



Affordable Housing Office

What We Do

We provide stewardship of federal, provincial and City investments and incentives that support the creation and maintenance of safe, affordable housing for lower to moderate income residents. We also develop innovative housing solutions through policy and partnership initiatives with private and community partners and other orders of government; and lead the implementation of Toronto's Affordable Housing Action Plan, *Housing Opportunities Toronto (HOT) 2010 - 2020*. The Affordable Housing Office (AHO) delivers the following services:

- New Affordable Housing Development
- Housing Improvement Programs
- Housing Policy and Partnerships

As of 2018 the AHO oversees delivery of \$481 million in government investments leveraging approximately \$1.646 billion in private/non-profit investments while creating approximately 11,783 jobs over the housing development and improvement project lifecycles.

Why We Do It

The AHO supports City Council objectives of providing affordable housing for the City's lower to moderate income residents and housing improvement programs for seniors and persons with disabilities. This is accomplished by: 1) Delivering government affordable housing programs in partnership with the private and non-profit sectors to create and maintain affordable rental and ownership housing, revitalize communities and generate employment. 2) Working with other City divisions to ensure the effective and efficient use of government investments in line with City priorities and other legislative and policy frameworks such as *Housing Opportunities Toronto: An Affordable Housing Action Plan 2010 - 2020*. 3) Supporting the City Manager and Deputy City Managers in providing strategic intergovernmental relations and program advice on housing issues.

Our Experience & Success

- Exceeded the annual *HOT* (2010 – 2020) and Open Door Affordable Housing Program annual approvals target of 1,000 new affordable rental homes for the second consecutive year. Actual approvals in 2018 were 1,497.
- Supported the development and Council approval of the 5-year Development Charges (DC) By-Law Review resulting in increased allocation for affordable housing and two new DCs Deferral programs for affordable home ownership and laneway suites.

Key Challenges

- Prioritization of government investments and City incentives are required to scale up the creation of more affordable housing options in Toronto.
- Recent change in Ontario's political leadership has created uncertainties around future provincial housing priorities and support for social and affordable housing.

Priority Actions

- Engage the federal government in the delivery of the National Housing Strategy (NHS) and the provincial government in development of the 3-year action plan required to implement the NHS Canada-Ontario Bi-Lateral Housing Agreement.
- Funding of \$80K is included in the 2019 Budget to develop strategies and programs that effectively leverage federal-provincial funding, City incentives as well as partnerships with private and non-profit organizations to achieve the City's affordable housing targets through Toronto's 2020 -2030 Housing Plan.

Budget At A Glance

STAFF RECOMMENDED OPERATING BUDGET			
\$Million	2019	2020	2021
Gross Expenditures	\$4.077	\$4.079	\$4.126
Revenues	\$2.907	\$2.908	\$2.954
Net Expenditures	\$1.170	\$1.171	\$1.171
Approved Positions	25	25	25

Our Key Service Levels



100% disbursement of federal, provincial and City funding for the creation of new affordable rental and ownership homes to Council prescribed requirements.



100% disbursement of federal-provincial accessibility grants to low income seniors and persons with disabilities.



Innovative affordable housing strategies and solutions developed and implemented according to prescribed requirements and Council approvals.

Source of Image: www.icons8.com

Key Service Deliverables

Through the Open Door program and other government investments, meet HOT 2010 - 2020 annual targets of 400 ownership and 1,000 rental homes by approving new affordable housing developments and repairs/modifications for lower-income residents in collaboration with other City divisions and agencies.

Coordinate with SSHA delivery of the HOT 2020 - 2030 housing plan including public and stakeholder consultations, housing market analysis and development of financial and implementation plans.

Working with other City divisions and agencies contribute to implementation of the first phase of the *Housing Now* Initiative Action Plan which seeks to create approximately 10,000 new residential units on 11 City-owned sites, some 3,700 of them affordable.

Who We Serve

New Affordable Housing Dev.

- Lower to moderate income residents
- Private and non-profit housing developers
- City Agencies, Boards and Divisions
- Federal and provincial governments

Beneficiaries

- Residents

Housing Improvement Programs

- Lower income homeowners and renters
- Seniors and persons with disabilities
- Private and non-profit property owners
- Federal and provincial governments

Beneficiaries

- Residents

Housing Policy and Partnerships

- Lower to moderate income residents
- Private sector and non-profit organizations
- City Agencies, Boards & Divisions
- Federal and Provincial governments

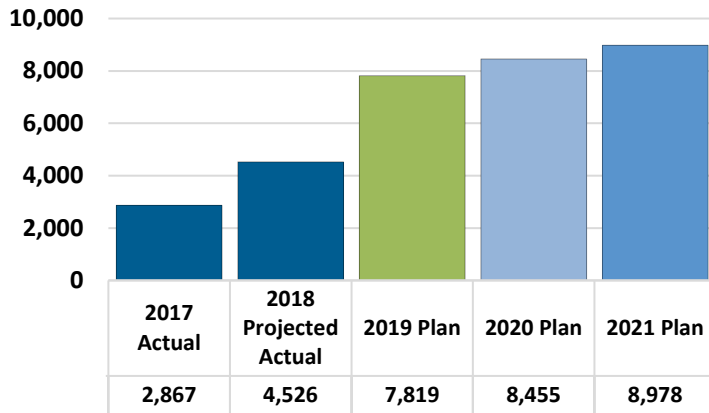
Beneficiaries

- Residents

How Well We Are Doing

Performance Measures

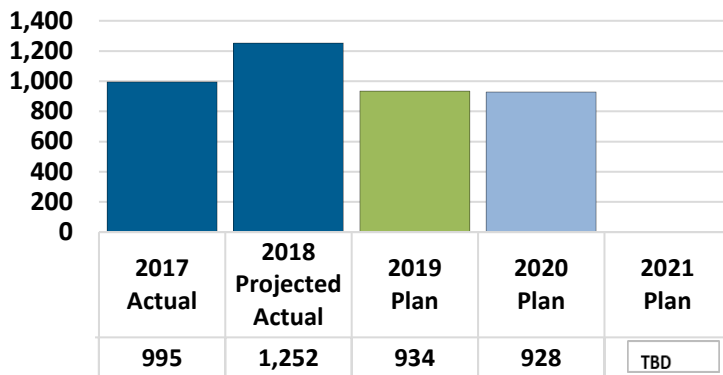
Number of New Affordable Rental & Ownership Homes Under Development Year-Over-Year



Behind the Numbers

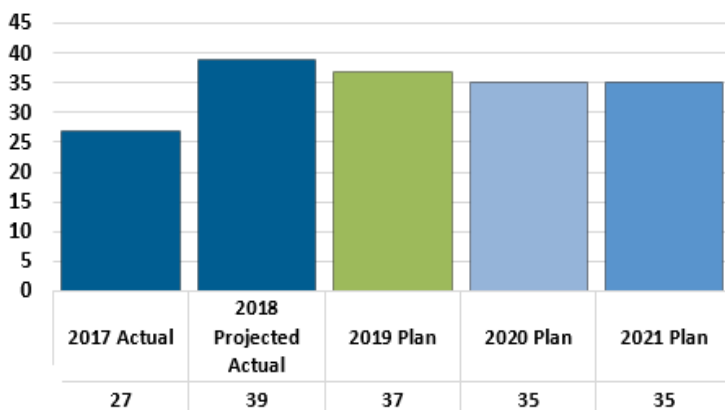
- The AHO has financial stewardship for affordable housing projects during their 3 - 5 year development lifecycle. The numbers in the chart do not represent annual completions.
- Higher projections from 2019 onwards reflect increased federal, provincial and City investments, interest in the Open Door program from the private and non-profit sectors and the City's new *Housing Now* initiative to activate 11 City/CreateTO sites for new affordable rental homes.

