Designing a Home Ownership Program for the City of Toronto

FINAL REPORT

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Executive Summary

Home ownership can provide a wide range of benefits including greater confidence, stability, satisfaction and wealth building. It can also create a stronger sense of connection to cities and communities. However, home ownership in Toronto is out of reach for many low and middle income earners. To support more households to attain home ownership, the City's Home Ownership Assistance Program (HOAP), in conjunction with delivery of federal / provincial affordable ownership down payment assistance loan funding, has issued 1370 down-payment assistance loans with $54.5 million in combined funding since 2009.

While this assistance has made a meaningful difference for many loan recipients, Toronto continues to experience an increasingly challenging housing market, particularly for people on low to moderate incomes. With the average price of a market apartment condominium at approximately $752,000, a household income of approximately $167,000 is required to afford the annual carrying costs. However, a relatively limited proportion of households in the city have this level of income.

In contrast, residents that are in the 60th income percentile have an income of $102,000, rising to $160,000 for those in the 80th income percentile. As a result, the gap between what households can afford and the average price of an apartment[1] in the city is between $32,000 (for households at the 80th income percentile) and $293,000 (for households at the 60th income percentile).

The City is well-positioned to build on its existing home ownership program. This requires two key changes – reframing the model to align with current market realities, and expanding the sources of financial support that provide the deferred loans in light of Bill 23's projected impact on development fees for non-profits.

The City can apply a range of financial tools to fill the gap between what Torontonians can reasonably afford and the cost of homes at market rates. While the full stack of possible contributions would be challenging to implement, it could address the gap for households with low and moderate incomes. Many possibilities were explored for this report, including land contributions, waiving various development-related fees such as Development Charges, the parks levy, permit fees and other municipal fees, using federal / provincial program loan funding, facilitating access to Infrastructure Ontario construction loans, expediting municipal development approvals, waiving the Community Benefit Contribution and reducing municipal property tax.

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[1] Home ownership prices in this report are based on the Toronto Regional Real Estate Board (TRREB) data, which uses the term 'apartment condominiums' or 'apartments'.

This report explores how the City could realistically support low and moderate income Toronto households into assisted homeownership and recommends:

Action Area		Recommendation
Recommendations related to program design and delivery	1	**Define a new program tier**: Create a new "attainable" program tier (61st to 80th percentile) to increase the number of eligible modest-income Torontonians.
	2	**Household eligibility**: Eligibility should be expanded to match the 2024 OPHI eligibility to include first-time buyers in addition to renters. Other aspects of eligibility should remain consistent with the current program. No additional asset limits are required beyond any set by a not-for-profit partner.
	3	**Incentives**: Expand the City's home ownership incentives package to include municipal permits and fees, development charges, and parkland fees, and land. Land should be available to the 70th income percentile and below. This would meet the affordability threshold of the 80th percentile for non-profits and private developers who are partnered with non-profits for turnkey units.
	4	**Proponent eligibility**: Non-profit developers and private developers partnered with a non-profit should be eligible for the proposed program.
	5	**Affordability in perpetuity**: A right of first refusal on any sale of the units back to the non-profit housing agency should be prioritized. City equity should be recycled upon turnover of a unit to maintain the affordability of that unit.
	6	**Unit threshold**: No minimum threshold on the number of units is recommended. Proponents will apply based on relevance and feasibility to their specific project.
	7	**Maximum unit purchase price**: The program should align with the Ministry of Municipal Affairs and Housing's program definition, which is "at or below the average price of a resale home in Toronto". This is distinct from the regulatory definition of "affordable" ownership under recent legislation.
	8	**Loan administration**: The City should cease directly administering new loans, and require future proponents to have loan administration capability already, on its own or through partnership. In future as relevant, consider partnering with City Planning to find a suitable system administrator for Inclusionary Zoning and ownership programs. This could create an efficient approach to administering both programs.
	9	**RFP process**: Eliminate the RFP process for HOAP. Instead, accept applications on a project-by-project basis. HOAP applications should align with existing processes and deploy funding on a first-come, first-served basis, similar to Tower Renewal projects. Changing this process would reduce the administrative burden of the program on the City.
	10	**Data and reporting:** Revise agreement requirements with delivery partners to include explicit reporting requirements on new and exiting homeowner households including demographic data, and for incoming homeowners, the provision of mortgage application materials provided to third-party lender(s), subject to privacy regulations.

