FINANCIAL IMPACT

There are no direct financial impacts associated with this report as it reviews commitments made in 2017.

Through the Open Door Program, affordable rental housing developments may be eligible for City capital funding and/ or planning fee, development charges and property tax waivers. Affordable ownership housing developments may also be eligible for City loan funding from the Home Ownership Assistance Program (HOAP). The financial implications of individual affordable rental and ownership developments are provided to City Council in project-specific funding and approvals reports.

The financial aspects of the City's 2017 affordable housing approvals are summarized as follows:

Type of Housing	Annual City Target	Number of Homes Approved in 2017	Government Investments (\$Millions)				
			Fed/Prov Program Investments	City Capital	City Incentives	Total City Investments	Total Government Investments
Affordable Rental Housing	1,000	1,224	43.02	35.08	50.12	85.20	128.22
Affordable Ownership Housing	400	86	2.78	1.81	-	1.81	4.59
Totals	1,400	1,310	45.80	36.89	50.12	87.01	132.81

The City's primary sources of capital funding for new affordable housing are the Development Charges Reserve Fund for Subsidized Housing (XR2116) and the Capital Revolving Reserve Fund for Affordable Housing (XR1058).

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

EQUITY IMPACT STATEMENT

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 homes is also a goal of TO Prosperity, the City's Poverty Reduction Strategy.

The new affordable homes realized through Open Door provide a mix of housing opportunities for low-and moderate-income households, including singles, couples and families.

Open Door provides housing stability for equity-seeking groups such as lower-income individual's couples and families, homeless people, aboriginal households, victims of domestic violence, seniors and people with disabilities.

DECISION HISTORY

On August 5 and 6, 2009, City Council adopted EX33.47 Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020 to address Toronto's affordable housing challenges over 10 years. The City Council Decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.47>

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. City Council's Decision requested an annual report on the progress and results of the program. The Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

City Council on July 12, 13, 14 and 15, 2016, adopted with amendments EX16.26 Implementing the Open Door Affordable Housing Program which provided financial and implementation details regarding the City's new initiative. Recommendation 3 of City Council's Decision requested the Director, Affordable Housing Office in collaboration with the City Manager's Office to provide an update, annually, on the prior year results of the Open Door Program including funding allocations, incentives provided and other contributions from all sources on a go-forward basis. The City Council Decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.26>

Executive Committee on September 26, 2017, adopted EX27.16 Open Door Affordable Housing Program 2016 Annual Activity Report which provided the results and review of activities in 2016 under the City's Open Door Affordable Housing Program. The Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX27.16>

COMMENTS

The Open Door Affordable Housing Program provides City capital contributions and incentives, surplus public lands, and expedited planning approvals for new affordable housing. The program was launched in April 2015, by the Mayor and Deputy Mayor Bailão and augments federal/ provincial affordable housing program funding available to the City. The City has affordable housing targets of 1,000 new affordable rental homes and 400 new affordable ownership homes annually, as prescribed by the 10-year Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020.

In July 2016, Council approved a five-year Open Door financial plan detailing the financial resources projected to be required to meet housing targets during that period. The financial inputs include:

- Federal/provincial affordable housing program funding;
- City capital and program funding;
- The value of waived City planning fees, development charges and tax relief.

The core City contributions to Open Door are planning and building fees, development charges and tax relief valued at approximately \$43,000 per affordable rental home at current rates, and capital and program funding, as available, from the Development Charges Reserve Fund for Subsidized Housing (DCRF) and the Capital Revolving Reserve Fund for Affordable Housing (CRF). Federal/ provincial program funding is more substantial, at up to \$150,000 per new affordable rental home.

Maximum rent levels and household income eligibility criteria are in place under Open Door and federal/ provincial affordable housing programs. Affordable rental housing is defined in the City's Official Plan and affordable housing by-law as homes having a monthly rent at or below the City average by unit size. These average monthly rents (AMR) are published by Canada Mortgage and Housing Corporation (CMHC) and, for example, the AMR for a one-bedroom apartment in Toronto in 2018 is \$1,202 and a two- bedroom \$1,426.

The rents achieved through Open Door can be less than AMR. This is achieved through the application of housing allowances, rent supplement referral agreements, larger capital subsidies and the addition of federal/provincial funding.

The cost of construction and residential land are major barriers to affordability in the City. Open Door contributions assist in reducing development costs and enable lower rents. By comparison, the AMR for condominium rentals in 2018- an approximate comparable for newly-built rental homes such as those under the Open Door Program - is \$1,847 for a one bedroom apartment and \$2,401 for a two bedroom apartment.

