

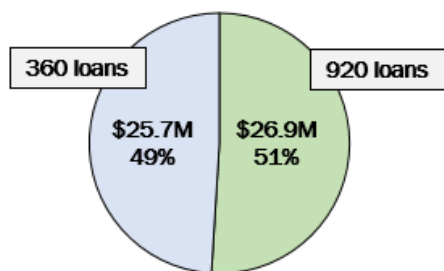
WHY THIS AUDIT MATTERS

The City's home ownership assistance program (the "Program") helps provide affordable home ownership opportunities for residents. With limited funding available to address its housing priorities, it is important for the City to ensure that the Program is having the desired positive impact on people's lives and accomplishing its housing objectives.

BY THE NUMBERS

- City only achieved about 65% of its Housing Action Plan 2010-2020 affordable home ownership goal.
- Approximately 1,280 loans totalling over \$50M have been committed since 2010.

Loans Approved & Issued Since 2010



■ Loans Issued □ Loans Approved, But Not Yet Closed

- Average loan was approximately \$40,000. Loans ranged from \$1,000 to over \$200,000.
- Almost 20% of households in our sample appeared to have shelter costs which would consume more than 40% of their income.
- Over 40% of loans issued since 2010 have been discharged where units have been resold or loans have been repaid, about 65% within 5 years after issuance.

BACKGROUND

The City, provincial and federal governments jointly fund loans provided through the Program.

The City has delegated administration of its Program to proponents (i.e. private and non-profit developers) whose responsibilities include ensuring purchasers meet eligibility criteria, entering into loan agreements with eligible purchasers and verifying ongoing occupancy.

WHAT WE FOUND

A - Assessing the Extent to which the Program is Achieving Housing Objectives and Outcomes

The City should better measure the broader effectiveness and impact of its Program. We identified indicators that the Program may not always be achieving desired outcomes. For example,

- For some, even after receiving Program assistance, shelter costs for affordable units appeared to be outside the range of what would be considered "affordable". These households were (pre-)approved for mortgages even though they appeared to have high debt service levels. Some may not be fully disclosing all income and asset sources to the City.
- Many loans were repaid within a relatively short time period. Understanding why loans are repaid will help in evaluating if the Program is operating as intended.
- Once loans are discharged, individual units are no longer available as affordable housing. The City should consider measures to keep units affordable beyond the point of resale.

B - Supporting Program Intent by Strengthening Program Design

Strengthening Program guidelines will help the City prioritize funding for those households in most need of assistance. Some approved applicants met the City's eligibility requirements, but certain factors suggest these files were not aligned with the spirit of the Program. This included applicants with significant assets and applicants who listed their current address outside Toronto.

C - Promoting Consistent and Impactful Outcomes through Enhanced City Oversight

City is accountable for program delivery and should more actively oversee and monitor proponents. Not all proponents are meeting their program goals. Approved but unused loans result in affordable housing funding sitting idle - unallocated loan funding could be used for other City priorities on a more timely basis. The City should provide enhanced guidance to reinforce consistent and practical application of delivery agreement requirements.

HOW RECOMMENDATIONS WILL BENEFIT THE CITY

Addressing the recommendations will help position City management in refreshing how it manages the program to better achieve housing objectives.