

Relaunch of the Home Ownership Assistance Program to Support New Non-Profit Affordable and Attainable Home Ownership Housing

Date: November 21, 2024

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat

Wards: All

SUMMARY

Toronto is facing two housing crises – one where there is a lack of deeply affordable and supportive homes for low-income, marginalized, and vulnerable residents, as well as those experiencing homelessness; and a more recent one in which rising housing costs have made it increasingly unaffordable for middle income earners, key workers and professionals to live in the city. To respond to this dual crises, City Council has pledged to meet the Provincial housing target of 285,000 housing starts in Toronto by 2031,

As Toronto residents continue to struggle with rising inflation and cost of living, it is becoming increasingly difficult even for middle income earners to access the ownership market, including women-led households and those from equity-deserving communities. As of the 2021 Census, home ownership rates for Indigenous and Black-led households were 50% lower than the general population, and historical inequities in homeownership levels within low-income, racialized, and other equity-deserving groups means these groups have not experienced the benefits that typically accompany home ownership.

This report recommends key changes to the Home Ownership Assistance Program (HOAP), which was first introduced in 2010, enhancing the City's approach to supporting new non-profit ownership housing development and administration, at a time when new housing solutions are needed across the housing continuum. HOAP currently provides down payment assistance loans through the deferral of development charges for eligible homeowners.

This report recommends key changes to the HOAP program that respond to Toronto's current housing context, will expand its reach and impact, and other actions to advance affordable home ownership in line with City Council's target of approving 4,000 affordable ownership homes by 2030:

- That HOAP eligibility be expanded to include a new “attainable” program tier, with eligible household incomes and home price limits above the “affordable” thresholds prescribed by the City’s Official Plan;
- That the HOAP incentives package be expanded to increase the City’s contributions to non-profit ownership housing, and extended to include private/non-profit development partnerships, and;
- That the City provide funding and land contributions where available and appropriate, particularly to support the New Deal modular attainable housing initiative currently underway with the Province of Ontario.

The proposed changes are coordinated with statutory exemptions and discounts to municipal growth funding tools introduced by the Province. Recent legislative changes through Bill 23, the More Homes Built Faster Act, and Bill 134, the Affordable Homes and Good Jobs Act, provide non-profit and affordable rental and ownership housing developers with a variety of statutory exemptions from key municipal fees (development charges, parks levies and community benefits charges). The Province has indicated it would make the City whole for the impacts of legislation changes impacting municipal growth funding tools, but this has not yet been confirmed or received. Through the recommendations of this report the updated HOAP incentives package will build on these statutory exemptions to further support non-profit attainable and affordable housing developments. It is also proposed that the incentive package be extended to non-profit partnerships with private developers, which are currently not eligible for the provincial non-profit exemptions.

In 2020, the City’s Auditor General reviewed the City’s affordable ownership housing programs and recommended the program be revised to strengthen administration and oversight, program design, and to better monitor program outcomes. Following the Auditor’s recommendations, the Housing Secretariat engaged the consultants Beam Group and BGM Strategy Group to conduct an evaluation of the program and make recommendations for a program redesign and relaunch. The reports prepared by the consultants are provided as Attachments 4 and 5 and support the recommendations and content of this report. The consultants’ reports and the proposed updates to HOAP address the issues raised by the Auditor General.

In September 2023, Premier Doug Ford and Toronto Mayor Olivia Chow announced a Working Group of senior public servants from the Government of Ontario and the City of Toronto. The Working Group’s “Ontario-Toronto New Deal Working Group - Term Sheet” was approved by City Council in December 2023 and included a modular attainable housing initiative targeting the development of five sites with Provincial and City support. The recommendations outlined in this report will support future New Deal modular attainable housing developments through the proposed expansion of the HOAP incentives package, as well as funding and land contributions. This report also recommends including HOAP opportunities in appropriate CreateTO and Toronto Community Housing Corporation (TCHC) redevelopments, with suitable TCHC developments providing the opportunity for TCHC tenants to become homeowners.

The City of Toronto has provided financial support to low-to-moderate income families and individuals, in the form of down payment assistance loans, and/or for the

construction of new affordable home ownership housing, through various Federal/Provincial and City programs since 2007. Since the introduction of HOAP in 2010, the federal/provincial and City programs have provided some 1,370 down payment assistance loans to eligible households worth a combined \$54.5M.

The recommendations in this report will support the delivery of the City's HousingTO 2020-2030 Plan and targets in partnership with the federal and provincial governments, and non-profit and private development sectors. Increasing the supply of new homes across the housing continuum will reduce pressure throughout the housing system, improve housing affordability for lower and middle-income households, and support the growth of complete communities.

RECOMMENDATIONS

The Executive Director, Housing Secretariat, recommends that:

Home Ownership Assistance Program Update

1. City Council approve the General Terms and Conditions for the Proposed Home Ownership Assistance Program Update as outlined in this report and Attachment 1 from the Executive Director, Housing Secretariat.
2. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer, to provide eligible proponents under the Home Ownership Assistance Program set out in Attachment 1 with the following City financial incentives:
 - a. deferral from development charges, if not exempted by provincial legislation;
 - b. waivers of planning application and building permit fees;
 - c. exemption from community benefits charges, if not exempted by provincial legislation; and
 - d. exemption of Cash-in-Lieu of Parkland Dedication, subject to the related amendment to Chapter 415 of the Municipal Code referred to in recommendation 3 below.
3. City Council amend Article III of the City of Toronto Municipal Code, Chapter 415, Development of Land substantially in accordance with Attachment 3 of this Report to expand the Cash-in-Lieu of Parkland Dedication exemption for affordable rental housing units that are the subject of Municipal Housing Project Facility Agreements to include to housing units approved under the Home Ownership Assistance Program.
4. City Council approve a pilot of up to 50 units for the turn-key stream that would be developed by eligible non-profit/private sector partnership proponents as set out in Attachment 1 to this report, and direct the Executive Director, Housing Secretariat, in

consultation with the Chief Financial Officer and Treasurer, develop metrics, monitor and evaluate the performance of the program.

5. City Council authorize the Executive Director, Housing Secretariat, to allocate \$5,000,000 in funding, inclusive of Harmonized Sales Tax and disbursements to the Home Ownership Assistance Program fully funded from the transfer of Toronto Community Housing Corporation's affordable home ownership program funds.

6. City Council authorize the Executive Director, Housing Secretariat to negotiate and execute, on behalf of the City, the following:

a. a municipal housing facility agreement ("Contribution Agreement") with eligible proponents for funding and financial incentives, and to set out the terms of the development and operation of affordable and attainable ownership housing, based on the Home Ownership Assistance Program General Terms and Conditions set out in Attachment 1 to this report, and including any additional terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor;

b. agreements or other suitable arrangements with City of Toronto agencies and/or corporations, the Government of Ontario and/or its agencies, community agencies, private entities and/or individuals, as appropriate, to deliver projects approved under the Home Ownership Assistance Program; and,

c. any security or financing documents required by the proponent to secure construction and conventional financing and subsequent refinancing, including any postponement, tripartite, confirmation of status, discharge or consent documents where and when required during the term of the Contribution Agreement, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by City Council.

7. City Council request the Executive Director, Development Review, in consultation with the Executive Director, Housing Secretariat, to consider projects approved by the Home Ownership Assistance Program among those prioritized for review under the Priority Development Review Stream.

8. City Council request the Board of Directors, CreateTO request the Chief Executive Officer, CreateTO, and the Board of Directors of Toronto Community Housing Corporation request that the Chief Executive Officer of Toronto Community Housing Corporation to work with the Executive Director, Housing Secretariat, to incorporate affordable and attainable housing in appropriate future housing development projects on public lands to be made available on a leasehold basis.