Number of Lower Income Households Assisted With Repairs/Modifications Year-Over-Year



- The AHO provides administrative oversight for essential health, safety, accessibility and energy efficiency repairs and modifications for lower income households. Projects have a typical lifecycle of 1-2 years.
- Declining volumes in 2019 and beyond reflect completion of the short-term multi-unit rental building component of the TO Renovates program.
- Leadership role supporting SSHA to preserve and modernize 309 social housing units for seniors through the St. Hilda's modernization initiative. .

Number of Innovative Policy/Partnership Initiatives Being Implemented Year Over Year



- Initiatives include delivery of the City's ten-year housing plan and the Open Door program, submissions to the federal government as input for development of the National Housing Strategy and the partnership with provincial ministries and agencies in delivery of the Ontario Affordable Housing Lands Program.
- These initiatives will continue in 2019. Further, AHO in partnership with several City divisions will commence implementation of the "Housing Now" initiative as approved by City Council on December 13, 2018.

CONTENTS

Page

57

N/A

1521222324

N/A

N/A

N/A

N/A

N/A

N/A

25

RECOMMENDATIONS

2019 STAFF RECOMMENDED OPERATING BUDGET

2019 - 2028 STAFF RECOMMENDED CAPITAL BUDGET & PLAN

ISSUES FOR DISCUSSION

APPENDICES

1. 2019 Organization Chart
2. 2019 Operating Budget by Service
3. 2019 Service Levels
4. Summary of 2019 Recommended Service Changes
5. Summary of 2019 Recommended New & Enhanced Service Priorities
6. 2019 User Fee Rate Changes
7. 2019 Capital Budget; 2020 - 2028 Capital Plan
8. 2019 Cash Flow & Future Year Commitments
9. 2019 Capital Budget with Financing Detail
10. Reserve and Reserve Fund Review

Affordable Housing Office:

Sean Gadon, Director

Tel: (416) 338-1143

Email: Sean.Gadon@toronto.ca

Corporate:

Ritu Sadana, Manager, Financial Planning

Tel: (416) 395-6449

Email: Ritu.Sadana@toronto.ca



RECOMMENDATIONS

RECOMMENDATIONS

The City Manager and Chief Financial Officer & Treasurer recommend that:

1. City Council approve the 2019 Staff Recommended Operating Budget for the Affordable Housing Office of \$4.077 million gross, \$1.170 million net for the following services:

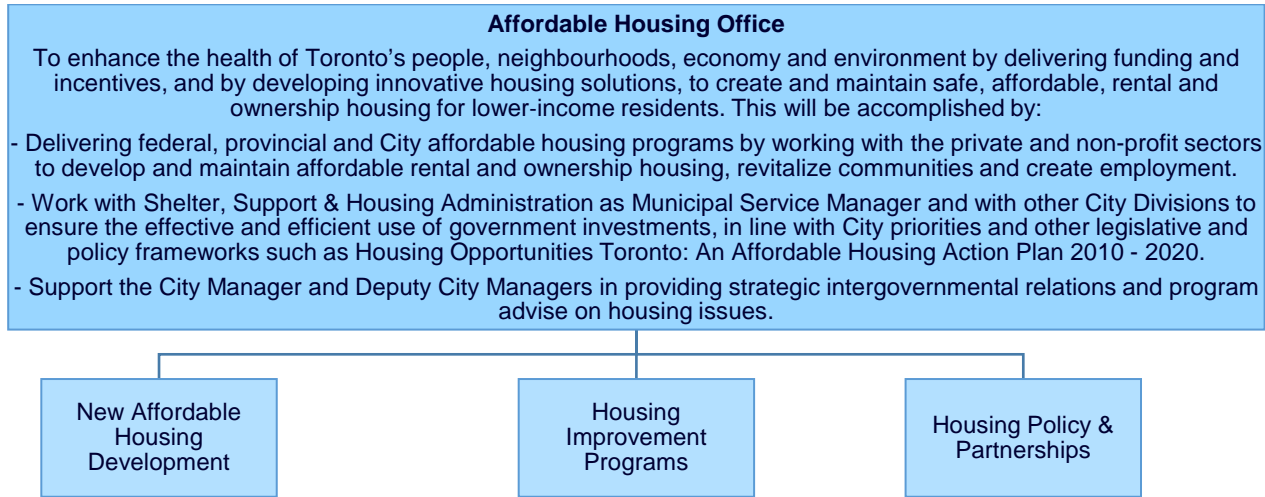
Service:	Gross (\$000s)	Net (\$000s)
New Affordable Housing Development	1,447.2	389.1
Housing Improvement Programs	1,315.0	392.5
Housing Policy and Partnerships	1,315.0	388.6
Total Program Budget	4,077.2	1,170.2

2. City Council approve the 2019 service levels for the Affordable Housing Office as outlined in Appendix 3 of this report, and associated staff complement of 25 positions, comprising 25 operating positions.



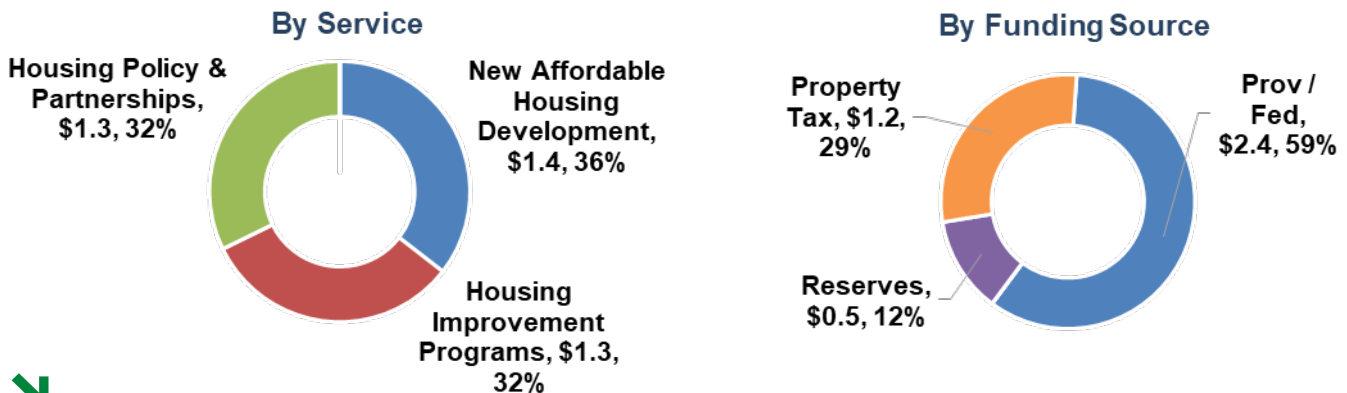
2019 STAFF RECOMMENDED OPERATING BUDGET

PROGRAM MAP



2019 OPERATING BUDGET HIGHLIGHTS

2019 Staff Recommended Operating Budget \$4.1M



- **0%** Budget increase over the 2018 Approved Net Operating Budget while maintaining existing service levels and additional service demands.
- **\$0.405M** Additional funding to support inflationary salary and benefit increases, planning and consulting costs of the Toronto Housing Plan 2020 - 2030, and higher legal costs for processing legal agreements and real estate transactions.
- **2020/2021** Increases primarily for known inflationary adjustments for salaries, benefits and higher legal costs.

