

PH28.4 Updating the Definitions of Affordable Rental and Ownership Housing

**Planning and Housing
Committee
October 28, 2021**

HousingTO Action Plan

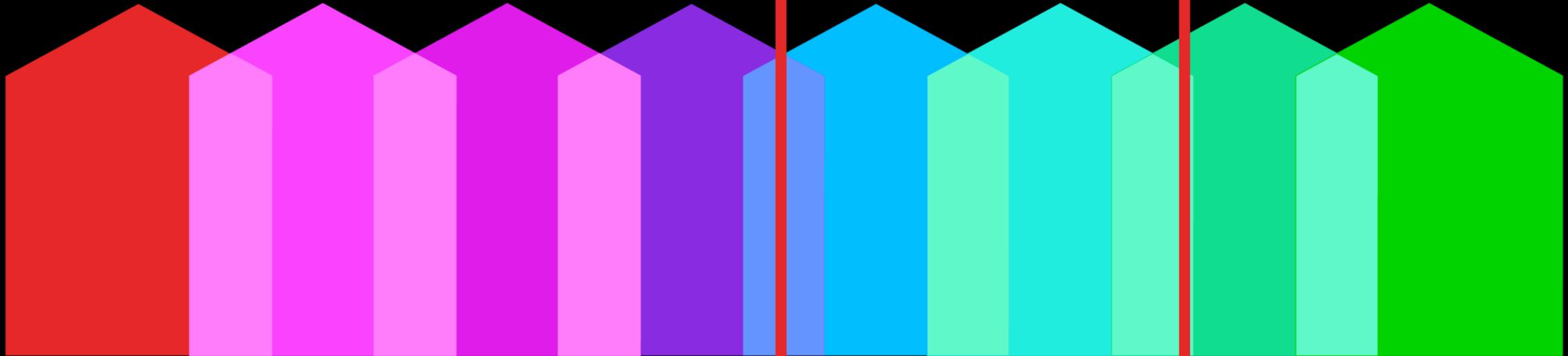


- Aims to create a range of housing opportunities across the full housing spectrum
- Centered on a human rights-based approach to housing
- Identifies 13 key strategic directions and 76 actions
- Sets a target of approving 40,000 new affordable rental homes, including 18,000 supportive housing units by 2030

Action 53.

Review options for a revised definition of affordable housing based on 30% of household gross income, consistent with the federal definition of affordable housing, in the delivery of new affordable housing.

Housing Spectrum



Emergency Shelters

- Directly operated and purchase of service shelters
- Eviction Prevention
- Housing Help

Supportive/Transitional Housing

- Modular Supportive Housing
- Transitional housing programs

Long Term Care

- TCHC
- Non-profit / co-op social housing providers
- Rent-g geared to income

Social Housing

Affordable Rental Housing

- Housing Now
- Open Door
- Section 37 and Large Sites

Affordable Home Ownership

Market Rental Housing

- Expanding Housing Options in Neighbourhoods
- Concept to Keys
- Growing Up Guidelines
- RentSafeTO
- Tower Renewal

Market Home Ownership

Why is affordable housing important?



It is the policy of the City of Toronto that fair access to a full range of housing is fundamental to strengthening Toronto's economy, its environmental efforts, and the health and social well-being of its residents and communities.

-Toronto Housing Charter – Opportunity for All

How the City currently defines affordable:

The Official Plan definition of affordable housing is based on average market rents

- **Affordable rents** are at or below the city-wide average market rent by unit type (number of bedrooms) as reported by CMHC.
- **Affordable ownership prices** are calculated by converting average market rents to equivalent monthly mortgage + property tax payments.

How do others define affordability?