9. City Council adopt the updated Municipal Housing Facility By-law in Attachment 2 to the report (November 21, 2024) from the Executive Director, Housing Secretariat, and repeal Municipal Housing Facility By-law 713-2024.

10. City Council authorize the City Solicitor make such stylistic and technical changes to the draft Municipal Housing Facility By-law and to the amendments to the City of Toronto Municipal Code contained in Attachment 3 as may be required.

Program Administration

11. City Council authorize the Executive Director, Housing Secretariat, accept Home Ownership Assistance Program applications on a rolling, first-come, first-served basis, and make funding and incentives allocations, up to the 400 unit/year limit.

12. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Chief Procurement Officer, Purchasing & Material Management Division, to initiate a competitive procurement process for a third party entity to take on responsibility for administering second mortgage charges currently held by the City and the Toronto Community Housing Corporation in relation to legacy home ownership programs as well as delivering and administering future program loans and second mortgage charges.

Intergovernmental Considerations

13. City Council request the Government of Ontario to support the implementation of the Home Ownership Assistance Program by:

- a. providing flexibility for the City to allocate revolving loan funds from legacy housing programs currently restricted to affordable housing terms to attainable housing developments under the Home Ownership Assistance Program;
- b. increasing the maximum loan amount under the Ontario Priorities Housing Initiative Homeownership Component from 10% to 15% of the eligible units' purchase price to broaden and improve the impact of the program; and,
- c. increasing the maximum household income under the Ontario Priorities Housing Initiative Homeownership Component to the 80th income percentile to align with those under the Home Ownership Assistance Program.

FINANCIAL IMPACT

The proposed updates to the City's Home Ownership Assistance Program (HOAP) recommended by this report are intended to support the development of new non-profit affordable and attainable home ownership housing. The financial contributions recommended primarily include a revised City incentives package and funding contributions from City, federal and provincial sources.

These recommendations are supported by the Beam Group and BGM Strategy Group report commissioned by the City's Housing Secretariat titled Designing a Home Ownership Program for the City of Toronto, included here as Attachment 4.

Expansion of HOAP Incentives for Affordable and Attainable Homes Delivered by Non-Profit Ownership Housing Providers and “Turn-Key” Partnerships

This report recommends expanding eligibility for HOAP by creating an “attainable” ownership program tier, as detailed further in the comments section of this report, to complement that of “affordable” ownership housing, as defined by the Official Plan.

HOAP has historically supported new ownership housing projects through a deferral of development charges that would be repaid to the City when the home is resold into the open market or refinanced. The Province's adoption of the More Homes Built Faster Act, 2022 (Bill 23) and the Affordable Homes and Good Jobs Act, 2023 (Bill 134) have now introduced statutory provincial exemptions of development charges, community benefit charges, and cash-in-lieu of parkland dedication for new non-profit housing and housing at affordable rents and prices set out by the Provincial Affordable Residential Units Bulletin. The non-profit housing development exemption came into effect November 28, 2022 and the exemption for housing at affordable rents and prices came into effect on June 1, 2024.

Non-profit-owned housing developments are exempted from development charges, community benefits charges, and parkland levies, whether affordable, attainable, market, ownership or rental.

In addition to the exemptions available to non-profit housing developments that meet provincial requirements, this report proposes making additional support available to non-profit development sites by providing waivers of building permit and planning application fees. These waivers have an estimated value of \$1,800 per home. The City's new Rental Housing Supply Program also provides these incentives for affordable rental homes.

Although Provincial exemptions are available to private sector developers of affordable ownership housing that meets the price limit of the Affordable Residential Units Bulletin (currently no more than \$366,500), the City's HOAP incentives are proposed only to be available to the non-profit sector.

Non-profit/private sector partnerships, whereby a non-profit partner administers the sale of a privately built home under the terms of the program, are also proposed to be eligible for HOAP incentives. This report recommends that the full incentives package of development charges, community benefits charges, parkland levies, and planning and permit fees be provided by the City to support this new delivery stream for non-profit affordable and attainable homes. In these turn-key partnership scenarios, City contributions would be subject to a tripartite agreement between the developer, the non-profit corporation, and the City.

It is proposed that these turn-key homes be delivered using an on-going affordability model administered by the non-profit group whereby the home remains affordable from one eligible purchaser household to the next. In this way the City's HOAP incentives will benefit multiple households over time without the need to recoup the City's financial contributions when a home transacts on the open market, as is the case under a one-

time affordability approach. Municipal contributions would be secured by way of a mortgage charge on title so that in the event that a home is sold into the open market, the City would recoup the value of its incentives.

In addition to exemptions, development charges rates for ownership homes have been discounted as a result of the removal of housing services as an eligible service. HOAP was previously made possible through a development charge deferral, however, non-profit and affordable and attainable residential homes (once in effect), will be exempted from development charges. Staff will continue to monitor legislative changes and bring forward recommended program updates, as needed.

Proposed Fee Waivers and Deferrals: Two HOAP Streams Proposed to Support the City's Target of 400 Homes Annually

The City has had a target of approving 400 new affordable ownership homes annually. Under the updated HOAP program it is proposed that this target be maintained and include a 50-home pilot component to support the turn-key partnership stream. The estimated financial impacts to the City are outlined below, with Table 1 illustrating the impacts of 350 non-profit owned and developed homes, and Table 2 illustrating the impacts of 50 turn-key homes. The actual financial impacts will be based on the site-specific value of fees and charges applicable to the actual developments.

Table 1 - Estimated financial impact to City for 350 affordable/attainable ownership homes on lands owned and developed by the non-profit sector¹

	Incentive Value Per Unit	Incentive Value for 350 Units
Planning Application Fees	\$800	\$0.28 million
Building Permit Fees	\$1,000	\$0.35 million
Total Value of Incentives	\$1,800	\$0.63 million

1) Excludes exemption of development charges, parkland dedication, and community benefits charges as required through the Development Charges Act/Bill 23.

To sustain this program stream for 350 units per year, it is estimated the foregone revenue from statutory exemptions for development charges, parkland dedication, and community benefits charges will total \$34.8 million. The province has indicated that it would make the City whole for these exemptions. In the interim, the City must make up foregone revenue from other sources, or defer capital investments if no other funding is available.

Table 2 - Estimated financial incentives to City for 50 private/non-profit partnership turn-key affordable/attainable ownership homes

	Incentive Value Per Unit	Incentive Value for 50 Units
Development Charges¹	\$65,300	\$3.27 million
Parkland Dedication²	\$15,000	\$0.75 million
Community Benefits Charges	\$6,000	\$0.30 million

Planning Application Fees	\$800	\$0.04 million
Building Permit Fees	\$1,000	\$0.05 million
Total Value of Incentives	\$88,100	\$4.41 million

1) Calculations based on unit mix of 10% studio, 45% 1-bed, 35% 2-bed, 10% 3-bed units. Calculated using June 6, 2024 rates.

2) Development charges are discounted due to provincial legislative changes to remove housing as an eligible DC service (estimated at \$13,100 per unit).

3) Estimate is based on land value and reflects an apportioning of land value over a project.

The City's HOAP incentives for the 400-home target are estimated to total \$5.0 million for exemptions and waivers to municipal fees and charges that would be provided as part of HOAP loans. This figure represents a net new impact and does not include foregone revenue resulting from provincial legislative changes.