2019 OPERATING BUDGET OVERVIEW

Table 1: 2019 Staff Recommended Operating Budget and Plan by Service

(In \$000s)	2018		2019			Changes		Incremental Change	
	Budget	Projected Actual*	Base	New / Enhanced	Total Staff Recommended Budget			2020 Plan	2021 Plan
By Service	\$	\$	\$	\$	\$	\$	%	\$	\$
New Affordable Housing Development									
Gross Expenditures	1,309.9	1,273.3	1,447.2		1,447.2	137.3	10.5%	2.3	15.5
Revenue	926.9	875.2	1,058.1		1,058.1	131.2	14.2%	0.7	15.4
Net Expenditures	383.0	398.1	389.1		389.1	6.1	1.6%	1.5	0.1
Housing Improvement Programs									
Gross Expenditures	1,187.5	1,106.3	1,315.0		1,315.0	127.5	10.7%	(0.2)	15.8
Revenue	793.3	757.2	922.5		922.5	129.2	16.3%	0.0	15.7
Net Expenditures	394.2	349.1	392.5		392.5	(1.7)	(0.4%)	(0.2)	0.2
Housing Policy & Partnerships									
Gross Expenditures	1,190.0	1,107.8	1,314.8		1,314.8	124.8	10.5%	(0.2)	15.8
Revenue	797.1	759.9	926.3		926.3	129.2	16.2%	0.0	15.7
Net Expenditures	392.9	347.9	388.6		388.6	(4.4)	(1.1%)	(0.3)	0.1
Total									
Gross Expenditures	3,687.4	3,487.4	4,077.0		4,077.0	389.6	10.6%	1.8	47.2
Revenue	2,517.3	2,392.3	2,906.8		2,906.8	389.6	15.5%	0.7	46.7
Total Net Expenditures	1,170.1	1,095.1	1,170.1		1,170.1	(0.0)	(0.0%)	1.0	0.4
Approved Positions	25.0	25.0	25.0		25.0	(0.0)	(0.0%)	0.0	0.0

* Year-End Projection Based on Q3 2018 Variance Report

Base Changes

(\$0 Net)

- Inflationary increases in Salaries & Benefits.
- Toronto Housing Plan 2020 - 2030 Planning and Consulting expenditures.
- Higher legal costs for processing increasingly higher volume and more complex legal agreements and real estate transactions.
- Above pressures are fully offset by the recognition of higher federal-provincial grant revenues and recovery of program administration costs.

Future Year Plan

- Inflationary increases in salaries and benefits and higher legal costs.

EQUITY IMPACTS

No significant equity impacts: The changes in Affordable Housing Office's 2019 Staff Recommended Operating Budget do not have any equity impacts.

2019 Staff Recommended Operating Budget Changes by Service

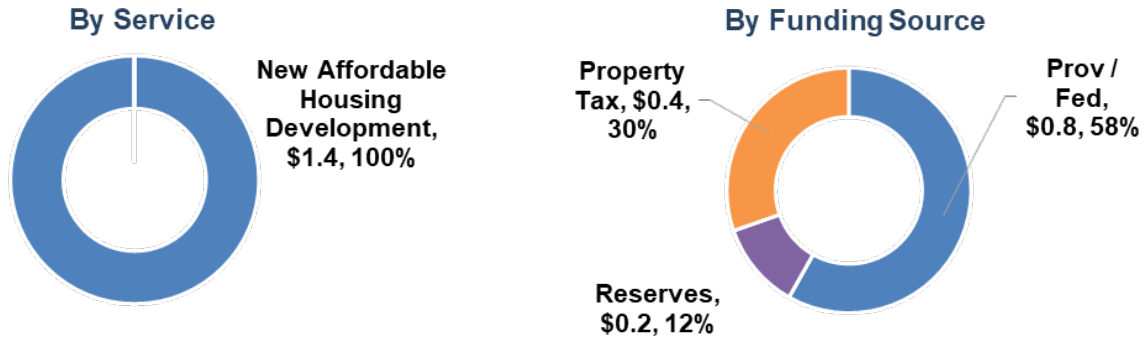
The 2019 Staff Recommended Operating Budget for the Affordable Housing Office is \$1.170 million net or 0.0% higher than the 2018 Council Approved Operating Budget. Table 2 below summarizes the key cost drivers contributing towards the budget pressures required to maintain 2018 approved service levels.

Table 2: 2019 Staff Recommended Operating Budget Changes by Service

(In \$000s)	2019 Base Operating Budget			Total	
	New Affordable Housing Development	Housing Improvement Programs	Housing Policy & Partnerships		
	\$	\$	\$	\$	
2018 Council Approved Operating Budget (Net)	383.0	394.2	392.9	1,170.1	25.0
Expenditure Changes					
Salaries and Benefits					
Inflationary increases in Salaries and Benefits	28.7	19.0	16.3	63.9	
Other Base Expenditure Changes					
Toronto Housing Plan 2020 - 2030 Planning, and Consulting Expenditures	26.7	26.7	26.7	80.0	
Interdepartmental charges from legal Services for 1 new solicitor to address increased volume and complexity of legal work and succession planning as well as one-time costs for database enhancements.	85.5	87.5	87.5	260.5	
Subtotal Base Expenditure Changes	140.9	133.1	130.4	404.4	
Revenue Changes					
Federal/provincial grant revenue recognized to offset base expenditure pressures	(134.8)	(134.8)	(134.8)	(404.4)	
Subtotal Base Revenue Changes	(134.8)	(134.8)	(134.8)	(404.4)	
Total 2019 Staff Recommended Operating Budget (Net)	389.1	392.5	388.6	1,170.1	25.0

New Affordable Housing Development facilitates the development of new affordable, supportive and transitional housing for lower and moderate income residents and creates jobs through construction, conversion and community revitalization. This service also assists lower income residents to purchase new affordable homes through the City's Home Ownership Assistance Program (HOAP) and federal-provincial affordable home ownership grant programs.

2019 Staff Recommended Operating Budget \$1.4M



Refer to [Appendix 2](#) (page 23) for the 2019 Staff Recommended Operating Budget by Service.

Key Service Levels

Disburse **100%** of federal-provincial funding for the development of new affordable housing according to Council prescribed requirements, sound financial stewardship and service excellence.

Deliver federal-provincial funding for the development of new affordable homes for persons from the City's equity seeking and vulnerable groups.

Deliver of government funding for the development of new affordable rental homes to be rented at or below Average Market Rent (AMR).

Refer to [Appendix 3](#) (page 24) for a complete list of the 2019 Staff Recommended Service Levels for this Service.

Service Performance Measures

New Affordable Rental & Ownership Homes Completed

	2017 Actual	2018 Projected Actual	2019 Plan	2020 Plan	2021 Plan
Completions-Ownership	0	283	330	400	400
Completions-Rentals	210	124	434	1,000	1,000

New Affordable Rental & Ownership Homes Approved

	2017 Actual	2018 Projected Actual	2019 Plan	2020 Plan	2021 Plan
Approvals-Ownership	74	372	* 400	* 400	* 400
Approvals-Rentals	1,191	1,497	3,700	* 1,000	* 1,000

*Subject to revised targets established by City Council for the Toronto Housing Plan 2020-2030.

- Annual fluctuations in completions from 2017 to 2018 is due to varying project development lifecycles which typically range between 3-5 years
- Higher annual completions are expected in 2019 and 2020 as the first *Open Door* Program units approved are completed.