- Many U.S. affordable housing programs are designed around “area median income”. As an example, **NYC’s Mandatory Inclusionary Zoning** program has different targets depending on the depth of affordability provided vs. AMI.
- Vancouver’s **Moderate Income Rental Housing Pilot Program** is designed to serve households with incomes from \$30,000 (for studio units) up to \$80,000 (for 3-bedroom units).
- The federal **Rapid Housing Initiative** provides funding for housing that is affordable (no more than 30% of income) to households in severe housing need or at imminent risk of homelessness.
- The **Provincial Policy Statement** states that affordable housing should be affordable to low and moderate income households (lowest 60% of income earners).

Consultation & Engagement

- Fall 2020/Winter 2021: Public and stakeholder consultation as part of the Phase 2 consultation program on the draft IZ policies.
- Spring/Summer 2021: stakeholder engagement on the final recommended affordable housing definitions.
- Continued support for moving towards an income based definition.
- The recommended definition impacts the ability of affordable rental housing providers (public, private and not-for-profit) to deliver new affordable rental housing and affects ongoing financial operations.

Recommended Affordable Rent Definition

Affordable rental housing and affordable rents means housing where the total monthly shelter cost (rent plus utilities) is at or below the lesser of:

- (1) one times the average City of Toronto rent; or
- (2) 30% of the before-tax monthly income of renter households in the City of Toronto as follows:
 1. studio units: one-person households at the 50th percentile income; (\$32,486)
 2. one-bedroom units: one-person households at the 60th percentile income; (\$43,600)
 3. two-bedroom units: two-person households at the 60th percentile income; (\$73,901)
 4. three-bedroom units: three-person households at the 60th percentile income. (\$74,301)

Affordable Rents (2021)

Unit Type	AMR (Current Definition) & Associated Income	Proposed Income Limit and Associated Rent	Proposed Definition & Income
Studio	\$1,211 \$48,440	\$812 \$32,486	\$812 (-\$399) \$32,486
One-Bedroom	\$1,431 \$57,240	\$1,090 \$43,600	\$1,090 (-\$341) \$43,600
Two-Bedroom	\$1,661 \$66,440	\$1,847 \$73,901	\$1,661 (-\$0) \$66,440
Three-Bedroom	\$1,887 \$75,480	\$1,858 \$74,301	\$1,858 (-\$29) \$74,301

Recommended Affordable Ownership Def.

Affordable ownership housing is housing which is priced at or below an amount where the total monthly shelter cost is affordable, based on paying no more than 30% of before-tax monthly income, to all households in the City of Toronto as follows:

1. studio units: households at the 30th percentile income; **(\$44,552)**
2. one-bedroom units: households at the 40th percentile income; **(\$58,286)**
3. two-bedroom units: households at the 50th percentile income; **(\$73,628)**
4. three-bedroom units: households at the 60th percentile income. **(\$91,611)**