Federal, Provincial and City Funding Contributions

The Beam Group and BGM Strategy Group report, Designing a Home Ownership Program for the City of Toronto (Attachment 4), estimates that to fill the financial gap for households at the 70th income percentile (the middle of the proposed household eligibility increase from the 60th to the 80th percentile), in addition to the HOAP incentives package recommended by this report, a contribution of some \$110,000 would still be required to facilitate an attainable purchase of an average priced condominium apartment valued at \$752,000. This financial gap can be filled by a combination of land contributions and federal, provincial or City funding.

This report recommends that \$5.0 million in existing funding be committed to HOAP in the Housing Secretariat's 2025 budget. This initial investment is proposed to be funded by legacy federal – provincial loan funding repaid by program clients. As noted above, the City has delivered home ownership assistance loan funding under federal/provincial housing programs since 2007 in partnership with both non-profit and private sector developers. In particular, TCHC and their private sector development partner in the first phases of the Regent Park revitalization, the Daniels Corporation, delivered a substantial number of Federal/Provincial loans. As the home ownership loans at these various projects were repaid, both the City and TCHC each separately accumulated funds available for redeployment as new down-payment assistance loans in a "Revolving Loan Fund".

Housing Secretariat and TCHC staff are in the process of transferring the current balance of TCHC's Revolving Loan Fund and any unused ownership funding to the City for redeployment. These funds provide the source of revenue for the \$5.0 million recommended for the Housing Secretariat's 2025 budget referenced above. This report recommends that the Executive Director, Housing Secretariat, be authorized to allocate the available funds to future attainable and affordable housing developments, including future Ontario-Toronto New Deal modular attainable ownership housing initiative sites.

Historically, household income and unit price eligibility under federal/provincial housing programs have been set by the local 60th income percentile and the average resale price respectively. In 2023, the Province made amendments to expand eligibility under their current homeownership loan program to include first-time buyers (in addition to

renter households) and allow larger households with incomes up to the 70th percentile to qualify. This report recommends that the City request the Province to expand eligibility for these funds so they may be allocated under the terms of the HOAP initiative, making households with incomes up to the 80th percentile eligible for loans.

The City has an existing target of 400 affordable ownership housing approvals annually that is proposed to be transferred to the broader category of affordable and attainable housing. The contributions recommended in this report will enable the City and the non-profit sector to build momentum towards reaching the annual target. Approval for additional funding and incentives allocations will be brought forward to City Council through staff reports or the annual budget process.

Subject to the adoption of this report, the City will continue to support affordable/attainable ownership housing development through the allocation of incentives and funding. Final program contributions will be determined based on the evaluation of applications on a site-by-site basis as determined by the Executive Director, Housing Secretariat.

Financial Impact Summary

A one-time contribution of \$5.0 million is requested from the Toronto Community Housing Corporation's Revolving Loan Fund to support the HOAP program. This investment will increase the Housing Secretariat's gross and revenue capital budget without creating a net impact.

City incentives for the target of 400 homes annually are estimated at \$5.0 million, covering planning application fees and building permit fees, as well as deferrals for development charges and exemptions for the community benefits charge and parkland dedication for the 50 units in the turn-key stream.

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

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan (HousingTO Plan) envisions a city in which all residents have equal opportunity to develop to their full potential. It is centred in a human rights-based approach to housing, which recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive and sustainable communities. It is also focused on increasing the supply of new affordable homes, protecting the existing housing stock and helping Torontonians achieve and maintain housing stability.

As Toronto residents continue to struggle with rising inflation and cost of living, it is becoming increasingly difficult for even middle-income earners to access the ownership market, including those who are already economically and socially marginalized, such as younger adults and those from equity-deserving communities. 2021 Census data highlights that households in Toronto led by women and gender diverse people, a

racialized person, an Indigenous person or a Black person are less likely to be homeowners than other population groups. While 52% of all Toronto households own their home, this rate falls to 48% for women and gender diverse people, 47% for racialized groups, 26% for Indigenous-led households 24% for Black-led households. The historical inequities in homeownership levels within low-income racialized communities and other equity deserving groups also means that these groups have not been provided the benefits that typically accompany home ownership.

A 2022 analysis of survey data from households that have become first-time homebuyers with the assistance of the City's HOAP indicates that the program has been successful in supporting certain groups, including Black and Women-led households, and members of the 2SLGBTQ+ community, while additional efforts could be made to support other racialized groups, as well as Indigenous households and individuals with a disability.

As part of the City's relaunch and expansion of the HOAP as outlined in this report, the Housing Secretariat will work with program partners to collect demographic data on households applying for and accessing the program, and to prioritize the allocation of assistance to these priority populations.

Access to good quality, safe, affordable housing is an important determinant of health and improves the social and economic status of an individual. Good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

DECISION HISTORY

At its meeting on June 26, 2024, City Council adopted PH13.8, the "Launching the Rental Housing Supply Program" report. The Report recommendations transform the City's Open Door Affordable Rental Housing Program to support the City in achieving its goal of creating 65,000 rent-controlled homes including 6,500 rent-geared-to-income (RGI) homes by 2030. This report on HOAP provides a similar incentives package for ownership housing. Council's decision is available here:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH13.8>.

At its meeting on April 17 and 18, 2024, adopted PH11.22 – "Support for Habitat for Humanity Housing Development." The item included a confidential attachment providing instructions to staff regarding a Habitat for Humanity project. City Council's decision is available here: [Agenda Item History - 2024.PH11.22 \(toronto.ca\)](#).

At its meeting on December 13, 2023, City Council adopted CC13.2 – "Ontario-Toronto New Deal Agreement." The Ontario-Toronto New Deal term sheet committed the City and the Province to using their land to rapidly build more homes, and included a new modular attainable housing initiative. City Council's decision is available here: [Agenda Item History - 2023.CC13.2 \(toronto.ca\)](#).

At its meeting on November 8 and 9, 2023, City Council adopted EX9.3 - "Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes."

City Council directed the Executive Director, Housing Secretariat to review the City's Affordable Home Ownership Policy and Program Framework, with consideration of the Auditor General's recommendation in Item 2020.AU6.3, and the impacts of the Government of Ontario's More Homes Built Faster Act, 2022 (Bill 23), and to report back with recommendations to amend the City's program. The Council decision is available here: [Agenda Item History - 2023.EX9.3 \(toronto.ca\)](#).

At its meeting on November 8, 2023, City Council adopted Item PH7.7 – “City Comments on Provincial Bill 134 Proposed Definition of Affordable Residential Unit” which supported in principle, the Government of Ontario's direction in Bill 134 to adopt an income-based approach for the definition of affordable housing. The Council decision is available here: <https://secure.toronto.ca/council/agenda-item.do?item=2023.PH7.7>.

At its meeting of November 23, 2022, City Council adopted CC1.2 – “Update on Bill 23, More Homes Built Faster Act, 2023” which requested that the Province of Ontario not remove housing services from development charges or alternatively, create a municipal compensation fund to compensate municipalities for the impacts of Bill 23 on municipal growth funding revenues. The Council decision is available here: <https://secure.toronto.ca/council/agenda-item.do?item=2023.CC1.2>.

At its meeting on July 19, 2022, City Council Adopted, EX34.3 – “Growth Funding Tools - Alternative Parkland Dedication Rate” and directed the Executive Director, Housing Secretariat to review the Home Ownership Assistance Program and directed the Executive Director, Housing Secretariat and General Manager, Parks, Forestry and Recreation to provide a deferral of cash-in-lieu of parkland dedication for homes subject to a Home Ownership Assistance Program agreement. The Council decision is available here: <https://secure.toronto.ca/council/agenda-item.do?item=2022.EX34.3>.