- The AHO is projected to exceed the *Open Door* annual new affordable rental housing target in 2018.
- Higher annual approvals are expected in 2019 with Council approval of the new *Housing Now* program to activate 11 City/CreateTO sites yielding approximately 3,700 new affordable homes.
- Approval targets in 2020 and beyond will be established by City Council through the Toronto Housing Plan 2020-2030.

Housing Improvement Programs assists lower-income residents, including seniors and persons with disabilities, to remain safely and affordably in their homes and communities through housing improvement loans and grants using federal and provincial funding. This service further facilitates essential health, safety, accessibility and energy efficiency repairs and modifications through delivery of the Toronto Renovates and Homelessness Partnering Strategy programs.

2019 Staff Recommended Operating Budget \$1.3M



Refer to [Appendix 2](#) (page 23) for the 2019 Staff Recommended Operating Budget by Service.

Key Service Levels

Delivery of federal, provincial and City funding for **housing improvement loans and grants** to lower income home owners, especially **seniors and persons with disabilities**.

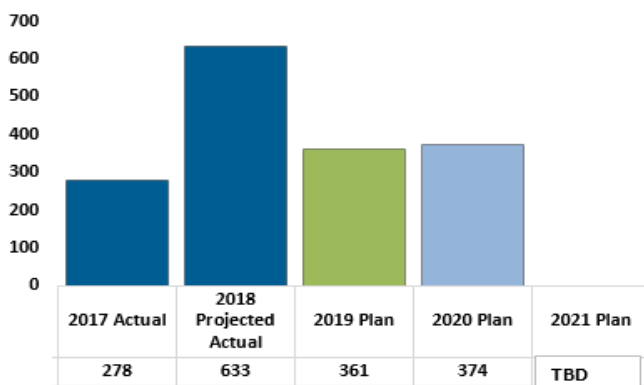
Delivery of government funding for essential **Health, Safety, Accessibility and Energy Efficiency repairs & modifications** for lower income tenants and homeowners.

Delivery of government funding for essential Health, Safety, Accessibility and Energy Efficiency repairs and modifications to **apartment buildings and rooming houses with affordable rents**.

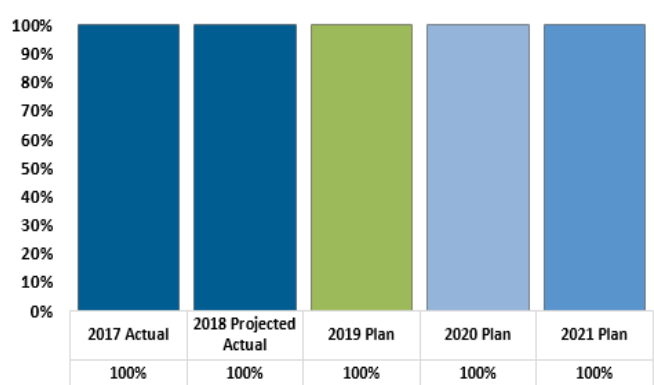
Refer to [Appendix 3](#) (page 24) for a complete list of the 2019 Staff Recommended Service Levels for this Service.

Service Performance Measures

Number of Lower Income Households Assisted Repairs/Modifications Completed



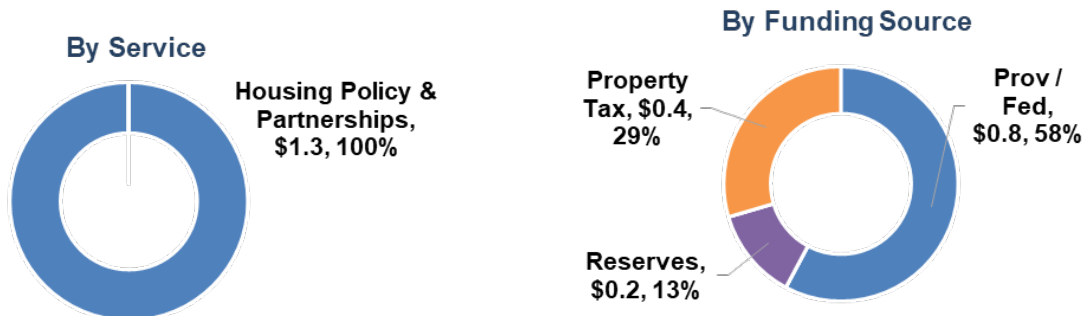
Percentage of Lower-Income Households Assisted Without Formal Complaint



- The AHO provides administrative oversight for essential health, safety, accessibility and energy efficiency repairs and modifications for lower income homeowners and tenants. Projects typically have a 1- 2 year life cycle.
- Declining volumes in 2019 and beyond reflect completion of the short-term multi-unit rental building component of the Toronto Renovates program.
- The AHO ensures that 100% of available federal, provincial and City funding is delivered to prescribed requirements.
- Often working with vulnerable residents, seniors and persons with disabilities, the AHO has a strong track record of delivering this service without formal complaints.

Housing Policy and Partnerships develops, promotes, leads and leverages innovative affordable housing solutions through policies, programs and partnerships with the private and community sectors and ensures effective and efficient use of City, provincial and federal funding for affordable housing and City incentives in line with City priorities.

2019 Staff Recommended Operating Budget \$1.3M



Refer to [Appendix 2](#) (page 23) for the 2019 Staff Recommended Operating Budget by Activity.

Key Service Levels



Financial Stewardship of federal, provincial and City funding for new affordable homes and repairs to assist lower to moderate income residents according to prescribed requirements and Council approvals.

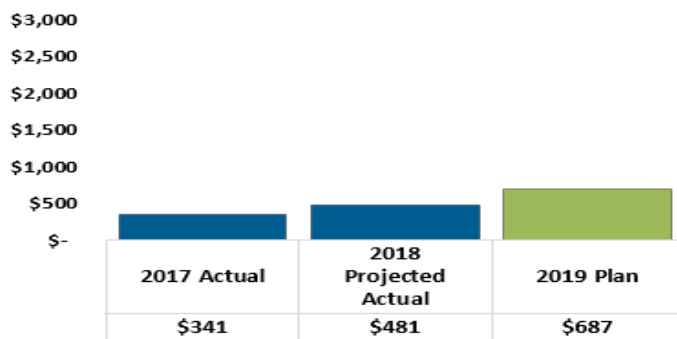


Develop innovative affordable housing strategies and solutions developed and implemented to prescribed requirements.

Refer to [Appendix 3](#) (page 24) for a complete list of the 2019 Staff Recommended Service Levels for this Service.

Service Performance Measures

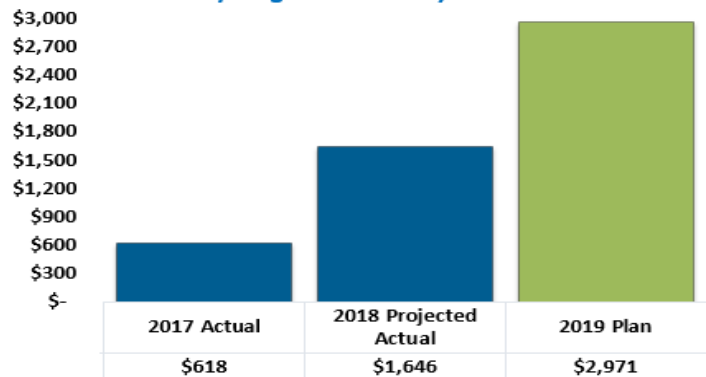
Government Affordable Housing Investments Administered by AHO Year-Over-Year



Note: 2018 dollars leveraged increased substantially due to increases in volume and increased valuations in average construction cost and dollars leveraged for new affordable rental homes.

