

Re: AU6.3

**AUDITOR
GENERAL**

TORONTO

AU6.3

**Presentation to the Audit Committee
on October 23, 2020**

Strengthening Accountability and Outcomes for Affordable Housing:

Understanding the Impact of the Affordable Home Ownership Program

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Presentation Overview

1. Background
2. Key Themes from the Audit
3. Recap and Conclusion

Housing Continuum



Background

- Program aims to make homes more affordable by providing interest-free loans
- Objectives included assisting low and moderate income renters purchase affordable homes
- Although loans are delivered by proponents, City oversees and manages the program

Observations Highlighting Need for Enhanced City Oversight and Guidance (refer to Exhibit 3)

Observations from 2010-2011 files	Observations in Current Audit
Incomplete income documentation / inconsistencies	√
Applicants met income criteria at the time of loan approval, but could soon exceed income limits	√
Lack of documentation to support units were primary residences	√
Units sold or loans discharged less than five years after purchase	√
Power of attorney used which may indicate that the applicant may not be the actual purchaser	
Applicants provided down payments of over 20% of purchase price, suggesting they had access to significant personal assets	√
Applicant where there appeared to be a potential conflict of interest	
Applicant who had ownership interest in properties prior to receiving loan	

Key Themes

City should:

1

Assess the Extent Program is Achieving Affordable Housing Objectives

2

Support Program Intent by **Strengthening Program Design**

3

Enhance City Oversight & Guidance



① **Assess the Extent Program is Achieving Affordable Housing Objectives**

City should consider:

- Measuring effectiveness & impact
 - Includes level of affordability achieved
- Collecting data to better understand why loans are repaid
- Pursuing ways to keep homes affordable after resale

① **Assess the Extent Program is Achieving Affordable Housing Objectives**

- Evaluating outcomes & impacts will help better inform management decisions on:
 - Program adjustments & enhancements
 - Allocating funding across the housing continuum

② Support Program Intent by Strengthening Program Design

City should consider:

- Allocating assistance / tailoring loan amounts to prioritize households in need
- Enhancing program requirements to address:
 - Significant assets
 - Income increases after applying
 - Residency

3 Enhance City Oversight & Guidance

City should consider:

- Setting & monitoring targets to optimize funding impact
- Promptly re-allocating unused program funding
- Enhancing oversight & guidance of program administration

Recap and Conclusion

- 11 recommendations to help the Housing Secretariat refresh how it designs, manages, and oversees the affordable home ownership program
- Management has agreed to all recommendations

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Housing Secretariat Comments

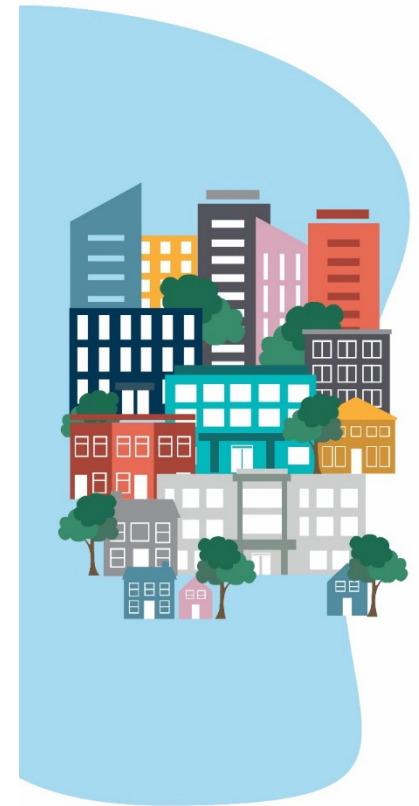
Auditor General's Report "Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program"



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Housing Secretariat Supports the Auditor General's Findings

- Housing Secretariat welcomes the Auditor General's findings, supports the three key themes and agrees with the 11 detailed recommendations
- The Auditor General's report provides a strong foundation for the affordable homeownership program's review and refresh
- Once implemented, the recommendations will:
 - Better focus the program on the City's affordable housing goals,
 - Result in operational improvements for both the City and program delivery groups, including:
 - Improved record keeping, reporting, eligibility reviews, and
 - Increased City oversight and ability to achieve targets



Affordable Home Ownership – a Partnership Program

- Affordable homeownership is an important part of the housing spectrum, supporting households in the move from rental housing into home ownership
- The City's HousingTO 2020-2030 Action Plan includes a target of 400 new affordable ownership homes annually
- The program is partnership-based and delivered by non-profit and private sector developers that provide down-payment assistance loans to eligible purchasers
- Through the work of these groups, the program has generated some 1,280 affordable home ownership loans since 2010, valued at \$52.6M in combined Federal/ Provincial/ City support



Next Steps – Program Review and Refresh

- Council recently approved a multi-year Implementation Plan to deliver on the HousingTO 2020-2030 Action Plan targets
- Guided by HousingTO, and in collaboration and consultation with program delivery partners, staff will review, assess and refresh the program over the coming year
- With the assistance of the Auditor General's findings, the review will identify opportunities for efficiencies, enhance service delivery and ultimately, improve service to the public
- The HousingTO Implementation Plan includes annual updates to Council, providing the opportunity to report on recommended changes to the program