At its meeting on February 2, 2022, City Council adopted item PH30.8 – “New Affordable Rental and Ownership Homes in Phase Two of the Alexandra Park Revitalization” and authorized the Executive Director, Housing Secretariat to execute agreements of purchase and sale for up to six affordable ownership housing units by Habitat for Humanity, Greater Toronto Area, from Dundas Alexandra Park Residences. The Council decision is available here: [Agenda Item History - 2022.PH30.8 \(toronto.ca\)](#).

At its meeting on July 14, 15 and 16, 2021, City Council adopted item PH25.9 – “Upcoming Review of City Affordable Home Ownership Policy and Programs” which authorized the Executive Director, Housing Secretariat to direct a consultant to review the City of Toronto's affordable home ownership policy and programs framework and report to City Council with any recommended affordable home ownership program or policy changes resulting from the review. The Council decision is available here: [Agenda Item History - 2021.PH25.9 \(toronto.ca\)](#).

At its meeting of October 27, 28 and 30, 2020, City Council adopted item AU6.3, a report from the Auditor General titled, “Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program”, which directed the Executive Director, Housing Secretariat, to assess the outcomes and consider enhancements or adjustments to the Affordable Home

Ownership Program. The Council decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.AU6.3>

At its meeting on September 22, 2020, the Planning and Housing Committee adopted item PH16.6 – “Proposed Official Plan Amendment to the City's Affordable and Mid-Range Rent Definitions”, which endorsed City Planning's proposed affordable housing definitions for public consultation, and directed staff to bring forward a Final Recommendation Report, including an Affordable Ownership Housing definition, in the first half of 2021. The Committee's decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.6>

At its meeting on December 17 and 18, 2019, City Council adopted PH11.5 – “HousingTO 2020-2030 Action Plan”, to provide a blueprint for action across the full housing spectrum - from homelessness to rental and ownership housing to long-term care for seniors. The plan included a target of creating 4,000 new affordable non-profit home ownership opportunities between 2020 and 2030. The Council decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

At its meeting of 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.” The new Development Charges deferral approach provided non-profit affordable ownership developers such as Habitat for Humanity and Options for Homes with Development Charges deferrals for eligible affordable ownership homes, the value of which is then passed on to eligible purchasers in the form of no-payment mortgage loans. The Council's decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.36>

At its meetings on May 11 and 12, 2010, City Council adopted EX43.26 - “Standardizing City Support for New Assisted Ownership Housing Opportunities”, which laid the foundations for a new assisted-ownership policy and funding program and instructed staff to hold a proposal call for funding. Council's decision is available here:

<http://www.toronto.ca/legdocs/mmis/2010/ex/reports/2010-04-19-ex43-cr.htm>

COMMENTS

Homeownership is increasingly becoming out of reach for Toronto households, which increases demand for rental housing, thereby contributing to increasing housing costs for all households. Between 2010 and 2020, Census data indicates that median household income increased by 44%, while Toronto Regional Real Estate Board data indicates that the median purchase price for a home in Toronto increased by more than 106% during the same period. This trend has only accelerated since this time. As a result, renters are increasingly shut out of the benefits of home ownership, including the ability to build equity (including inter-generational equity) and improve security of tenure.

The Housing TO 2020 – 2030 Action Plan was approved by Council on December 17, 2019. This document provides a blueprint for action across the full housing spectrum from homelessness to affordable home ownership to long term care for seniors. This

plan acknowledged that affordable home ownership has an important part to play in the City's plan, which set strategies, actions and targets to close the affordability gap for lower and moderate-income residents looking to enter the home ownership market. Chapter 11 of the plan, title "Help People Buy, Stay in and Improve Their Homes" set a target to develop 4000 new affordable non-profit home ownership opportunities over the course of 10 years.

The City has had a target of 400 affordable home ownership housing approvals annually since 2015. This target has typically not been met, largely due to the limited number of development proposals brought forward and government funding available. Affordable home ownership approvals have now declined significantly in the City largely due to broader market changes, including escalating construction costs and high mortgage interest rates. Increasing City financial contributions and expanding HOAP eligibility to include an "attainable" tier is intended to reverse this trend and increase ownership housing opportunities for middle income earners including key workers. The key terms of the program are discussed below and summarized at Table 2.

Auditor General and Beam Group/BGM Strategy Group Reports

In 2020 the Auditor General reviewed the City's approach to affordable home ownership program delivery and recommended the Housing Secretariat undertake an analysis of the program's overall outcomes and strengthen the City's program administration and oversight.

The City engaged the services of the consultants Beam Group and BGM Strategy Group to conduct the program evaluation and make recommendations for a program redesign and relaunch. The reports prepared by Beam Group and BGM Strategy Group are provided as Attachments 4 and 5 and support the recommendations and content of this report.

Government Funding and Incentive Contributions for Affordable and Attainable Home Ownership

Financial contributions for the construction of new ownership homes have been part of the City's strategy to address housing affordability for many years and support the City's goal of approving 400 new affordable ownership homes annually.

Since 2007, the City has administered federal/provincial programs that provide down-payment assistance loans to eligible low- to moderate-income home buyers. On average these loans are valued at 10% of a home's sales price, to a maximum of \$50,000 per home.

In 2010, the City launched the Home Ownership Assistance Program (HOAP), similar to, and able to be combined with, the federal provincial program, but also intended to assist with up-front costs for developers. HOAP was designed so that these contributions would flow through to eligible buyers of the new homes in the form of down-payment assistance loans. Historically, HOAP supported new ownership housing by providing funding from development charge reserves. In 2018, HOAP was converted

to a development charge deferral program whereby a project's development charges were deferred, and then also converted to down-payment assistance loans for eligible buyers.

These programs have been delivered mainly by a limited pool of non-profit affordable ownership developers, such as Habitat for Humanity and Options for Homes. Toronto Community Housing Corporation (TCHC) played a key role by delivering Federal/Provincial loan funding with private sector development partners through the Regent Park and Alexandra Park revitalizations, including providing purchase opportunities to TCHC tenants. Build Toronto/CreateTO also historically incorporated affordable home ownership program delivery into the sale and redevelopment of surplus City lands by the private and non-profit sectors.

More recently, through legislative changes under the More Homes Built Faster Act, 2022 (Bill 23) and the Affordable Homes Good Jobs Act, 2023 (Bill 134), the Province introduced statutory provincial exemptions for non-profit affordable housing developers from DC's, CBC's, and cash-in-lieu of parkland dedication for new affordable housing at rents and prices set out by the Provincial Affordable Residential Units Bulletin. These exemptions came into effect on June 1, 2024. The non-profit exemption applies to all residential units, whether affordable, attainable, market, ownership or rental homes. This report recommends expanding the incentives package available to non-profit groups under HOAP to include a waiver of planning and building permit fees.

While the Province provides statutory exemptions to non-profit-owned developments, this report recommends the City create a new stream of non-profit/private housing opportunities by providing the same HOAP incentives package to private developers who have entered into a partnership with non-profit groups, thereby providing "turn-key" housing units to be delivered as non-profit ownership homes. The City's HOAP down payment assistance loans for this stream would include the value of the deferred development charges, and exempted CBC, Parkland Dedication, planning application and building permit application fees. It is proposed that these homes be delivered using an on-going affordability model administered by the non-profit group whereby the home remains affordable from one eligible purchaser household to the next (described further below).

This report also supports the recommendations of the Beam and BGM groups to request the Province increase the loan value of the Homeownership Component of its programs from 10% to 15% of the eligible home's price, without a maximum loan value, so as to broaden and improve the impact of the program.

Subject to adoption of this report, the City's Municipal Housing Facility By-law will be repealed and replaced to incorporate the new affordable/attainable ownership homes definition. The Municipal Housing Facility By-law is used to provide DC, cash-in-lieu of parkland dedication and CBC exemptions for affordable housing as defined in the By-law and outlined in this report. The new Municipal Housing Facility By-law will come into effect immediately after the adoption of this report by City Council, subject to enactment by City Council.