- The AHO administers government investments for new affordable homes and for repairs and modifications to existing homes. AHO oversight and stewardship of government funding spans the entire development lifecycle which is typically between 1 to 5 years.
- The financial stewardship figures fluctuate from year to year depending on project timelines,

Non-Profit/Private Investment Levered by Programs Admin by AHO



planning approvals and federal-provincial funding cycles.

- Federal-provincial affordable housing investments leverage investments from non-profit and private sector partners usually in the form of capital equity, mortgage financing and operating resources.
- Annual investment estimates levered by government contributions fluctuate yearly in direct correlation to the amount of government investments delivered by AHO.

2018 OPERATING PERFORMANCE

2018 Service Performance

Key Service Accomplishments:

- Oversight of the development, redevelopment or repair and modification of approximately 6,087 affordable homes, supported by approximately \$481 million in government investments and leveraging \$1.646 billion in private/non-profit partnerships while creating approximately 11,783 jobs over project lifecycles.
- Exceeded the annual Housing Opportunities Toronto (2010 – 2020) and Open Door Affordable Housing Program annual approval target of 1,000 new affordable rental homes for the second consecutive year. Actual approvals in 2018 were 1,497.
- Supported Council approval of five-year Development Charges By-Law Review resulting in increased allocation for affordable housing and new DCs deferral programs for affordable home ownership and rental laneway suites.
- Worked with CreateTO to support Council's decision to activate 11 City properties for the development of affordable rental housing as part of the new "Housing Now" initiative to create mixed-income, mixed-use and transit-oriented communities.
- Received Council approval to prepare the next ten year Toronto Housing Plan 2020-2030, beginning with the completion of a Toronto Housing Market study.

2018 Financial Performance

Table 3: Budget vs. Actual by Category of Expenditures and Revenues

Category (In \$000s)	2017	2018	2018	2019	2019 Change from	
	Actual	Budget	Projected Actual *	Total Staff Recommended Budget	2018 Approved Budget	
	\$	\$	\$	\$	\$	%
Salaries and Benefits	2,499.8	3,045.6	2,796.2	3,092.7	47.1	1.5%
Materials & Supplies	6.7	14.2	10.0	33.2	19.0	134.3%
Equipment	9.8	2.0	5.0	2.0		
Service and Rent	61.3	147.3	220.0	208.3	61.0	41.4%
Contribution To Reserves/Reserve Funds	6.2	6.2	6.2	6.2		
Inter-Divisional Charges	555.7	472.2	450.0	734.6	262.5	55.6%
Total Gross Expenditures	3,139.6	3,687.4	3,487.4	4,077.0	389.6	10.6%
Inter-Divisional Recoveries	131.7	133.6	133.6	135.6	2.0	1.5%
Provincial Subsidies	1,338.7	1,884.7	1,759.7	2,272.3	387.6	20.6%
Contribution From Reserves/Reserve Funds	499.0	499.0	499.0	499.0		
Total Revenues	1,969.4	2,517.3	2,392.3	2,906.8	389.6	15.5%
Total Net Expenditures	1,170.1	1,170.1	1,095.1	1,170.1	(0.0)	(0.0%)
Approved Positions	23.0	25.0	25.0	25.0	(0.0)	(0.0%)

* Year-End Projection Based on Q3 2018 Variance Report

Consistent with historical trends, the Affordable Housing Office is projecting a net \$0 at year-end with revenues matched to anticipated program expenditures.

For additional information regarding the 2018 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2018", adopted by City Council at its meeting on December 13, 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.7>



ISSUES FOR DISCUSSION

ISSUES IMPACTING THE 2019 BUDGET

2019 Budget Overview

Operating Overview:

- The Affordable Housing Office is responsible for the creation of permanent and transitional affordable housing, which includes constructing new units, the purchase and rehabilitation of existing housing, or converting non-residential buildings to residential. As well, this Program contributes to the retention of existing affordable housing, helping to ensure these units are not permanently lost through demolition, conversion or other activities.
- As the Housing Opportunities Toronto Action Plan 2010-2020 enters its final year, the Program will commence work in 2019 to prepare the next 10-year housing and homelessness action plan that will be based on a housing market analysis and public and stakeholder consultations with a focus on needs and demand through to 2030. Throughout 2019, Program staff will continue to strive to achieve the HOT 2010-2020 target of creating 1,000 new affordable rental homes and 400 new affordable ownership homes by promoting partnerships and advocating for the creation of new affordable housing with the non-profit sector, the Federal and Provincial governments, and the private-sector housing providers. The increasingly high level and complexity of real estate transactions will require additional legal support to process and finalize agreements.
- Consequently, the Affordable Housing Office's 2019 Staff-Recommended Operating Budget has been developed to provide additional funding from the federal-provincial administration dollars to address the increasing demands placed on the Program area as discussed above, comprising of \$0.080 million for planning and consulting for the Toronto Housing Plan -2020-2030 plan, \$0.046 million towards enhancements to AHO's database and web applications as well as \$0.184 million towards an additional solicitor to process legal agreements and real estate transactions.

2019 Program Delivery

- **Transition to the Toronto Housing Plan 2020-2030**
 - As noted in the section above, AHO will commence work on the development of a housing and homelessness action plan for the next 10 years. The work will include a housing market analysis to determine the demand and supply for affordable housing over the next decade.
 - Funding of \$0.080 million included in the budget will be allocated towards the development and implementation of a comprehensive plan in the winter of 2018, preparation of public consultations and the design and production of marketing materials and advertising.
 - Further, a consultant will be retained to assist with planning and hosting of stakeholder consultation events as well as an international forum.
- **Implementation of new federal - provincial housing programs to be developed under the National Housing Strategy (NHS) and the Canada-Ontario Bi-Lateral Agreement:**
 - On April 30, 2018 the Canadian Mortgage and Housing Corporation (CMHC) announced the signing of a new federal-provincial bilateral agreement under the National Housing Strategy. The agreement contemplates investments in excess of \$4.2 billion over a 10-year period to protect, renew and expand social and community housing while supporting Ontario's priorities related to housing repair, construction and affordability.
 - These investments, to be cost-shared by the federal and provincial governments, will mark the beginning of a partnership to be supported by long term predictable funding starting in April 1, 2019. The \$4.2 billion investment is also in addition to the \$2.4 billion in previously planned federal housing investments in Ontario through the Social Housing Agreement (SHA). Combined investments under the SHA will target the preservation of an estimated 130,000 community housing units in Ontario.
 - Beginning in 2019, the provincial government has committed to developing and publishing a 3-year Action Plan in consultation with its municipal partners to set targets and outline how the province will deploy federal and provincial cost-matched funding to achieve desired outcomes.