To be eligible for an affordable rental home, household income can be no more than four times the annual rent. Using the above Open Door examples, that is \$57,696 for a one bedroom apartment and \$68,448 for a two bedroom. The maximum rents and household incomes are regulated for a minimum of 25 years, including a five-year phase out, under Open Door and federal/ provincial programs.

With respect to providing access to affordable home ownership opportunities, the federal/ provincial program and the City's Home Ownership Assistance Program (HOAP) directly reduce the cost of a new home purchase for eligible households on a dollar-for-dollar basis by providing down-payment assistance loans.

The federal/ provincial program loans are up to 10% of the home price and HOAP loans are \$25,000 each. Both the federal/ provincial program and HOAP currently have a maximum household income limit of \$90,500. Both programs require the loan to be repaid with a proportionate share of capital appreciation when the home is sold. The repaid funds are used to assist future purchasers.

To speed up the development approval process and get new homes completed, City Planning provides the Open Door Planning Service for eligible affordable housing developments. The service provides streamlined planning approvals through a case-managed application review process that shortens internal circulation timelines and helps navigate the planning and building approval process.

As guided by the Council-approved five-year Open Door Program financial plan, reports for new affordable homes will be presented to Council for consideration and approval on an ongoing basis. Council will also receive an annual update report tracking progress and providing any recommendations to improve the performance of the program.

During 2017, the City approved various types of financial support for 1,224 new affordable rental and 86 affordable ownership homes in 15 wards across the city. The affordable rental figure represents 18 developments: 10 non-profit and 8 private sector. The affordable ownership figure represents five developments: 3 non-profit and 2 private sector.

The following financial supports are combined to make these homes more affordable.

City Capital and Program Funding

The City's primary sources of capital funding for new affordable housing are the Development Charges Reserve Fund for Subsidized Housing (DCRF) and the Capital Revolving Reserve Fund for Affordable Housing (CRRF). Both funds are replenished by regular contributions. In 2017, the City provided \$35.08 million in DCRF and CRRF funding to support 527 new affordable rental homes in 10 developments.

The DCRF is also the funding source for the City's Home Ownership Assistance Program (HOAP) which supports new affordable home ownership initiatives. In 2017, \$1.81 million was allocated to 4 developments to provide 70 home ownership assistance loans to eligible households.

City Incentives

The City has for many years waived planning fees, development charges and property taxes for new affordable rental housing. In 2017, the City provided approximately \$50.12 million in incentives to support 1,224 new affordable rental homes in 18

developments. The approximate average value in foregone revenues of this contribution was \$43,000 per unit, comprised of roughly \$5,741 in planning and building permit fees, \$21,638 in development charges, and \$15,420 in tax relief for the term of affordability (typically 25 years).

Federal/ Provincial Program Funding

Federal/provincial programs are crucial for the development of new affordable homes. The Provincial government launched new initiatives such as the Provincial Lands for Affordable Housing Program. Details of this program will be reported to Council separately.

In 2017, the City allocated \$43.02 million in federal/provincial program funding to support 302 new affordable rental homes in 7 developments, and \$2.78 million to support 73 new affordable ownership homes in 4 developments.

Other Notable Open Door Projects

Mirvish Village Redevelopment

City Council approved 60 affordable rental homes in 2017 and 25 affordable homes in 2018 as a part of the Affordable Housing Plan at Mirvish Village Redevelopment. The redevelopment is a unique city-building opportunity for Toronto and a collaborative effort between City Divisions and the proponent. The 85 affordable rental homes represent seven percent of the homes on the redevelopment. The Affordable Housing Office and the developer Westbank, are continuing to explore opportunities for the involvement of non-profit housing sector to provide supports to residents.

Provincial Lands

City Council pre-approved City incentives for 600 new affordable rental homes. This project is in partnership with the Ontario Government as a part of the development of Phase One of the Provincial Affordable Housing Lands Program. The Ontario Government as part of its Fair Housing Plan established a program to leverage provincial land assess to develop a mix of market housing and new permanent, sustainable affordable housing across the province. Thirty percent of the residential Gross Floor Area at 27 Grosvenor/26 Grenville and the West Don Lands (Blocks 8/20 and 3W, 4W and 7W) will be allocated to create new affordable rental homes. City Council pre-approved Open Door Program's financial incentives to support the construction and operation of up to 600 new rental homes.

CONCLUSION

The following table summarizes and compares 2016 and 2017 Open Door Approvals with the City's targets for affordable rental and ownership housing.

	Affordable Rental Housing	Affordable Ownership Housing
Annual Open Door Targets	1,000 Homes/ year	400 Homes/year
2016 Open Door Approvals	571 Homes	408 Homes
2017 Open Door Approvals	1,224 Homes	86 Homes

Since the Open Door Program's launch in 2015, the program has approved 1,807 affordable rental homes and 494 affordable ownership homes. The program has built momentum, beginning with the pilot development at 200 Madison Ave on surplus public land where 82 new homes were approved.

