Open Door Funding for 300 New Non-Profit Affordable Ownership Homes at 253 Markham Road and 12, 20 and 30 Dunelm Street

Date: June 12, 2018
To: Affordable Housing Committee
From: Director, Affordable Housing Office
Wards: Ward 36 - Scarborough Southwest

SUMMARY

This report recommends City financial support for up to 300 new affordable ownership homes to be built by the non-profit affordable housing groups, Habitat for Humanity, Greater Toronto Area, and Options for Homes/ Home Ownership Alternatives. The homes are to be built at the CreateTO site 253 Markham Road and 12, 20 and 30 Dunelm Street in Ward 36 Scarborough Southwest.

The affordable housing plan for this site was developed by the Affordable Housing Office and CreateTO, formerly Build Toronto. Habitat for Humanity and Options for Homes/ Home Ownership Alternatives are in the process of acquiring the properties from CreateTO.

City financial contributions for the 300 new affordable homes will take the form of down payment assistance loans to assist eligible purchasers moving from rental housing into homeownership. The loans will be funded from the City’s Home Ownership Assistance Program (HOAP) using the new Development Charges deferral approach.

A staff report concurrent with this report titled Development Charges Deferral Update to the City's Home Ownership Assistance Program recommends the conversion of the City's HOAP from a program funded by Development Charges Reserve Fund contributions to a new Development Charge deferral approach. The recommendations in this report are contingent on the adoption of Development Charges Deferral Update to the City's Home Ownership Assistance Program.

The City will continue to work with Habitat for Humanity, Greater Toronto Area, and Options for Homes/ Home Ownership Alternatives to pursue Federal/ Provincial funding opportunities under the new National Housing Strategy.
RECOMMENDATIONS

The Director of the Affordable Housing Office recommends that:

1. 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 Home Non-Profit Corporation Greater Toronto Area, or a related corporation, Home Ownership Alternatives Non-Profit Corporation (Great Toronto Area), or a related corporation, Highlands Co-Operative Development Corporation, or a related corporation, Habitat for Humanity Greater Toronto Area, or a related corporation, CreateTO, or a related corporation, and any other parties deemed necessary to facilitate the funding detailed in this report dated June 12, 2018, on terms and conditions satisfactory to the Director, Affordable Housing Office, in consultation with the Chief Financial Officer, the financial security and financing be acceptable to the Chief Financial Officer, and in a form approved by the City Solicitor.

2. Subject to the adoption of the City's Home Ownership Assistance Program Development Charges Deferral, City Council approve the deferral of City development charges for up to 300 non-profit affordable ownership homes, to be delivered by Options for Home Non-Profit Corporation Greater Toronto Area, or a related corporation, Home Ownership Alternatives Non-Profit Corporation (Great Toronto Area), or a related corporation, Highlands Co-Operative Development Corporation, or a related corporation, Habitat for Humanity Greater Toronto Area, or a related corporation, in the form of down payment assistance loans for eligible purchasers of the homes to be developed on the properties currently known as 253 Markham Road and 12, 20 and 30 Dunelm Street, under the terms of the City's Home Ownership Assistance Program Development Charges Deferral.

3. 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.

4. City Council authorize the Director, Affordable Housing Office to determine when the developments at 253 Markham Road and 12, 20 and 30 Dunelm Street 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

Subject to the adoption of the City's Home Ownership Assistance Program Development Charges Deferral as set out in a concurrent report, this report recommends that City Council defer City development charges for up to 300 non-profit affordable ownership homes, and that the value of these deferrals be secured in the form of down payment assistance loans for eligible low to moderate income purchasers under the City's Home Ownership Assistance Program (HOAP) and in accordance with the terms of the deferral program. The funding will deepen the affordability of the homes.
and make home ownership more accessible for lower to moderate income renter households.

As shown in the table below, the estimated development charges deferral amount for the three properties at 2018 rate $7,424,472, and $13,697,532 when the bylaw is fully phased in at November 1, 2020.