- To give effect to this plan, the City has been invited to the first planning meeting of a coordinating forum which will inform the development of the plan.
- **Administration of New Development Charges Rebate and Deferral Programs**
 - **Conversion of the Home Ownership Assistance Loan Program (HOAP) to a Development Charges Deferrals Program**
 - At its meeting on July 23, 24, 25, 26, 27 and 30, 2018 City Council adopted. EX36.36 "*Development Charges Deferral Update to the City's Home Ownership Assistance Program*" which recommended the conversion of HOAP to a Development Charges deferral program A link to the report can be found here: (<http://www.toronto.ca/legdocs/mmis/2018/ex/bgrd/backgroundfile-118019.pdf>)
 - Deferral of development charges will enable HOAP to keep pace with development charge increases over time. However, the maximum monetary commitment resulting from deferrals per EX36.36 is estimated at approximately \$8.6 million in 2019 and \$15.5 million annually after full phase-in of the new rates by November 1, 2020. This represents a significant increase over the City's current annual support of \$2 million in loans.
 - While deferred development charge revenues are not foregone, their delayed collection 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.
 - **Affordable Housing Pilot and Development Charge Deferral Program for Laneway Suites**
 - A Laneway suite is a detached secondary suite (non-severable unit) under the same ownership as the main house; intended for use as rental housing, for family members or for aging-in-place; and serviced through a connection to the principal residence or main street. They are recognized under Provincial legislation as a means to support intensification and increase low-rise neighbourhood-oriented rental stock.
 - At its meeting on June 26, 27, 28 and 29, 2018, City Council's adopted, TE33.3 "*Changing Lanes: The City of Toronto's Review of Laneway Suites – City-Initiated Official Plan Amendment and Zoning Amendment – Final Report*". A link to the report can be found here: (<http://www.toronto.ca/legdocs/mmis/2018/te/bgrd/backgroundfile-114992.pdf>)
 - In addition to recommended amendments to the City's zoning bylaw, TE33.3 authorised the Director, Affordable Housing Office, to make \$1.0 million available from the Federal/Provincial Investment in Affordable Housing Program to fund a Pilot program for Affordable Laneway Suites, commencing November 1, 2018. The intent of this pilot is to explore opportunities to incent the creation of affordable units as a part of the Changing Lanes initiative.
 - The incentive will provide relief of approximately \$30,000 to \$50,000 per unit for secondary units detached from the primary dwelling (e.g. laneway suites and coach houses), and about a \$10,000 per unit benefit for smaller secondary suites (e.g. basement apartments) contained in a new single detached or semi-detached construction.
- **2019 Grants for Affordable Housing**
 - The Affordable Housing Office (AHO) transfers funding from the provincial and federal governments, the City's Development Charges Reserve Fund for Subsidized Housing and the Capital Revolving Reserve Fund for Affordable Housing to provide financial support to non-profit and private sector developers, homeowners and landlords to increase the supply, and improve the quality and stability of affordable housing in the City of Toronto.
 - Capital program funding managed by the AHO flows through Shelter, Support and Housing Administration's operating budget.
 - The 2019 Staff Recommended Operating Budget for SSHA includes affordable housing grants totalling \$82.838 million from the Development Charges Reserve Fund for Subsidized Housing, the Capital Revolving Reserve Fund for Affordable Housing and federal/provincial programs for affordable housing projects as outlined in the following table:

2019 Affordable Housing Grants					
Project Name	Capital Revolving Reserve Fund	Development Charges Reserve Fund	Social Housing Stabilization Reserve Fund	Federal-Provincial Funds	Total
City Home Ownership Assistance Program (HOAP) (DCRF)		4,470,598			4,470,598
IAH New Affordable Rental Housing (2014-2020)				3,794,541	3,794,541
IAH Home Ownership (2014-2020)				7,419,648	7,419,648
IAH Toronto Renovates (2014-2020)				3,727,066	3,727,066
Bayside Pilot Project (Rental)	5,754,408	1,145,000		1,440,000	8,339,408
200 Madison Affordable Rental Project				4,777,000	4,777,000
Capital Revolving Fund (CRF) (Rental)	1,938,695				1,938,695
Development Charge Reserve Fund (DCRF) Rental Housing		15,051,406	6,378,600		21,430,006
Social Infrastructure Fund/IAH Affordable Rental				16,016,000	16,016,000
Social Infrastructure Fund/IAH TO Renovates				2,512,231	2,512,231
Social Infrastructure Fund/IAH Affordable Ownership				8,412,746	8,412,746
TOTAL	7,693,103	20,667,004	6,378,600	48,099,232	82,837,939

- **Key Funding Sources**

- AHO's programs and activities are funded by a combination of federal and provincial funding sources, the Capital Revolving Reserve Fund (CRRF) for Affordable Housing, the Development Charges Reserve Fund for Subsidized Housing and "Section 37" Cash-in-lieu Benefit contributions from property developers requesting Zoning By-law changes to advance development proposals.
- AHO's 2019 Staff Recommended Operating Budget is funded from the above referenced funding sources as detailed in the chart below:

AFFORDABLE HOUSING OFFICE OPERATING REVENUE 2017-2021					
	2017 Actuals	2018 Approved Budget	2019 Recommended	2020 Plan	2021 Plan
	in \$000s	in \$000s	in \$000s	in \$000s	in \$000s
1. INVESTMENT IN AFFORDABLE HOUSING (IAH) FOR ONTARIO PROGRAM 2015-2020 (FEDERAL/PROVINCIAL)					
Administration Fees	1,086.7	1,087.8	1,111.7	1,012.4	Program Completed
2. SOCIAL INFRASTRUCTURE FUND / INVESTMENT IN AFFORDABLE HOUSING PROGRAM (SIF/IAH) 2016-2020 (FEDERAL/PROVINCIAL)					
Administration Fees	252.1	195.0	529.0	674.9	1,189.0
3. HOME FOR GOOD (HFG) PROGRAM 2017-2020 (PROVINCIAL)					
Administration Fees	0.0	585.0	585.0	585.0	Program Completed
4. ANTI-HUMAN TRAFFICKING COMMUNITY SUPPORTS FUND					
Administration Fees	Not Applicable	Not Applicable	46.6	Program Completed	Program Completed
5. ONTARIO PRIORITIES HOUSING INITIATIVE 2019/20-2022/23 (FEDERAL/PROVINCIAL)					
Administration Fees	Not Applicable	Not Applicable	Not Applicable	Not Applicable	1,130.4
FEDERAL HOMELESSNESS PARTNERING STRATEGY (HPS)					
Cost recovery for one AHO position through an IDR	131.7	133.6	135.6	136.3	136.0
CAPITAL REVOLVING RESERVE FUND FOR AFFORDABLE HOUSING (XR1058)					
Annual contribution	499.0	499.0	499.0	499.0	499.0
TOTAL REVENUE (equivalent to net expenditures)	1,969.4	2,500.4	2,906.9	2,907.6	2,954.3
Annual Increase	425.3	531.0	406.4	0.7	46.7