Currently Article III of Chapter 415 of the City's Municipal Code – Development of Land, exempts affordable rental housing units secured under a Municipal Housing Project Facility Agreement, being an agreement pursuant to the Municipal Housing Facility By-law and section 252 of the City of Toronto Act. The proposed amendment to Article III would include the ownership homes to exempt affordable housing units that are the subject of a Municipal Housing Project Facility Agreement. The General Manager, Parks Forestry and Recreation has been consulted in the preparation of this report and the amendment proposed in Attachment 3.

Article VI of Chapter 415 of the Municipal Code, being the Community Benefits Charge By-law already exempts these homes in section 415-49 A (2).

Subject to adoption of this report, the General Manager, Parks Forestry and Recreation Division, will introduce a Bill for City Council approval to amend Chapter 415 of the Municipal Code to provide a waiver for cash-in-lieu of parkland dedication to turn-key housing units approved under the Home Ownership Assistance Program at the earliest opportunity.

Defining Affordable and Attainable Ownership Housing

When the Housing TO Action Plan was adopted by Council in 2019, staff were directed to develop a definition of affordable housing that better reflected the needs of low- and moderate-income households. The Official Plan was subsequently amended in 2021 to update the City's definitions of affordable rental and ownership housing by linking affordable rents and home prices to incomes rather than market levels. These income-based definitions help ensure that City-supported affordable housing stays affordable to low- and moderate-income households.

The Official Plan's updated definition of affordable ownership housing is: "Housing where the purchase is 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:

- studio units: households at or below the 30th percentile income;
- one-bedroom units: households at or below the 40th percentile income;
- two-bedroom units: households at or below the 50th percentile income;
- three-bedroom units: households at or below the 60th percentile income."

This income-based definition translates into maximum prices ranging from studio apartments at \$180,476, to three-bedroom apartments at \$320,556 for 2024. The average purchase price of a condominium apartment in Q2 2024 was \$765,963. As a result of this growing disparity between housing prices and household incomes, households earning well above the 60th income percentile in Toronto would struggle to afford homes that they can purchase without significant down payment assistance to lessen monthly mortgage payments.

Historically, household income and unit price eligibility have been set by the local 60th income percentile and the average resale price respectively. In 2024, the Province

made amendments to expand eligibility under their current homeownership loan program to include first-time buyers (in addition to renter households) and allow larger households with incomes up to the 70th percentile to qualify.

The updated HOAP proposed by this report recommends creating a new tier of home ownership assistance that is “attainable” to households earning between the 60th and 80th income percentiles, currently reported by the Province of Ontario as between \$102,000 and \$160,000 per year. In line with the Provincial program, the proposed HOAP would use the local average resale price as the maximum purchase price eligible under the program, with non-profit and program contributions intended to reduce the price eligible purchasers pay as much as possible. These expanded program limits complement the Official Plan policies described above and will use income and home price data provided by the Province of Ontario so as to align with provincial funding opportunities..

Inclusionary Zoning

In November 2021, City Council adopted Inclusionary Zoning (IZ) Official Plan policies, a Zoning by-law Amendment, and draft implementation Guidelines to secure more affordable housing in mixed-income communities through inclusionary zoning. The City is not able to implement IZ until the Minister of Municipal Affairs and Housing approves the Council-adopted Protected Major Transit Station Areas. In October, 2022, the Province proposed amendments to O. Reg 232/18: Inclusionary Zoning, which if brought into effect would limit the affordable housing requirements to 5% of the total units and a maximum affordability period of 25 years. These regulations have not yet been brought into force.

The proposed HOAP in this report is designed to support the creation of new affordable and attainable ownership homes beyond the minimum that may be required through IZ, should it come into effect. Proponents would not be eligible to receive City support in the form of funding or incentives for any affordable homes required through IZ, however any additional affordable or attainable homes beyond the IZ requirements which meet the HOAP requirements would be eligible for City support through HOAP. The recommendations in this report align with draft implementation guidelines for administration of affordable ownership homes as part of the IZ framework, by recommending the City proceed with retaining a third-party administrator to administer affordable ownership homes.

One-Time and On-Going Affordability

A key distinction among non-profit home ownership models is whether affordability is maintained on a unit from one purchaser to the next (“on-going affordability”) or whether the unit is sold into the open market (one-time affordability”) with the affordability contributions repaid and used on a future home.

Toronto’s most active non-profit home ownership groups, Habitat for Humanity, Greater Toronto Area (“Habitat”), and Options for Homes (“Options”), use differing approaches, with Habitat pursuing on-going affordability and Options using a one-time affordability

approach. In order to maximize the number of homes supported by HOAP the revised program is proposed to allow for both approaches. HOAP agreements between the City and proponents will ensure that City contributions are secured and will contribute to affordability for as many eligible purchasers as is feasible under both models.

It is proposed that the homes in the turn-key stream be delivered using an on-going affordability model administered by the non-profit group involved in the private/non-profit partnership. In this way the home will remain affordable from one eligible purchaser household to the next, and the City's HOAP incentives will benefit multiple households over time without the need to recoup the City's financial contributions when a home is sold into the open market, as is the case under a one-time affordability approach. The City contributions would be secured by way of a charge on title so that in the event that a home must be sold into the open market to maintain the financial viability of the project the City would recoup the value of its incentives.

The key terms of the program are summarized in the following Table.

Table 3 - Home Ownership Assistance Program Summary

Government Contributions	
Development Charges	Provincial exemption is available to non-profit housing developments, subject to legislated requirements. City exemption provided to homes delivered under a private/non-profit partnership, aka "turn-key" homes built by private developers and sold to eligible purchasers under non-profit administration.
Cash-in-Lieu of Parkland Dedication	
Community Benefits Charges	
Planning and Building Permit Fees	Waiver provided by City in cases where a Provincial exemption is available and for private/non-profit turn-key homes.
Loan Funding and Land Contributions	Provided by all three orders of government, subject to availability.
Eligibility	
Maximum Household Income	Up to the 80 th income percentile (currently \$160,000/year).

Government Contributions	
Affordability Terms	Both on-going affordability (from one owner to the next) and one time affordability (provided to first purchasers and recaptured for future reuse) models eligible.

Affordable/Attainable Home Ownership on Public Lands

Under the Ontario – Toronto New Deal modular attainable housing initiative, the City and the Province are working to create new homes for residents in moderate-income brackets. Through this initiative, Toronto has committed to identify five suitable surplus City properties for development. The program intends to speed up construction by utilizing modular and panelized housing approaches, which can be completed more quickly than traditional construction. Currently, one such modular attainable project is underway, though its address remains confidential. The terms of future New Deal modular attainable housing projects, including City land and funding contributions, will be reported to Council.

Historically, the City has taken a variety of approaches to leverage public land development to deliver affordable home ownership. Toronto Community Housing was an early adopter of the federal – provincial program through the Regent Park community revitalization, providing loan funding with their development partner the Daniels Corporation to some 330 eligible purchasers from both the general public and Regent Park residents.

Subsequently, Build Toronto/CreateTO and the private and non-profit developers purchasing surplus City lands, assisted with the delivery of affordable ownership housing. To deliver affordable home ownership homes, financial contributions were provided that were passed on by the developers as down payment assistance loans to assist the eligible public to purchase homes. Through this process, two non-profit developments with some 400 loans and six private developments with some 330 loans were approved.