CONTACT

Erik Hunter
 Manager, Policy and Partnerships
 Affordable Housing Office
Erik.Hunter@toronto.ca
 Tel: 416.397.4251

Minha Hassim
 Policy Development Officer (Acting), Policy and Partnerships
 Affordable Housing Office
Minha.Hassim@toronto.ca
 Tel: 416.397.7319

SIGNATURE

Sean Gadon
 Director
 Affordable Housing Office

ATTACHMENT

Appendix 1 - 2017 Open Door Financial Summary

ATTACHMENT 1: 2017 OPEN DOOR FINANCIAL SUMMARY

Affordable Rental Developments							
Proponent	Address	# Units	Estimated Government Investments (\$Millions)				
			Fed/Prov Program Investment	City Capital (DCRF + CRF+Other)	City Incentives	Total City Investments	Total
							Government Investments
Naismith Housing Co-operative Inc.	10 York Street	-	-	-	0.261	0.26	0.26
Toronto Transit Commission	640 Lansdowne Avenue	tbd	-	0.07	0.000	0.07	0.07
Toronto Community Housing	389 Church Street	120	17.85	14.74	3.848	18.59	36.44
Owned byTCHC/Leased to Margaret's Housing and Community Support Services Inc	13-15 & 17-19 Winchester Street	35	5.25	2.50	1.179	3.68	8.93
Westbank	Mirvish Village (phase 1)	60	6.00	4.00	2.142	6.14	12.14
WoodGreen Community Housing Inc.	1117-1119 Gerrard Street East	36	5.40	-	1.437	1.44	6.84
St. Clare's Multifaith Housing Society	25 Leonard Street (phase 3)	22	-	0.50	0.454	0.95	0.95
1656851 Ontario Inc o/a High Park Villa (William Munro and Kenneth McGowen)	2140 Bloor Street West	13	-	0.39	0.508	0.90	0.90

Affordable Rental Developments							
Concert Properties	5365 Dundas Street West	50	-	5.50	2.074	7.57	7.57
Verdiroc Development Corporation and Greenwin Inc	1750 Ellesmere Road	150	-	1.50	5.743	7.24	7.24
Akwa Honsta Non-Profit Aboriginal Homes Inc.	136 Kingston Road	24	-	0.10	0.989	1.09	1.09
Mynikker Holdings Inc	30 Cosburn Ave	6	-	-	0.210	0.21	0.21
Innstead Co-operative Inc.	355-363 Coxwell Ave	33	-	3.08	1.333	4.42	4.42
Dream, Tricon and Kilmer Group	West Don Lands	390	-	-	18.042	18.04	18.04
Canadian Real Estate Investment Trust and Greenwin Inc.	80 Grenville and Grovesnor	210	-	-	9.828	9.83	9.83
Fife House	9 Huntley Street	20	3.00	2.70	0.659	3.36	6.36
Wigwamen	14 Spadina Road	24	-	-	0.558	0.56	0.56
571-597 Bloor Street West, 738-782 Bathurst Street, 26-38 Lennox Street, 581-603 and 588-612 Markham Street	Westbank (Mirvish Village Phase 2)	25	3.75	-	0.860	0.86	4.61

Affordable Rental Developments							
Covenant House Anti-Human Trafficking Home	(confidential)	6	1.77	-	-	-	1.77
Affordable Rental Housing Subtotal		1,224	43.02	35.08	50.12	85.20	128.22

Affordable Ownership Developments							
Proponent	Address	# Units	Estimated Government Investments (\$Millions)				
			Fed/Prov Program Investment	City Capital (DCRF)	City Incentives	Total City Investments	Total
							Government Investments
City of Toronto (Non-profit TBD)	150 Harrison St & 50 Lakeview Ave	13	-	0.39	-	0.39	0.39
Malibu Investments	4-6 Tippet Road	25	0.93	0.63	-	0.63	1.55
Habitat for Humanity / Build Toronto	383-423 Old Weston Road	20	0.66	0.50	-	0.50	1.16
Podium Developments/ Build Toronto	Kingston Rd and Dale Ave	12	0.40	0.30	-	0.30	0.70
Habitat for Humanity	136-140 Pinery Trail	16	0.80	-	-	-	0.80
Affordable Ownership Housing Subtotal		86	2.78	1.81	-	1.81	4.59

Total Affordable Rental and Ownership Homes 2017							
Proponent	Address	# Units	Estimated Government Investments (\$Millions)				
			Fed/Prov Program Investment	City Capital	City Incentives	Total City Investments	Total
							Government Investments
		1,310	45.80	36.89	50.12	87.01	132.81