ISSUES REFERRED TO THE 2019 BUDGET PROCESS

• Implementing the "Housing Now" Initiative

- At its meeting on December 13, 2018, City Council adopted the recommendations in CC1.3 *Housing Now* which sought approval to activate 11 City-owned sites for the development of affordable housing within mixed-income, mixed-use and transit-oriented communities. A link to the report can be found here: (<http://www.toronto.ca/legdocs/mmis/2019/cc/bgrd/backgroundfile-122383.pdf>).
- CC1.3 also requested the City Manager to report to the Executive Committee in January, 2019 with an action plan to deliver the initiative and identify the resources necessary to expedite implementation of the plan.
- In response to this request, the report EX1.1- *Implementing the "Housing Now" Initiative* was recommended for adoption by Executive Committee at its meeting on January 23, 2019 with the necessary funding arrangements referred to the 2019 Budget Process for City Council consideration.
- Should City Council approve the recommendations included in the report, the 2019 Staff Recommended Budget for City divisions and agencies involved in the implementation of the action plan will need to be amended.
- Specifically, the first phase of the Housing Now Initiative calls for the creation of approximately 10,000 new residential housing units on the 11 City-owned sites to be activated. Of these, two-thirds will be purpose built rental housing with at least 50% of the rental component as affordable housing. Rents across all units in each site will be set at 80% of Toronto's Average Market Rent.
- To give effect to the implementation plan, the report requests Council approval for a transfer of \$20 million from the City Building Reserve Fund (XR1730) to the Capital Revolving Reserve Fund for Affordable Housing (XR1058) to be overseen and used by the Director, Affordable Housing Office in consultation with a new Executive Director, Housing Secretariat.
- The funding will support the creation of a Housing Secretariat as well as the establishment of a Non-profit Housing Capacity Fund to support the participation of non-profit organizations in the development of mixed-income communities through the Housing Now Initiative.
- Further, implementation will require the addition of 7 new temporary positions for a duration of 4 years, commencing in 2019, 3 of which will be situated within the Housing Secretariat at an estimated total cost of \$0.353 million in 2019 and 2 positions each within City Planning and CreateTO for a total cost of \$0.487 million.
- The aforementioned resource requirements are currently not included in AHO's Staff Recommended 2019 Operating Budget. In the event of City Council adoption of CC1.3, the 2019 Staff Recommended Budget for the Affordable Housing Office will have to be adjusted to add the additional funding and resources.
- For further details on the "Housing Now" Initiative Implementation Action Plan, please refer to the staff report which can be accessed via this link: (<http://www.toronto.ca/legdocs/mmis/2019/ex/bgrd/backgroundfile-123663.pdf>)

ISSUES IMPACTING FUTURE YEARS

There are four key issues that will have future year budgetary impacts on the City's affordable housing priorities, as follows:

• Toronto Housing Plan 2020-2030 Targets

- In considering the Toronto Housing Plan 2020-2030 later in 2019, Council will need to make decisions on targets to be set and resources to be committed for the next ten years to deliver opportunities across the housing continuum.

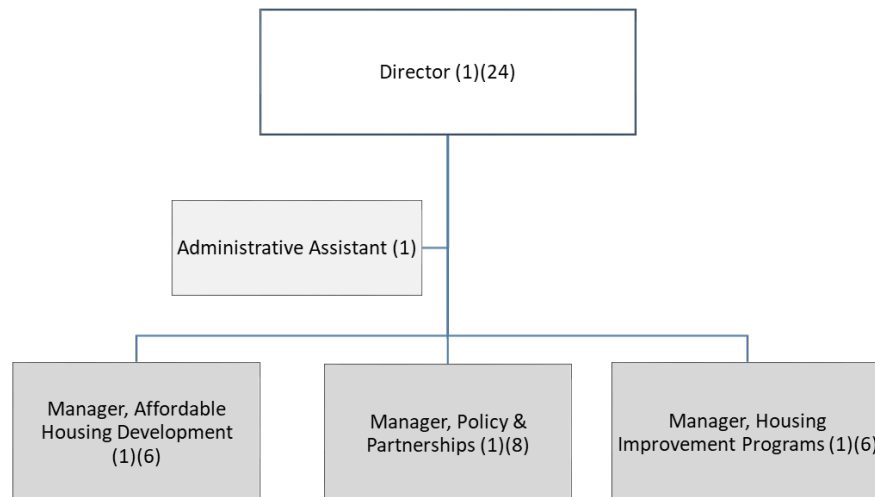
- **Ontario's Participation in the National Housing Strategy Bi-Lateral Agreement**
 - As outlined on page 18, the City is participating in 2019 in consultations with the provincial government on the 3-year Action Plan under the National Housing Strategy Bi-Lateral Agreement.
 - The action plan will establish targets and outline how the province will deploy federal and provincial cost-matched funding to achieve desired outcomes.
- **Results of the Province's Housing Supply Consultation**
 - The City is awaiting the outcome of Ontario's housing supply consultation and any impacts that may have on the delivery of new rental housing.
 - The review may lead to changes in provincial policies and programs, impacting municipalities.
- **Implementation of Inclusionary Zoning in Ontario**
 - While the Inclusionary Zoning (IZ) framework established by the previous Provincial government has the potential to contribute to increasing the supply of affordable housing in Toronto, the City's position is that it falls short in providing adequate municipal flexibility to deliver affordable housing outcomes based on current housing needs, particularly the ability to create new affordable purpose-built rental housing.
 - Depending on the outcome of the province's housing supply consultation and the current government's, possible changes to the IZ framework, Council may need to consider the financial implications of implementing an effective IZ policy in the future.



APPENDICES

Appendix 1

2019 Organization Chart



The 2019 total staff complement includes the Director and staff for a total of 25 positions all of which are operating positions as summarized in the table below.

2019 Total Complement

	Category	Senior Management	Management with Direct Reports	Management without Direct Reports/Exempt Professional & Clerical	Union	Total
Operating	Permanent	1.0	3.0	4.0	14.0	22.0
	Temporary			1.0	2.0	3.0
	Total Operating	1.0	3.0	5.0	16.0	25.0
Grand Total		1.0	3.0	5.0	16.0	25.0

- At present, in accordance with FPPA restrictions, the current management to staff ratio is approximately 1 non-union manager for each 5 unionized staff.

Appendix 2

2019 Operating Budget by Service

New Affordable Housing Development

(In \$000s)	2018	2019			Changes		Incremental Change	
	Approved Budget	Base	New / Enhanced	Total Staff Recommended Budget			2020 Plan	2021 Plan
By Service	\$	\$	\$	\$	\$	%	\$	\$
New Affordable Housing Development								
Gross Expenditures	1,309.9	1,447.2	0.0	1,447.2	137.3	10.5%	2.3	15.5
Revenue	926.9	1,058.1	0.0	1,058.1	131.2	14.2%	0.7	15.4
Net Expenditures	383.0	389.1	0.0	389.1	6.1	1.6%	1.5	0.1
Total								
Gross Expenditures	1,309.9	1,447.2	0.0	1,447.2	137.3	10.5%	2.3	15.5
Revenue	926.9	1,058.1	0.0	1,058.1	131.2	14.2%	0.7	15.4
Total Net Expenditures	383.0	389.1	0.0	389.1	6.1	1.6%	1.5	0.1
Approved Positions	9.0	9.0	0.0	9.0	0.0	0.1%	0.0	0.0

* Year-End Projection Based on Q3 2018 Variance Report

Housing Improvement Programs

(In \$000s)	2018	2019			Changes		Incremental Change	
	Approved Budget	Base	New / Enhanced	Total Staff Recommended Budget			2020 Plan	2021 Plan
By Service	\$	\$	\$	\$	\$	%	\$	\$
Housing Improvement Programs								
Gross Expenditures	1,187.5	1,315.0	0.0	1,315.0	127.5	10.7%	(0.2)	15.8
Revenue	793.3	922.5	0.0	922.5	129.2	16.3%	0.0	15.7
Net Expenditures	394.2	392.5	0.0	392.5	(1.7)	(0.4%)	(0.2)	0.2
Total								
Gross Expenditures	1,187.5	1,315.0	0.0	1,315.0	127.5	10.7%	(0.2)	15.8
Revenue	793.3	922.5	0.0	922.5	129.2	16.3%	0.0	15.7
Total Net Expenditures	394.2	392.5	0.0	392.5	(1.7)	(0.4%)	(0.2)	0.2
Approved Positions	8.0	8.0	0.0	8.0	0.0	0.1%	0.0	0.0