Action Area		Recommendation
Additional recommendations for the City		**TCHC portfolio**: Explore interest of experienced not-for-profit proponents to assume Toronto Community Housing Corporation (TCHC) undeployed funds and portfolio of loans, and the City-administered loan portfolio. The proponent will administer the combined loan portfolio and combine undeployed TCHC funds as well as returning funds. The returning funds include returning federal/provincial loans and City loans made with cash prior to 2018) to use in a revolving fund to develop the affordable / attainable homeownership program, potentially prioritizing TCHC sites. Develop a Request for Expression of Interest process to test the range of interested proponents.
	12	**Other affordable home ownership projects**: TCHC and CreateTO to work with senior leadership in the Housing Secretariat to explore affordable home ownership on projects on City land, where appropriate. This would ensure a coordinated effort in the creation of affordable home ownership units in the City.
Recommendations to other orders of government	13	**Federal/provincial loan amount**: Increase the proportion limit of the federal/provincial homeownership loan amount to 15% of purchase price. Currently there is no fixed dollar amount cap on F/P loan amounts, though there is a maximum contribution of 10% of purchase price. Increasing this cap would enable projects to serve households below the 70th percentile of income, and reach the 60th where a land contribution was available.
	14	**Match target program tier**: Align the Province's eligibility to the City's, and focus program eligibility to this tier (up to the 80th percentile of income). Enable allocation of repaid legacy program affordable ownership loans to be redeployed to serve this range of income.

As part of the larger portfolio of housing interventions, there is an opportunity for the program to play a distinctive role in the City's contributions across the housing continuum, by enabling homeownership for household with moderate income.

Introduction

In late 2023, the City of Toronto's Housing Secretariat engaged BGM Strategy Group and Beam Group to review and revise the City's approach to affordable home ownership program delivery.

The work was carried out between January and May 2024 and included interviews with local stakeholders through semi-structured discussions and a demand analysis of the municipal and provincial tools that exist to facilitate greater uptake of the program by proponents.

This report summarizes these methodologies, provides key findings from a gap analysis, and offers recommendation based on the research and analysis.

Overview of Home Ownership Programs in Toronto

Since 2007, the City of Toronto has committed a portion of its federal-provincial housing program funding to creating homeownership opportunities for low- and moderate-income households. In 2009, it introduced its own Home Ownership Assistance Program (HOAP). HOAP provides development charge deferrals and can be combined or "stacked" with federal-provincial program funds. Together the programs operate through three phases: supporting the development of new housing, the provision of down-payment assistance loans to eligible homebuyers, and the ongoing administration of these loans.

The down-payment assistance loans available for eligible households[2] are secured against the property's title through a second mortgage. The loans are interest-free and do not require monthly payments. Repayment, including the principal loan amount and a portion of any capital appreciation occurs upon the resale of the home by the original purchaser.

Context for an evolving program design

Many factors have necessitated revisiting the City's approach to affordable home ownership programming, including:

- **Auditor General's report:** In 2020, the Auditor General reviewed the City's program delivery and recommended that the City "assess the extent to which the Program is achieving housing objectives and outcomes; support program intent by strengthening program design and promote consistent and impactful outcomes through enhanced City oversight."[3] The Auditor General's report precipitated the 2023 BGM Strategy Group and Beam Group evaluation. A summary of how key recommendations by the Auditor General align with the proposed evolution of the program in this report is included in the appendix.

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[2] The previous loan cap of $60,000 per household was amended to be capped at an amount "not exceeding the total development charges deferral for the project". See: https://secure.toronto.ca/council/agenda-item.do?item=2022.EX34.1

[3] See https://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157478.pdf

- **Changing market conditions:** HOAP and the federal-provincial housing program were effectively designed for the market realities into which they were originally introduced in 2007 and 2009. However, Toronto's housing market prices have grown significantly since the programs' inceptions, placing increased pressure on potential homebuyers and transforming the programs' operating environment. The rising cost of housing in Toronto has rendered development charge deferrals, the City's primary tool for funding HOAP, insufficient to support eligible prospective buyers into home ownership.
- **Bill 23:** Enacted by the Province on November 28, 2023, Bill 23, *More Home Built Faster*, introduced several changes to municipal funding tools that affect the City's leverage to exempt proponents of fees related to development, and particularly those used to encourage the development of affordable homeownership. These include exemptions for affordable and attainable rental and ownership developments. Non-profit developments are exempt from development charges, community benefit charges, and parkland dedication, regardless of unit price or resident household income.[4]
- **Bill 134:** Introduced by the Province on September 28, 2023, Bill 134, *Affordable Homes and Good Jobs Act*, proposes changes to the Development Charges Act. The amendments add an income threshold to affordable housing developments exempt from municipal funding tools (as above).[5][6]
- **Introduction of Inclusionary Zoning:** Adopted on November 12, 2021, the City's Inclusionary Zoning policy requires new residential developments to include affordable housing.[7] While important to increase supply for low-income households, the cap at the 60th percentile can create challenges for moderate-income households who may also be struggling to find affordable housing. At the time of writing the Minister of Municipal Affairs and Housing has not approved the City's Inclusionary Zoning application.[8]
- **Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes:** On November 8 and 9, 2023, the City adopted recommendations from the staff report, *Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes*, acknowledging the need to expeditiously build new housing supply. Staff recommendations and key actions focused on addressing