Most recently, the City, TCHC, and Habitat for Humanity are working together to deliver six deeply affordable ownership homes in the Alexandra Park community revitalization. This initiative was enabled in 2022 with local Section 37 funds. These homes are being delivered by Habitat using an on-going affordability model for Alexandra Park community members and other TCHC residents.

The Beam Group and BGM Strategy Group report Designing a Home Ownership Program for the City of Toronto, at Attachment 4, highlights the importance of public land contributions to development of non-profit affordable housing. As part of the revised affordable/attainable HOAP initiative, Housing Secretariat staff will work with CreateTO and TCHC to include affordable and attainable housing in future developments on appropriate public lands to be made available on a leasehold basis.

TCHC redevelopments will endeavour to provide the opportunity for TCHC tenants to become homeowners. Any associated financial impacts will be reported to City Council.

Program Implementation and Administration

This report recommends changes to improve how the HOAP is implemented and the establish the role of program / mortgage administrator. Historically, each project approved under HOAP was subject to Council approval and funding was made available to non-profit housing developers through a request for proposals process. The updated HOAP proposed by this report recommends the City instead accept applications on a rolling first-come, first-served basis, and that approval of funding and incentives under the program be made by the Executive Director, Housing Secretariat to provide more timely approvals and expedite developments.

The City has expedited affordable rental housing development applications through its Priority Development Review Stream. To support faster delivery of new affordable ownership homes, this report recommends that eligibility for this review be extended to approved HOAP developments to accelerate housing delivery and save non-profit groups and their partners money due to cost escalations and interest rate fluctuations.

The City has historically relied on both non-profit sector partners and TCHC to deliver and administer the program. Tasks include, for example, ensuring that purchasers and homes met eligibility criteria, that loan agreements were executed with eligible purchasers and mortgage charges were registered.

Both the City and TCHC have entered into affordable home ownership loan agreements directly with eligible purchasers and hold the resulting second mortgages. The TCHC loan agreements and mortgages are the result of loans delivered at community revitalizations, primarily Regent Park and Alexandra Park. The City loan agreements and mortgages are the result of private sector program delivery enabled by Build Toronto/CreateTO redevelopments. These mortgages require the City and TCHC to perform various administrative tasks, including postponements, refinancing consents, repayments and discharges, typically handled by lending institutions like banks and credit unions. Following the report from the Auditor General, both the City and TCHC have determined that they are not best equipped for these roles and this report recommends that the Housing Secretariat work with the City's Purchasing and Materials Management Division to release a competitive proposal call for an experienced third-party entity to take on the role of mortgage administration for both TCHC and the City's affordable ownership mortgage portfolios, as well as act as program and mortgage administrator for future loans, as needed.

The City of Toronto currently has 167 outstanding loans with a principal value of \$11.5 million, and TCHC has 87 loans remaining loans with a principal value of \$4.7 million. It is anticipated that the City and TCHC's outstanding mortgages would be transferred to this administrator. When outstanding loans are repaid, the City will work with this administration provider to determine how best to re-invest funds in future ownership projects. Engaging a third-party administrator is supported by the Beam Group and BGM Strategy Group report Designing a Home Ownership Program for the City of

Toronto, included here as Attachment 4. It is recommended that the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer, be authorized to determine and proceed to implement this plan with the best candidate of the proposal call.

Conclusion

Affordable and attainable homeownership options are an important part of the housing spectrum. When people are unable to move from rental housing into homeownership, it leads to increased demand for rental homes, reduces rental availability, and results in upward pressure on rents. In order to ensure that Toronto has a diverse range of housing opportunities, creating homeownership options for more renter households is an important action in the HousingTO 2020-2030 Action Plan, particularly at a time when many middle-income households continue to be priced out of ownership opportunities.

As Toronto residents continue to struggle with rising inflation and cost of living, the need to provide opportunities for those who have experienced historical inequities in homeownership levels such as low-income, racialized, and other equity-deserving groups, has never been more critical.

This report recommends key changes to the HOAP program that respond to Toronto's current housing context, will expand its reach and impact, as well as other actions to advance affordable home ownership in line with City Council's target of approving 4,000 affordable ownership homes by 2030.

CONTACT

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SIGNATURE

Abigail Bond
Executive Director, Housing Secretariat

ATTACHMENTS

Attachment 1 – General Terms and Conditions for the Proposed Home Ownership Assistance Program Update

Attachment 2 – Updated Municipal Housing Facility By-law

Attachment 3 – By-law to Amend City of Toronto Municipal Code Chapter 415,
Development of Land, Article III Section 415-30

Attachment 4 – Designing a Home Ownership Program for the City of Toronto Final
Report, October 2024

Attachment 5 – Affordable Home Ownership Program Review Evaluation Report, March
2023

Attachment 1 – General Terms and Conditions for the Proposed Home Ownership Assistance Program Update

The City proposes to support new non-profit home ownership housing with incentives in the form of fees and charges waivers and deferrals, and funding from the Federal/ Provincial Homeownership Programs, under a revised Home Ownership Assistance Program (HOAP)

HOAP has historically supported new ownership housing projects through a deferral of development charges that would be repaid to the City if the home is resold into the open market or refinanced. The Province's More Homes Built Faster Act, 2022 (Bill 23) and Affordable Homes and Good Jobs Act, 2023 (Bill 134) have introduced statutory provincial exemptions of municipal development charges (DCs), community benefits charges (CBCs), and cash-in-lieu of parkland dedication for all new non-profit housing developments and housing at affordable rents and prices set out by the Provincial Affordable Residential Units Bulletin. Non-profit-housing developments are exempted from DCs, CBCs and cash-in-lieu of parkland dedication, whether affordable, attainable, market, ownership or rental. This report proposes making additional support available to non-profit development sites by providing waivers of building permit and planning application fees.

Non-profit/private sector partnerships, whereby a private developer provides a non-profit partner with new homes to be sold under the terms of the program, are also proposed to be eligible for HOAP incentives. This report recommends that the full incentives package of deferrals from DCs, exemptions from CBCs, and cash-in-lieu of parkland dedication, and waivers of planning and permit fees be provided by the City to support this new turn-key delivery stream for non-profit affordable and attainable homes.

The revision to the HOAP includes two streams of incentive packages to support the creation of affordable ownership housing summarized in the table below:

Growth Funding Tool	Non-Profit Developments	Non-Profit/Private Partnership Developments
Development Charges	Statutory Provincial Exemption	Waived or deferred as a part of HOAP incentive package
Cash-in-lieu of Parkland Dedication		
Community Benefits Charges		
Planning Application Fees	Waived as a part of HOAP incentive package	
Building Permit Fees		

Eligible Proponents

Non-profit stream:

- A non-profit, or non-profit housing co-operative that is in a good standing under the Not-for-Profit Corporations Act, 2010 or the Co-operatives Corporations Act 2022, C.21, Sched. 3, s.4.
- A non-profit whose primary objective is to provide housing.

Turn-key stream (non-profit/private partnership):

- A non-profit / private partnership, whereby a private developer provides a non-profit partner with new homes to be sold under the terms of the HOAP program.

Application and Selection Process

The City will accept applications from eligible proponents on a rolling basis. Applications will include:

- A completed and signed application form;
- Copies of the Proponent's Articles of Incorporation or Letters Patent, general and borrowing bylaws, and a list of directors;
- Information regarding the corporate and financial viability (audited statements) of the proponent organization or any partners; and,
- Summary of the proponent's team's experience in development and the continued management of affordable ownership homes.

The Housing Secretariat will evaluate applications on the above criteria and any additional criteria that may be required at the discretion of the Executive Director, Housing Secretariat.