* Year-End Projection Based on Q3 2018 Variance Report

Housing Policy and Partnerships

(In \$000s)	2018	2019			Changes		Incremental Change	
	Approved Budget	Base	New / Enhanced	Total Staff Recommended Budget			2020 Plan	2021 Plan
By Service	\$	\$	\$	\$	\$	%	\$	\$
Housing Policy & Partnerships								
Gross Expenditures	1,190.0	1,314.8	0.0	1,314.8	124.8	10.5%	(0.2)	15.8
Revenue	797.1	926.3	0.0	926.3	129.2	16.2%	0.0	15.7
Net Expenditures	392.9	388.6	0.0	388.6	(4.4)	(1.1%)	(0.3)	0.1
Total								
Gross Expenditures	1,190.0	1,314.8	0.0	1,314.8	124.8	10.5%	(0.2)	15.8
Revenue	797.1	926.3	0.0	926.3	129.2	16.2%	0.0	15.7
Total Net Expenditures	392.9	388.6	0.0	388.6	(4.4)	(1.1%)	(0.3)	0.1
Approved Positions	8.0	8.0	0.0	8.0	(0.0)	(0.2%)	0.0	0.0

* Year-End Projection Based on Q3 2018 Variance Report

Appendix 3

2019 Service Levels

New Affordable Housing Development

Type	Service Level Description	Status	2016	2017	2018	2019 Targets
Development of new Affordable Housing through Construction, Conversion and Intensification.	Federal, Provincial and City funding for new affordable rental and ownership homes under development disbursed according to prescribed requirements Council approvals, sound financial stewardship and service excellence.	Approved	100%	100%	100%	100%
		Actual	100%	100%	100%	
Housing Advisory and Consultation Services, sometimes fee based to other orders of government and other partners.	Federal/Provincial funding is provided through the Investment in Affordable Housing (IAH) Program.	Approved	100%	100%	100%	*
		Actual	100%	100%	100%	*
Implementation of Special Council and Committee directives.	Additional federal/provincial funding is provided through the Social Infrastructure Fund/IAH 2016-2018.	Approved	n/a	100%	100%	*
		Actual	n/a	100%	100%	*
	<i>Delivery of government funding for development of new affordable homes provided for persons from the City's equity-seeking and other vulnerable</i>	Proposed	n/a	n/a	100%	100%
		Actual	n/a	n/a	100%	
	<i>Delivery of government funding for development of new affordable rental homes to be rented at or below Average Market Rent (AMR).</i>	Proposed	n/a	n/a	100%	100%
		Actual	n/a	n/a	100%	

- * Some service levels for prior years have been merged to better reflect the services provided by the AHO under current federal-provincial funding arrangements. These changes do not affect any of the existing services and remain consistent with the structure in the Program Map.

Housing Improvement Programs

Type	Service Level Description	Status	2016	2017	2018	2019 Targets
Loans and grants to private landlords and home owners who are lower income seniors and persons with disabilities.	Federal, Provincial and City funding for housing improvement loans and grants to lower-income private homeowners and tenants, especially seniors and persons with disabilities, disbursed according to prescribed requirements, Council approvals, sound financial stewardship and service excellence.	Approved	100%	100%	100%	100%
		Actual	100%	100%	100%	
Loans for private apartments and rooming houses rented at or below Average Market Rent.	Federal/provincial funding is provided through the Investment in Affordable Housing (IAH) Program.	Approved	100%	100%	100%	100%
		Actual	100%	100%	100%	
Accessibility grants for low income seniors and persons with disabilities.	Additional federal/provincial funding is provided through the Social Infrastructure Fund/IAH 2016-2018.	Approved	100%	100%	100%	**
		Actual	100%	100%	100%	**
	<i>Delivery of government funding without formal complaints for Essential Health, Safety, Accessibility and Energy Efficiency Repairs and Modifications for lower-income Tenants and Homeowners.</i>	Proposed	n/a	n/a	100%	100%
		Actual	n/a	n/a	100%	
	<i>Delivery of government Funding for Essential Health, Safety, Accessibility and Energy Efficiency Repairs and Modifications To Apartment Buildings and Rooming Houses With Affordable Rents</i>	Proposed	n/a	n/a	100%	100%
		Actual	n/a	n/a	100%	

- ** Some service levels for prior years have been merged to better reflect the services provided by the AHO under current federal-provincial funding arrangements. These changes do not affect any of the existing services and remain consistent with the structure in the Program Map.

Housing Policy & Partnerships

Service	Type	Service Level Description	Status	2016	2017	2018	2019 Targets
Housing Policy & Partnerships	Policies, Plans, Programs Agreements, Partnerships Funding and Special Council and Committee Directives.	Financial Stewardship of federal, provincial and City funding for new affordable homes and repairs to assist lower income residents disbursed according to prescribed requirements, Council approvals, sound financial stewardship and service excellence.	Approved	100%	100%	100%	100%
			Actual	100%	100%	100%	
	Partnerships/Relationships Developed/Maintained.	Major Strategic Policy: Innovative affordable housing strategies and solutions developed and implemented according to prescribed requirements, City Council approvals and service excellence, supporting the implementation of Housing Opportunities Toronto (HOT).	Approved	100%	100%	100%	100%
			Actual	100%	100%	100%	
Financial Stewardship of Program Funding.	Federal/provincial funding is provided through the Investment in Affordable Housing (IAH) Program. Additional federal/provincial funding is provided through the Social Infrastructure Fund/IAH 2016-2018.	Approved	100%	100%	100%	***	
		Actual	100%	100%	100%	***	

- *** Some service levels for prior years have been merged to better reflect the services provided by the AHO under current federal-provincial funding arrangements. These changes do not affect any of the existing services and remain consistent with the structure in the Program Map.

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

2019 Operating Budget

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2018* \$	Withdrawals (-) / Contributions (+)		
			2019 \$	2020 \$	2021 \$
Projected Beginning Balance			50,870.2	30,203.2	23,436.8
Dev Charges (2009) - Subsidized Housing	XR2116	43,942.1			
<i>Proposed Withdrawals (-)</i>		(4,802.3)	(20,667.0)	(6,766.4)	(4,224.6)
<i>Projected Contributions (+)</i>		11,730.4	-		
Total Reserve / Reserve Fund Draws / Contributions		50,870.2	30,203.2	23,436.8	19,212.2
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		50,870.2	30,203.2	23,436.8	19,212.2

Note: DCRF Revenue is projected by Corporate Finance to be approximately \$22M in 2019, \$30M in 2020 and 33M in 2021 annually and is not included in the table above.

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2018* \$	Withdrawals (-) / Contributions (+)		
			2019 \$	2020 \$	2021 \$
Projected Beginning Balance			11,635.9	3,383.8	1,306.7
Capital Revolving Fund - Affordable Housing	XR1058	8,932.0			
<i>Proposed Withdrawals (-)</i>		(2,299.9)	(7,753.1)	(1,578.1)	
<i>Projected Contributions (+)</i>		5,502.8		-	
Total Reserve / Reserve Fund Draws / Contributions		12,134.9	3,882.8	1,805.7	1,306.7
Other Program / Agency Net Withdrawals & Contributions		(499.0)	(499.0)	(499.0)	
Balance at Year-End		11,635.9	3,383.8	1,306.7	1,306.7

Note CRRF: There will be additional future-year, Council-approved expenditures and other revenue, including loan repayments, interest and Section 37 contributions, not included in the table above.