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[4] https://www.toronto.ca/legdocs/mmis/2023/cc/bgrd/backgroundfile-239822.pdf
[5] https://www.toronto.ca/legdocs/mmis/2023/ph/bgrd/backgroundfile-240169.pdf
[6] According to the proposed changes, the Government of Ontario would define "affordable ownership housing as For ownership housing, a unit where the price is no greater than the lesser of, the income-based affordable purchase price for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing, and 90 per cent of the average purchase price identified for the residential unit set out in the Affordable Residential Units bulletin. See https://ero.ontario.ca/notice/019-7669 for more details.
[7] See https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/inclusionary-zoning-policy/inclusionary-zoning-overview/
[8] The City is currently in the process of updating its annual calculation of affordable ownership, available at https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/definitions-of-affordable-housing/. This is expected to be: Studio – Income = $62,530; Price limit = $180,476; 1-Bedroom – Income = $79,321; Price limit = $220,369; 2-Bedroom – Income = $98,427; Price limit = $274,395; 3-Bedroom Income = $119,271; Price limit = $320,556

housing affordability for a range of households. Actions referred specifically to "increasing access to affordable and attainable homeownership opportunities."[9]

This report builds on the evaluation of the City's approach to affordable home ownership program delivery conducted by Beam Group and BGM Strategy Group in 2023.[10] The evaluation documented a range of successes, such as:

- Providing meaningful pathways to home ownership for 1,242 households and creating a corresponding increase in the availability of rental accommodation.
- Contributing significantly to many loan recipients' sense of financial stability, security and personal achievement, as well as their feeling of belonging to Toronto.
- Supporting some equity-deserving groups into homeownership – namely women, the LGBTQ2+ community, and Black, Southeast Asian, and Latin American Torontonians.

The report also identified several challenges, including:

- Eligibility requirements are out of reach to many potential homebuyers – exacerbated by the high cost of housing in Toronto.
- Key program elements, such as household income and house price, have not kept pace with the market – in part due to the high level of integration with the federal/provincial fund.
- Program administration relies on a mix of City and proponent-operated systems with relatively weak data, administration and accountability mechanisms, which is burdensome for the City, inefficient, and prone to human error.

The major challenges highlighted here, along with a changing policy landscape, led to a follow-up analysis and this subsequent report, the objectives of which are to: 1) determine how the program can reach households otherwise unable to afford home ownership, and 2) ensure the revised program is impactful and sustainable.

[9] See https://www.toronto.ca/news/city-of-torontos-generational-transformation-of-torontos-housing-system-to-urgently-build-more-affordable-homes-report/ and https://www.toronto.ca/legdocs/mmis/2024/ra/bgrd/backgroundfile-242553.pdf

[10] Source: Beam Group and BGM Strategy Group. (March 2023) Affordable Home Ownership Program Review: Evaluation Report". Delivered to the Housing Secretariat, City of Toronto.

Defining Affordable and Attainable Ownership

There is no consistent definition of "affordable" or "attainable" home ownership across orders of government or City policies and programs. The City's Official Plan[11] defines "affordable ownership" based on the unit type and is focused on the household paying no more than 30% of before-tax monthly income on shelter. For a three-bedroom unit, the 2024 household income is $119,271 (at or below the 60th income percentile) and the price is $320,556 (see Appendix 1 for further information).[12] Affordable ownership housing as defined by the Official Plan is designed for low- to moderate-income households whose incomes are too high to qualify for social housing, generally falling between the 30th to 60th income percentiles, depending on household size.[13] The City does not currently have a definition of attainable homeownership.