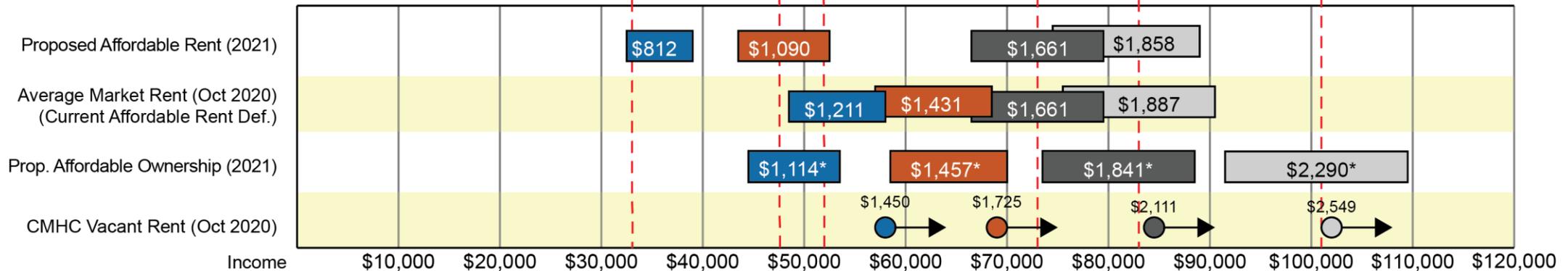
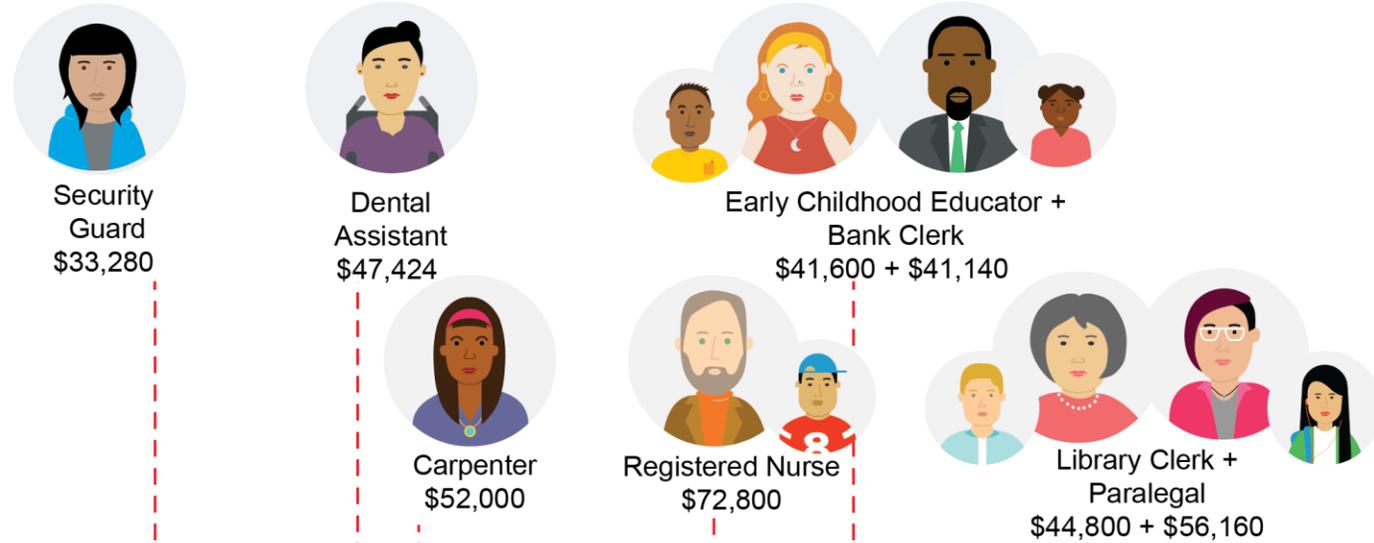
Total monthly shelter cost for affordable ownership housing includes:

- Monthly mortgage payments: 25-year amortization; 10 per cent down payment; conventional 5-year mortgage interest rate as reported by the Bank of Canada (4.79%);
- Property taxes calculated on a monthly basis based on the purchase price;
- Standard condo fees.

Affordable Ownership Prices (2021)

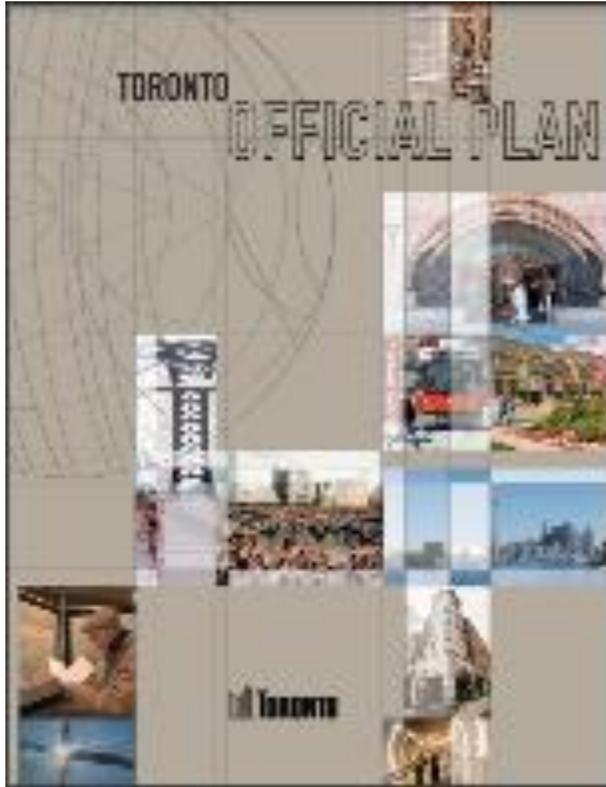
Unit Type	Current Definition	Prices under recommended definition and target income
Studio	\$214,800	\$150,978 \$44,552
One-Bedroom	\$253,900	\$190,137 \$58,286
Two-Bedroom	\$294,700	\$242,551 \$73,628
Three-Bedroom	\$334,800	\$291,653 \$91,611