<table>
<thead>
<tr>
<th>Assisted Ownership Homes</th>
<th>Current DC Rate</th>
<th>November 2020 DC Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Contribution (Per Unit)</td>
<td>Total Support (300 Units)</td>
<td>Value of Contribution (Per Unit)</td>
</tr>
<tr>
<td>Development Charges Deferral</td>
<td>$24,748.24</td>
<td>$7,424,472</td>
</tr>
</tbody>
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The average term of deferral is expected to be between 5 to 7 years, coinciding with the expected ownership tenure before sale or refinancing. Upon future sale or refinancing of the individual units, the deferred Development Charges will be collected, with interest, and a capital appreciation formula. The development charges will be deposited into the City’s development charges reserve funds, with interest, and any remaining capital appreciation will be deposited into the Development Charges Reserve Fund (DCRF) for Subsidized Housing (XR2116). The Affordable Housing Office will monitor the loans until repayment.

The delayed collection of development charges is expected to marginally increase debt financing requirements during the deferral period and/or delay construction of growth-related projects until the funds are collected and available for capital investment. These impacts will be considered through City’s annual capital budgeting process.

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

**EQUITY IMPACT STATEMENT**

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 private and non-profit development sectors, to create 300 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 April 24, 25 and 26, 2018, adopted EX33.3 *Development Charge By-law Review* which included a recommendation directing staff to report back to the June 25, 2018 Affordable Housing Committee with program details on the conversion of the Home Ownership Assistance Program (HOAP) to a development charges deferral program. The City Council Decision can be found here: [http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.3](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.3)

City Council on July 12, 13, 14 and 15, 2016, adopted 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](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 report also informed Council of Build Toronto’s property at 253 Markham Road and 12, 20 and 30 Dunelm Street upcoming affordable housing opportunities. The City Council Decision can be found here: [http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18)

City Council on May 8 and 9, 2012 adopted GM13.7 *Transfer Properties to Build Toronto and Declaration as Surplus – Second Quarter 2012* which recommended that a number of City properties be declared surplus for the purposes of transfer to Build Toronto, including 253 Markham Road and 12, 20 and 30 Dunelm Street. The Council Decision can be found here: [http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM13.7](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM13.7)

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 City Council Decision can be found here: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.26

COMMENTS

This report recommends affordable home ownership program funding for 300 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 City’s Home Ownership Assistance Program (HOAP) using a Development Charges deferral approach. The City will continue to work with Options for Homes/ Home Ownership Alternatives and Habitat for Humanity to pursue Federal/ Provincial funding opportunities under the new National Housing Strategy.

A staff report concurrent with this report titled Development Charges Deferral Update to the City's Home Ownership Assistance Program recommends the conversion of the City's HOAP from a program funded by DCRF contributions to a new Development Charge deferral approach. The recommendations in this report are contingent on the adoption of Development Charges Deferral Update to the City's Home Ownership Assistance Program.

The non-profit affordable ownership groups Options for Homes/ Home Ownership Alternatives and Habitat for Humanity will work together to develop this site. The property was transferred to Build Toronto in 2012 and the groups are working in collaboration with CreateTO and the Affordable Housing Office.

The proposed development consists of two mid-rise residential buildings and 11 blocks of stacked townhouses with a total of 431 residential units. The two mid-rise residential buildings contain a range of one to three bedroom units while the stacked townhouses are two bedroom units.

Up to 300 affordable ownership homes are planned to be delivered with HOAP loan funding using a Development Charges deferral approach to improve affordability. Options for Homes/ Home Ownership Alternatives and Habitat for Humanity will work with City Planning to secure the appropriate development approvals.

The site is on the east side of Markham Road, north of Eglinton Avenue East in Ward 36 Scarborough Southwest.
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SIGNATURE

Sean Gadon
Director, Affordable Housing Office

ATTACHMENTS

Attachment 1: Location Map - 253 Markham Rd and 12, 20, 30 Dunelm St
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