Bill 134 includes a proposed a definition of affordable housing [14] that aims to establish housing costs that are affordable for households residing in the 60th percentile of gross annual income and that are spending no more than 30% of income on accommodation costs. Bill 23 refers to the *Development Charges Act 1997* for definitions. As of June 1, 2024, the *Development Charges Act 1997* bulletin indicates a unit would be considered affordable ownership when the purchase price is at or below the lesser of:

- Income-based purchase price: A purchase price that would result in annual accommodation costs equal to 30% of a household's gross annual income for a household at the 60th percentile of the income distribution for all households in the local municipality; and
- Market-based purchase price: 90% of the average purchase price of a unit of the same unit type in the local municipality.[15]

The bulletin does not expand on a definition of "attainable" ownership, which is described in the *Development Charges Act* as:

- Not an affordable residential unit.
- Not intended for use as a rented residential premises.
- Was developed as part of a prescribed development or class of developments; and

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[11] See: https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/definitions-of-affordable-housing/#:~:text=Official%20Plan%20policies%20that%20use,the%20City%27s%20inclusionary%20zoning%20policies.

[12] See: https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/housing/

[13] See https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/inclusionary-zoning-policy/inclusionary-zoning-overview/

[14] See: https://ero.ontario.ca/notice/019-7669

[15] See: Affordable Residential Units for the Purposes of the Development Charges Act, 1997 Bulletin, https://www.ontario.ca/page/municipal-development-and-community-benefits-charges-and-parklands#section-4

- Sold to a person who is dealing at arm's length with the seller.[16] [17]

The bulletin's "affordable" unit purchase price for Toronto is $366,500 for a condo apartment based on meeting the 60th percentile, which is similar to the City of Toronto's Official Plan ($320,556, for a 3-bedroom unit). Therefore, the Province is establishing a purchase price limit for affordable home ownership that the market is unlikely to meet without significant subsidies.

In its current form, the City's approach to affordable home ownership program delivery relies on stacking municipal contributions (via HOAP's development charge deferrals) with funding from the federal-provincial program. The different municipal and provincial definitions of "affordable" result in different eligibility criteria for potential homebuyers looking to access the programs.

Methodology

While every affordable or attainable housing development will be unique, the analysis included in this report is based on estimates to assess the availability of tools to support home ownership opportunities. This includes a focus on middle-income earners in Toronto and the extent to which these tools can fill the gap between what Torontonians can reasonably afford and the cost of new homes in the city. As a result, actual numbers may vary by site.

An income multiplier of 4.5x household income is being used to measure program "demand" (see Appendix 1 for more information). This measure is used as part of the Office of the Superintendent of Financial Institution's Loan to Income limit on the portfolios of federally regulated financial institutions.[18] The 4.5x income is used to determine the purchase price that a household can reasonably afford based on an expectation that that mortgage payments and carrying costs absorb a reasonable amount of the household income.[19] As a general approach, the 4.5x multiplier could be sensitive to a wide range of factors including interest rates, house prices, ability for the purchaser to borrow, and location of the property. For example, if interest rates increase the amount that a borrower can qualify for may be reduced, despite no changes in income. The 4.5x multiple has the advantage being simple to use and easy to understand and generates outcomes that are in line with standard and widely used methods to determine the purchase price that a prospective buyer can afford. It also provides an approach consistent with that of the likely financial institutions that would be issuing the primary mortgage.

[16] See https://www.ontario.ca/laws/statute/97d27#BK7

[17] While the Province has not yet defined "attainable", in December 2023 it announced the development of a modular housing framework that will be used, in part, to build attainable homes on demonstration sites located on surplus government lands. See: https://news.ontario.ca/en/release/1003986/ontario-taking-action-to-support-municipal-partners-in-building-more-homes-and-protecting-taxpayers

[18] See: https://www.osfi-bsif.gc.ca/en/news/loan-income-limit

[19] Ongoing expenses property owners must budget for will vary based on the mortgage rate, down payment, condo fees, taxes, utilities, etc.

The Official Plan definition (available at https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/housing/) is based on the household income paying no more than 30 percent of before-tax monthly income and connects the unit type to the household income level.[20] It indicates that the affordable price limit is between $180,476 (for a studio apartment[21] and $320,556 (for a 3-bedroom apartment).

This report does not focus on resale properties as the most feasible options available to the City, with the exception of the federal / provincial loans, are all related to new development and would not apply to resale homes.