Further Program Requirements

- Proponents will enter into an agreement with the City outlining the obligations of the Proponent with respect to the HOAP program;
- Eligibility for the turn-key stream includes on-going affordability of the unit;
- Appropriate security such as a mortgage registered on title will be required, as determined by the Executive Director, Housing Secretariat, in consultation with the City Solicitor, in favour of the City for the value of the incentives;
- The agreement with the City will include terms and conditions to allow for the repayment of the City incentives if the home is sold to the private market or such other terms of default as outlined in the agreement;
- The incentive value is to be converted into a loan to eligible purchasers;

Purchaser Eligibility Criteria

To be approved as an Eligible Purchaser for an affordable/attainable ownership housing unit, a person must meet below conditions at the time of the application:

- 1) Must be at least 18 years old and be a legal permanent resident or citizen of Canada.

- 2) The household must be a renter household or First Time Home Buyers, meaning:
 - a. They have never owned a home before, or
 - b. They do not currently own a home and have not lived in a home they or their spouse/common-law partner owned in the last four years.
- 3) Must agree to occupy the unit as their principal residence.
- 4) The total household income of all members over the age of 18 needs to be between 60th to 80th percentile as per provincial limits.
- 5) The application package must include:
 - a. a copy of photo identification,
 - b. proof of Canadian Residency,
 - c. an original notice of assessment for all members of the household from Canada Revenue Agency, for the most recent tax year, and
 - d. a declaration from the Eligible Purchaser that all information provided in the application is true and correct.
- 6) Be eligible to obtain their own financing for the purchase of the unit.

Unit Eligibility Criteria

To be an eligible unit for affordable/attainable ownership housing the unit must meet the following requirements:

- 1) It is either detached, semi-detached, town (condominium and freehold), a stacked home, a row house or an apartment,
- 2) On the first sale of the Unit, it must not have been previously occupied, and the *Ontario New Home Warranties Plan Act* must apply to it, and,
- 3) The original sale price of the unit must be below or at the average house sale price as set by the Province on annual basis.

Attachment 2: Updated Municipal Housing Facility By-law

Authority: Planning and Housing Committee Item
PHXXX, as adopted by City of Toronto Council on XX,
2024

CITY OF TORONTO

Bill

BY-LAW -2024

To enact a new Municipal Housing Facility By-law and to repeal By-law 713-2024.

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 City 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 repealed By-law 124-2016 and passed By-law 1756-2019 as the new municipal housing facility by-law; and

Whereas the City repealed By-law 1756-2019 and passed By-law 72-2022 as the new municipal housing facility by-law; and

Whereas the City repealed By-law 72-2022 and passed By-law 183-2022 as the new municipal housing facility by-law; and

Whereas the City repealed By-law 183-2022 and passed By-law 713-2024 as the new municipal housing facility by-law

Whereas the City wishes to repeal and replace By-law 713-2024 with a new and updated municipal housing facility by-law, pursuant to the provisions of section 252 of the City of Toronto Act, 2006 and Ontario Regulation 598/06; 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 713-2024 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 new rent-controlled housing, means housing units owned or operated by not-for-profit corporations, non-profit housing co-operatives, the Toronto Community Housing Corporation, or the Toronto Seniors Housing Corporation, with monthly occupancy costs that are at or below 150 per cent of Average Market Rents when first charged to a new tenant and that are increased in respect of a tenancy not more than annually and by no more than the Rent Increase Guideline plus two per cent;
 - (iii) For existing affordable rental housing, means housing units:
 - (A) in Former Federal Projects providing low rent units or rent-geared-to-income units; or
 - (B) forming part of the Tenants First Scattered Housing Portfolio, with monthly occupancy costs at or below Average Market Rents;
 - (iv) For existing rental housing and affordable rental housing, means housing units acquired pursuant to the Multi-Unit Residential Acquisition Program, with monthly occupancy costs at or below Average Market Rents; and
 - (v) For assisted ownership housing, means housing units with a sale price at or below the Average Resale Price of a home;
 - (c) "Average Market Rents" means average monthly City-wide rents by unit type as determined in the annual fall survey of City-wide rents for the prior calendar year published by CMHC; if CMHC does not publish an annual fall survey of City-wide rents for the prior calendar year, then Average Market Rents for the calendar year shall be City-wide average rents as determined by the Executive Director;
 - (d) "Average Resale Price" means the average City-wide resale price of a home as reported by the Ministry of Municipal Affairs and Housing (MMAH); if MMAH does not publish an Average Resale Price, then the Average Resale Price shall be determined by the Executive Director;

- (e) "City" means the City of Toronto;
- (f) "CMHC" means the Canada Mortgage and Housing Corporation;
- (g) "Council" means the Council of the City of Toronto;
- (h) "Executive Director" means the Executive Director of the City's Housing Secretariat, and the Executive Director's designate or successor;
- (i) "Former Federal Project" means housing units which were developed and operated under sections 26, 27, and 95 of the National Housing Act R.S.C., 1985, c. N-11, where the operating agreements originally with CMHC have expired and which are or were formerly designated in the regulations for the purposes of subsection 68 (1) under the Housing Services Act, 2011 as a project in relation to which the City as service manager was responsible for administering a transferred housing program;
- (j) "household income" means the gross annual income from all sources of all persons who reside in a housing unit, or who will reside in a housing unit;
- (k) "housing benefit" means a non-repayable, monthly financial benefit provided to make rental housing more affordable;
- (l) "housing project" means a project or part of a project designed to provide or facilitate the provision of residential accommodation, with or without any public space, recreational facilities and commercial space or buildings appropriate thereto;
- (m) "housing provider" means a person with whom the City has entered into or will enter into a municipal housing project facility agreement under Section 3(1);
- (n) "housing unit" includes a unit in a housing project owned or rented by an occupant;
- (o) "initial income limit" means a gross household income at or below four times the annualized monthly occupancy cost for the housing unit;
- (p) "low-rent units" means housing units with monthly occupancy costs, prior to applying any housing benefit, at or below 80 per cent Average Market Rents;
- (q) "moderate-rent units" means housing units with monthly occupancy costs, prior to applying any housing benefit, at or greater than 80 per cent and at or below 100 percent of Average Market Rents;
- (r) "monthly occupancy costs" means in the case of a rental housing unit, the total of the monthly rent payable to the landlord for a housing unit including the cost of hydro, heat, water and hot water; and monthly occupancy costs do not include charges for applicable taxes, parking, cable, internet, telephone or any other like charges;

- (s) "municipal housing project facility" means the class of municipal capital facilities prescribed by paragraph 18 of subsection 2(1) of Ontario Regulation 598/06, as amended;
 - (t) "municipal housing project facility agreement" means an agreement as set out in Section 3(1);
 - (u) "Multi-Unit Residential Acquisition Program" means the City program to fund the acquisition of existing multi-unit residential properties by the City, non-profit or Indigenous housing organizations, for the purposes of providing affordable housing;
 - (v) "new rent-controlled units" means housing units described in Section 2(b)(ii);
 - (w) "rent-geared-to-income units" means housing units, to which a rent supplement agreement applies, with monthly occupancy costs at or below Average Market Rents;
 - (x) "rent supplement agreement" means a contract for a non-portable housing benefit provided directly to landlords for households living in a specific housing unit;
 - (y) "Rent Increase Guideline" means the prevailing rent increase guideline established each calendar year pursuant to the Residential Tenancies Act, 2006, S.O. 2006, c. 17, or any successor legislation; in the event the rent increase guideline of the Residential Tenancies Act, 2006 or any successor legislation is repealed and not replaced with similar legislation, then the Rent Increase Guideline shall be determined by the Executive Director;
 - (z) "Tenants First Scattered Housing Portfolio" means single family housing units which were formerly owned by Toronto Community Housing and which are subject to a social housing program as defined in Section 453.1 of the City of Toronto Act, 2006, S.O. 2006, c. 11, Sched. A; and
 - (aa) "unit type" means the type of housing unit by number of bedrooms.
3. (1) Subject to Section 3(2), Council may pass by-laws permitting the City to enter into municipal housing project facility agreements, pursuant to section 252 of the Act, for the provision of municipal housing project facilities.
- (2) Prior to entering into a municipal housing project facility agreement, the following conditions must be met:
- (a) Council has enacted a by-law authorizing the entering into of the municipal housing project facility agreement for the provision of the municipal housing project facility;
 - (b) all the housing units to be provided as part of the municipal housing project facility meet the applicable definition of affordable housing as set out in Section 2(b) of this by-law;