Household Incomes and Affordable Housing

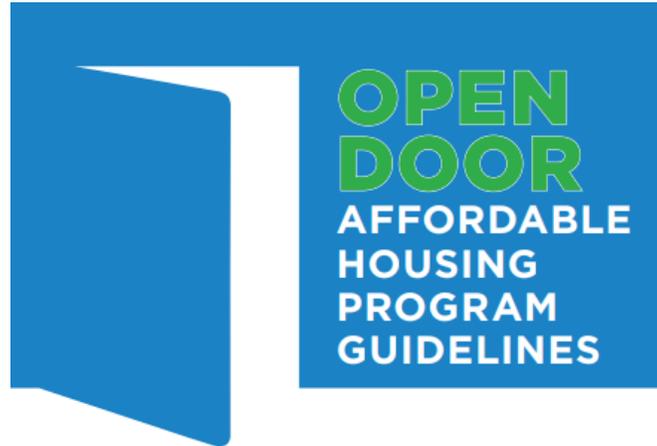


Legend: Studio 1BR 2BR 3BR

Next Steps



Recommended changes to Official Plan definitions



Review of City programs and policies related to affordable housing

Authority: Planning and Housing Committee Item PH11.7, adopted by City of Toronto Council on December 17 and 18, 2019



CERTIFIED TRUE COPY
 Ulli S. Welkies, City Clerk
 Digitally signed document
 Use PDF reader to verify
 2020-01-06

CITY OF TORONTO

BY-LAW 1756-2019

To enact a new Municipal Housing Facility By-law and to repeal By-law 124-2016.

Whereas section 252 of the City of Toronto Act, 2006 allows the City to enter into agreements for the provision of municipal capital facilities; and

Whereas Ontario Regulation 598/06 sets out the classes of municipal capital facilities for which the City of Toronto may enter into such agreements, one of which is municipal housing project facilities; and

Whereas the City passed By-law 124-2016 being a municipal housing facility by-law, pursuant to the provisions of section 252 of the City of Toronto Act, 2006 and Ontario Regulation 598/06, to set out the definitions of and policies regarding the City housing project facilities; and

Whereas the City wishes to repeal and replace By-law 124-2016 with a new and updated municipal housing facility by-law; and

Whereas the City is a service manager under the Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1; and

Whereas this by-law contains the elements of a municipal housing facility by-law required by Ontario Regulation 598/06;

The Council of the City of Toronto enacts:

1. City of Toronto By-law 124-2016 is repealed.
2. In this new by-law:
 - (a) "Act" means the City of Toronto Act, 2006, S.O. 2006, c. 11, Sched. A, as amended;
 - (b) "Affordable Housing", for the purpose of this by-law and all municipal housing facility agreements:
 - (i) for new affordable rental housing, means housing units with monthly occupancy costs at or below Average Market Rents;
 - (ii) for existing affordable rental housing, means housing units in Former Federal Projects providing low-rent units; and
 - (iii) for assisted ownership housing, means housing units with a sale price at or below the Average Resale Price of a home.

Update the City's Municipal Housing Facility By-Law