Key assumptions for the methodology

- With fewer starter houses available to middle-income earners in Toronto, the analysis focuses on apartment rather than detached or semi-detached units.
- Given the limited supply of housing, market prices and the relatively high household income required to afford ownership, the analysis focuses on the 60th to 80th household income percentile.
- The existing program is focused on market rates. As a result, data from the Toronto Real Estate Board was used from September 2023.[22]

Gap Analysis: Measuring the affordability gap

The average apartment price in Toronto is currently $752k[23], according to the Toronto Real Estate Board. Using the above methodology, the price households between the 60th and 80th income percentiles can afford is between $459,000 and $720,000.

[20] As follows: 1. studio units: households at or below the 30th percentile income; 2. one-bedroom units: households at or below the 40th percentile income; 3. two-bedroom units: households at or below the 50th percentile income; 4. three-bedroom units: households at or below the 60th percentile income.

[21] Home ownership prices in this report are based on the Toronto Regional Real Estate Board (TRREB) data, which uses the term ‘apartment condominiums’ or ‘apartments’.

[22] See: https://trreb.ca/wp-content/files/market-stats/home-price-index/TREB_MLS_HPI_Public_Tables_0923.pdf

[23] TREB, September 2023, see https://trreb.ca/wp-content/files/market-stats/home-price-index/TREB_MLS_HPI_Public_Tables_0923.pdf

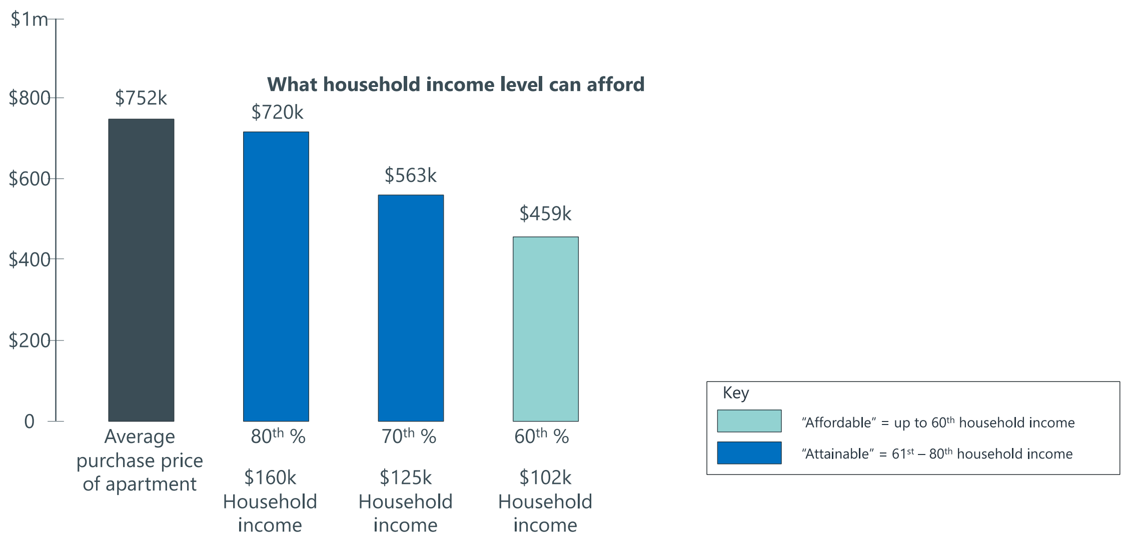

Figure 1. Affordability thresholds for 60th, 70th, and 80th income percentiles

Based on the average apartment price of $752k, this results in an affordability gap of between $32,000 (80th income percentile) and $293,000 (60th income percentile).

Income percentile	What the household can afford	Affordability gap
60th income percentile	$459,000	$293,000
70th income percentile	$562,500	$189,500
80th income percentile	$720,000	$32,000

Toronto Real Estate Board data on apartment sales indicates that 48% are 2 bedrooms and 44% are 1 bedroom with 6% as three bedroom and 2% bachelor.[24]

Incentive Tool "Menu" Options Considered

The gap could be addressed through a combination of the City contributions listed and described below. Some would directly benefit the purchaser while most would initially benefit the developer and be expected to flow through as a price reduction for the purchaser. The feasibility of each option was considered based on administrative simplicity, cost and time to implement and are ranked from high to low. All tool options are based on a 40-unit development. The City contributions recommended for the updated program are the focus of the subsequent section of the report.