- (c) the City is a service manager under the Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1; and
 - (d) public eligibility for the housing units to be provided as part of the municipal housing project facility will be determined in accordance with Section 4.
- 4. (1) Subject to Section 4(2), eligibility for housing units to be provided as part of a municipal housing project facility will be determined as follows:
 - (a) for rent-geared-to-income units, tenants will be selected in accordance with the Housing Services Act, 2011, regulations under the Housing Services Act, 2011 and any policies adopted by the City in accordance with the Housing Services Act, 2011;
 - (b) for low-rent units, tenants will be selected either in the same manner as for rent-geared-to-income units or from the City's centralized waiting list or from the waiting lists of community agencies, non-profit agencies or other groups satisfactory to the Executive Director;
 - (c) for moderate-rent units and new rent-controlled units, tenants will be selected by the landlord provided that, when entering into the tenancy for the housing unit, the tenant has a household income at or below the Initial Income Limit and provided that tenant selection is carried out through a non-discriminatory process to the satisfaction of the Executive Director; and
 - (d) for assisted home ownership units, homebuyers will be selected by the vendor, provided that homebuyer selection is carried out through a non-discriminatory process to the satisfaction of the Executive Director, and can include income and other homebuyer eligibility requirements as required by the City from time to time.
- (2) Housing units subject to a municipal housing project facility agreement shall not be rented or sold to a shareholder or director of a housing provider, or any individual not at arm's length to the housing provider or shareholder or director of the housing provider unless the housing provider is a non-profit co-operative as defined in the Co-operative Corporations Act, R.S.O. 1990, c. C.35, as amended, or is a not-for-profit corporation.
- 5. A municipal housing project facility agreement may, with respect to the provision, lease, operation and maintenance of a municipal housing project facility:
 - (a) provide for financial or other assistance at less than fair market value or at no cost to the housing provider, which assistance may include:
 - (i) Giving or lending money and charging interest; and

- (ii) Giving, lending, leasing or selling property;
 - (b) exempt land or a portion of it on which a municipal housing project facility is or will be located from payment of all or part of the development charges imposed by the City pursuant to the Development Charges Act, 1997, S.O. 1997, c. 27;
 - (c) subject to section 252(6) of the Act, exempt from taxation for municipal and school purposes land or the portion of it on which the municipal housing project facility is or will be located that:
 - (i) Is owned or leased by the housing provider; and
 - (ii) Is entirely occupied and used or intended for use as a municipal housing project facility; and
 - (d) if a municipal housing project facility agreement contains those provisions set out in Section 5(c), a by-law distinct from the by-law referred to in Section 3(1) shall be enacted and the information set out in Section 5(c) shall be set out in that by-law and the by-law shall specify an effective date which shall be the date of passing of the by-law or a later date.
6. A municipal housing project facility agreement may, with respect to the provision of an assisted home ownership municipal housing project facility:
- (a) provide for financial or other assistance at less than fair market value or at no cost to the housing provider, which assistance may include:
 - (i) Giving or lending money and charging interest; and
 - (ii) Giving, lending, leasing or selling property; and
 - (b) provide development charges imposed by the City pursuant to the Development Charges Act, 1997, S.O. 1997, c. 27 at a preferred or discounted rate, or offer a deferral of all or a portion of the development charges, for the land or a portion of it on which a municipal housing project facility is or will be located.
7. Municipal housing project facility agreements for Affordable Housing defined in Section 2(b)(i), (ii) and (iii) of this By-law, shall include but shall not be limited to the following terms and conditions:
- (a) the term of the agreement;
 - (b) that each municipal housing project facility meets the definition of Affordable Housing set out in Section 2(b)(i), (ii) or (iii);
 - (c) that each housing unit shall be made available to tenants in accordance with Sections 4(1)(a), (b) and (c);

- (d) a list of benefits being conveyed to the housing provider in accordance with Section 5;
 - (e) for Former Federal Projects a minimum of 50 percent of the housing units must be low-rent units;
 - (f) the monthly occupancy costs which can be charged for each housing unit in the municipal housing project facility for the first year of the term and the mechanism by which such monthly occupancy costs may annually increase and the restrictions on such annual increases; and
 - (g) other terms and conditions satisfactory to the City Solicitor and the Executive Director, which may include, but which are not limited to any and all forms of property transactions together with any and all general or specific security as the City Solicitor and the Executive Director, consider necessary and desirable.
8. Municipal housing project facility agreements for assisted home ownership housing shall include but shall not be limited to the following terms and conditions:
- (a) the term of the agreement;
 - (b) that each municipal housing project facility meets the definition of Affordable Housing set out in Section 2(b)(v);
 - (c) that each housing unit shall be made available to homebuyers in accordance with Section 4(1)(d);
 - (d) a list of benefits being conveyed in accordance with Section 6;
 - (e) the legal mechanism to be used to secure the City benefits made available for the development of the housing unit;
 - (f) the method of determining the allocation of capital gains between the City and the homeowner on sale, if any; and
 - (g) other terms and conditions satisfactory to the City Solicitor and the Executive Director, which may include, but which are not limited to any and all forms of property transactions together with any and all general or specific security as the Executive Director and the City Solicitor consider necessary and desirable.
9. (1) Despite the repeal of By-law 713-2024, none of the provisions of this by-law shall impact municipal housing project facility agreements entered into or exemptions from taxation for municipal and school purposes passed under By-law 713-2024.
- (2) Any reference to By-law 713-2024, or any provision of it is deemed to be a reference to this by-law, modified as necessary.

Enacted and passed on , 2024.

Frances Nunziata,
Speaker

John D. Elvidge,
City Clerk

(Seal of the City)

Attachment 3 - By-law to Amend City of Toronto Municipal Code Chapter 415

Development of Land, Article III Section 415-30

Authority: Planning and Housing Committee Item PHXX.X,
as adopted by City of Toronto Council on December XX. , 2024

CITY OF TORONTO

BY-LAW -2024

To amend City of Toronto Municipal Code Chapter 415, Development of Land, Article III Section 415-30.

Whereas Council has determined it is appropriate to amend Section 415-30 to ensure consistent interpretation and application of the Municipal Housing Project Facility Agreement exemptions to include affordable housing units delivered through the Home Ownership Assistance Program; and

Whereas this amendment does not affect the alternative cash-in-lieu of cash-in-lieu of parkland dedication rate authorized by subsection 42(3) of the Planning Act, R.S.O. 1990, c. P.13., as amended

The Council of the City of Toronto enacts:

1. Section 415-30 A (14) of Municipal Code Chapter 415, Development of Land, is deleted and replaced with:

(14) Affordable housing units that are the subject of a Municipal Housing Project Facility Agreement.
2. This By-law shall come into effect on the date it is enacted and passed.

Enacted and passed on December xx, 2024.

Frances Nunziata,
Speaker

John D. Elvidge,
City Clerk

(Seal of the City)