[24] While the breakdown for "apartments" is not available, the data on condo composition cited is available at https://trreb.ca/files/market-stats/condo-reports/condo_report_Q2-2023.pdf ; Condo Market Report 2023, Q2, Share of sales by bedroom type

This includes:

#	Contribution	Estimated value	Feasibility	Direct benefit to purchaser
1	Land contributions[25]	$125,000	High	
2	Federal / Provincial program loan funding[26]	$75,200[27]	High	
3	Waiving or deferring Development Charges (currently exists in program)	$60,224	High	
4	Waiving the parks levy	$12,500	High	
5	Waiving permit fees	$4,110	High	
6	Waiving other municipal fees	$3,288	High	
7	Facilitating access to an IO construction loan (3-year term)	$20,471	Medium	
8	Expediting municipal development approvals (C2K/Priority Development Review Stream)	$14,796	Medium	
9	Facilitating access to a pre-construction loan (2-year term)	$9,284	Medium	
10	Waiving the Community Benefit Contribution	$5,000	Medium	
11	Property tax relief (net present value)	$69,772	Low	✓
12	Waiving the Municipal Land Transfer Tax	$7,040	Low	✓

[25] While there have been historic cases of land contributions, this tool hasn't been used recently.
[26] Currently exists in the program.
[27] Based on 10% of the $752,000 purchase price

These options are described below.

1. Land contributions

The *Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes* outlines the City's plan to "leveraging public lands to increase housing supply".[28] To date, the focus has been on increasing the affordable rental stock but could expand to include affordable/attainable ownership. The City values its 10-year HousingTO action plan land contribution at $1.3 billion.[29]

If the City contributed land to develop attainable/affordable ownership homes, the cost savings are estimated to be $125,000 per home.[30]

2. Development Charges

Development Charges are fees used to contribute to engineered services (e.g., roads, water, etc.) and general services (e.g., transit, parks, library, childcare, long term care, etc) necessary to accommodate growth. The fees are calculated per unit.

Based on the 2023 changes to the *Development Charges Act,* there is an as-of-right waiver of municipal Development Charges for not-for-profit developers.[31] The approach outlined in this report accounts for this and assumes that the savings associated with this change ($60,224) [32] would be part of the incentive package. This could also be applied to for-profit developers partnered with a non-profit to build affordable/attainable ownership units, as outlined in the recommendations section of the report.

3. Federal / provincial program loan funding

The City has often committed a portion of its federal-provincial housing program funding to creating homeownership opportunities through down-payment assistance loans. While the City has increased the size of its contributions to the HOAP loan amount between 2010 and 2018, federal-provincial funding has been steady at 10% of the total value of the home to a maximum of $100,000. In addition, federal-provincial income eligibility criteria has not kept pace with the rising cost of housing, rendering its contributions increasingly difficult for potential homebuyers

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[28] City of Toronto. (17 October 2023). Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes. Source: https://www.toronto.ca/legdocs/mmis/2023/ex/bgrd/backgroundfile-240104.pdf

[29] See: https://www.toronto.ca/legdocs/mmis/2023/ex/bgrd/backgroundfile-240104.pdf

[30] We used data from GTA High Rise Land Insights Report (Q1 2022) to determine recent land value and lot size. For a 40-unit building, we took the median price Q1 development purchases for buildings under 10 storeys ($5,000,000) and divided it by 40. Source: https://static1.squarespace.com/static/5ebd59ae730acd1565e5e604/t/6386b169a4079a56aaa23be9/1669771632194/Q1-2022-GTA-HRLIR-Bullpen-Batory.pdf

[31] See: Government of Ontario. Development Charges Act, 1997, S.O. 1997, c. 27. https://www.ontario.ca/laws/statute/97d27#BK8

[32] Average of the City's Development Charges Multiple Dwellings of a 1-bed/bachelor unit ($40,237) and 2-bed unit ($80,210), rates effective August 15, 2023. The charge is per unit. Source: https://www.toronto.ca/wp-content/uploads/2023/04/8f32-DC-Rates-Effective-Aug-15-2023.-V1-pdf.pdf

to access. This report recommends an increase to the maximum federal-provincial loan value and an increase of the eligibility to the 80th income percentile.

4. Parkland cash-in-lieu fee

Developers may be required to provide land to the municipality for parks or other public recreational purposes. In certain circumstance, developers may be able to provide cash in lieu of land.

The City does not charge not-for-profit developers a Parkland cash-in-lieu fee. However, if the City were to waive the fee for for-profit developers building affordable/attainable ownership units as turn-key homes for non-profit groups, the homeowner could save $12,500.[33]

5. Permit fees

Permit fees serve to cover the administrative expenses associated with issuing building, development, and occupancy permits, among others. The variability in the number of permits required and the time taken to obtain each can introduce costly uncertainties into the development timeline. These fees may be fixed or calculated as a percentage of the hard construction costs.

If the City were to waive municipal permit fees, the homeowner could save $4,110.[34]

6. Municipal fees

Municipal fees are levied based on site area or on a per unit or a fixed fee basis. They are used to review amendments for a specific site, site plan approval, development agreements, and other necessary approvals from City departments.

If the City were to waive municipal fees, the homeowner could save $3,288.[35]

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[33] Parkland cash-in-lieu fees are based a percentage of the land value depending on the lot size. We used data from GTA High Rise Land Insights Report (Q1 2022) to determine recent land value and lot size. For a 40-unit building, we took the median price and lot size of Q1 development purchases for buildings under 10 storeys ($5,000,000, 0.081 hectares). For lots under 1 hectare, the cash-in-lieu fee is 10%. Therefore, the fee for a 40-unit building is assumed to 10% of $5M ($500K). Source: https://static1.squarespace.com/static/5ebd59ae730acd1565e5e604/t/6386b169a4079a56aaa23be9/1669771632194/Q1-2022-GTA-HRLIR-Bullpen-Batory.pdf

[34]Calculations are based on 2019-2020 CMHC commissioned data from Altus. Permit fees = $5 PSF (50-unit building). Assuming unit average is 822 square feet. Permit fees refer to: "Permit fees cover administrative costs associated with issuing building, development, and occupancy permits, among others. The number of permits required, as well as the time needed to obtain each, can introduce costly uncertainty to the development timeline. The fee amount can be fixed or charged as a per cent of hard construction costs."
Source: https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/housing-market-insight/2022/housing-market-insight-69949-m07-en.pdf?rev=bbc85058-a9ee-4a77-a047-80ac855278bc

[35] Calculations are based on 2019-2020 CMHC commissioned data from Altus. Municipal fees = $4 PSF (for 50-unit building). Assuming unit average is 822 square feet. Municipal fees refer to: "Municipal fees, are charged according to site area or on a per unit or fixed fee basis to review amendments for a given site, site plan approval,

7. Low-interest loans – includes facilitating access to a pre-construction loan (2-year term) and construction loan (3-year term)

Low-interest loans may be available to not-for-profits or the City for affordable homeownership developments. Infrastructure Ontario's (IO) Loan Program provides affordable long-term financing for all capital expenditures relating to the renovation, construction or acquisition of housing units. Municipalities may borrow up to $600 million. Not-for-profits face a more restricted borrowing limit ($60 million), are charged higher interest rates, and are required to build affordable rental (at a ratio of 70:30 affordable to market rental).

If the City held an Infrastructure Ontario loan on behalf of a not-for-profit developer, rather than relying on a private lender, interest expenses could be reduced by $9,284 in the pre-construction (2-year term, loan of $5,012,916 for 40-unit building)[36] and $20,471 in the construction (3-year term, loan of $9,617,400 for 40-unit building)[37] phases.

8. Expediting municipal development approvals (C2K/Priority Development Review Stream)

Any new development or redevelopment require an application to the City of Toronto for approval, ensuring appropriate plans, materials, and timelines are in place. According to Altus Group Cost Consulting analysis, pre-construction development delays can cost developers between $8 and $10 per square foot, every quarter (three months). To speed up the approval process, the City has changed its development review process, which it calls Concept 2 Keys (C2K).[38] Under this approach, there may be an opportunity to prioritize permits for attainable/affordable homeownership developments. This would reduce pre-construction delays and could save the homeowner $14,796.[39]

9. Community Benefit Charge

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development agreements, and other approvals needed from various municipal and regional departments." Source: https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/housing-market-insight/2022/housing-market-insight-69949-m07-en.pdf?rev=bbc85058-a9ee-4a77-a047-80ac855278bc

[36] Pre-construction loans are assumed to be 2-year terms and are based on expenses associated with work that occurs before any development, such as land municipal permits, municipal fees, parkland fee, and an estimate other soft costs (e.g., environmental assessments, engineering fees, etc.). Interest rates for IO are 5.5% [communication with IO representative]. Interest rates from private lenders are 12.3%, which includes prime (7.2%) plus 2.9% (interest) and 2.3% (fees) [communication with MCAP representative]. LTV is 60% [communication with MCAP representative].

[37] Construction loans are assumed to be 3-year terms and calculated using only the costs of construction based on the high end of GTA data (i.e., $390 PSF, up to 12 storeys [40 units]; $380 PSF, 13-39 storeys [200 units]) from Altus 2024 Canadian Cost Guide: https://www.altusgroup.com/insights/canadian-cost-guide/. Interest rates for IO are 5.5% [communication with IO representative]. Interest rates from private lenders are 12.3%, which includes prime (7.2%) plus 2.9% (interest) and 2.3% (fees) [communication with MCAP representative]. LTV is 75% [communication with MCAP representative].

[38] City of Toronto. (2024). About Concepts 2 Keys. https://www.toronto.ca/city-government/planning-development/concept-2-keys-c2k/about-concept-2-keys/

[39] BILD reports pre-construction delays can cost between $8 and $10 PSF per quarter. Our calculations take the average cost ($9) and assume a 6-month delay (2 quarters) 822 sq^2 unit. Source: https://www.bildgta.ca/wp-content/uploads/2022/09/Municipal-Benchmarking-Study-2022.pdf

Section 37 of the *Planning Act* allows the City to create a fee to cover the capital costs of facilities, services, and other necessities required for development and redevelopment, known as the community benefits charge (CBC). It is levied on developments and redevelopments of at least five storeys and a minimum of ten residential units.[40]

The City does not request a Community Benefit Charge (CBC) from NFP developers. However, if the City were to waive the CBC for for-profit developers building affordable/attainable ownership units, homeowner could save $5,000.[41]

The actual charge will vary significantly, based on land size and location.

10. Property tax

Unlike the Land Transfer tax, the municipal property tax is a flat rate (higher values are not taxed at a higher rate). It includes a portion for City tax, Education tax, the City Building Fund and totals 6.7% of the assessed value of the property.[42]

If the City eliminates the 6.7% municipal property tax for the first year, the homeowner would save $5,010.[43]

If the City were to eliminate the property tax for 25 years, the homeowner would save approximately $160,151[44]. The net present value of this is $69,772, using a 7% discount rate. Given the administrative challenges associated with tax relief for individual homes, it was considered less feasible than many the other options.

11. Land Transfer Tax

The City's Municipal Land Transfer Tax[45] ranges from 0.5% to 7.5% of the value of the property (similar to income tax, different values are taxed at different rates[46]). The current first-time buyer exemption threshold for the City's portion is $400,000 and for the province's portion, the first $368,000 is exempt.

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[40] Source: https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/section-37-benefits/

[41] The CBC is an amount payable equivalent to 4% of land value (as of the day before building permit) for developments with both 10 or more residential units that are also 5 or more storeys in height. To determine land value, we used data from GTA High Rise Land Insights Report (Q1 2022). For a 40-unit building, we took the median price Q1 development purchases for buildings 5-10 storeys ($5,000,000). Source: https://static1.squarespace.com/static/5ebd59ae730acd1565e5e604/t/6386b169a4079a56aaa23be9/1669771632194/Q1-2022-GTA-HRLIR-Bullpen-Batory.pdf

[42] See: https://www.toronto.ca/services-payments/property-taxes-utilities/property-tax/property-tax-rates-and-fees/

[43] Calculated with 6.7% of $752k

[44] This assumes $5k per year is multiplied by inflation of 2% per year

[45] See: https://www.toronto.ca/services-payments/property-taxes-utilities/municipal-land-transfer-tax-mltt/municipal-land-transfer-tax-mltt-rates-and-fees/

[46] For all single family residences Up to and including $55,000.00 = 0.5%, $55,000.01 to $250,000.00 = 1.0%, $250,000.01 to $400,000.00 = 1.5%, $400,000.01 to $2,000,000.00 = 2.0%, Over $2,000,000.00 = 2.5%, Over $3,000,000 and up to $4,000,000 = 3.5%, Over $4,000,000 and up to $5,000,000 = 4.5%, Over $5,000,000 and up to $10,000,000 = 5.5%, Over $10,000,000 and up to $20,000,000 = 6.5%, and Over $20,000,000 = 7.5%.

If the City were to waive the full municipal portion of the Land Transfer Tax for a property valued at $752k for a first time home buyer the homeowner would save $7,040 (note: this does not include the provincial portion).[47]

The Home Ownership Incentives Package: Deploying high feasibility tools to incentivize home ownership

Our analysis shows that with an increased limit amount for the federal/provincial contribution and the addition of a range of City incentives, it is possible to make home ownership possible for moderate income households. The chart below shows the program incentive package.

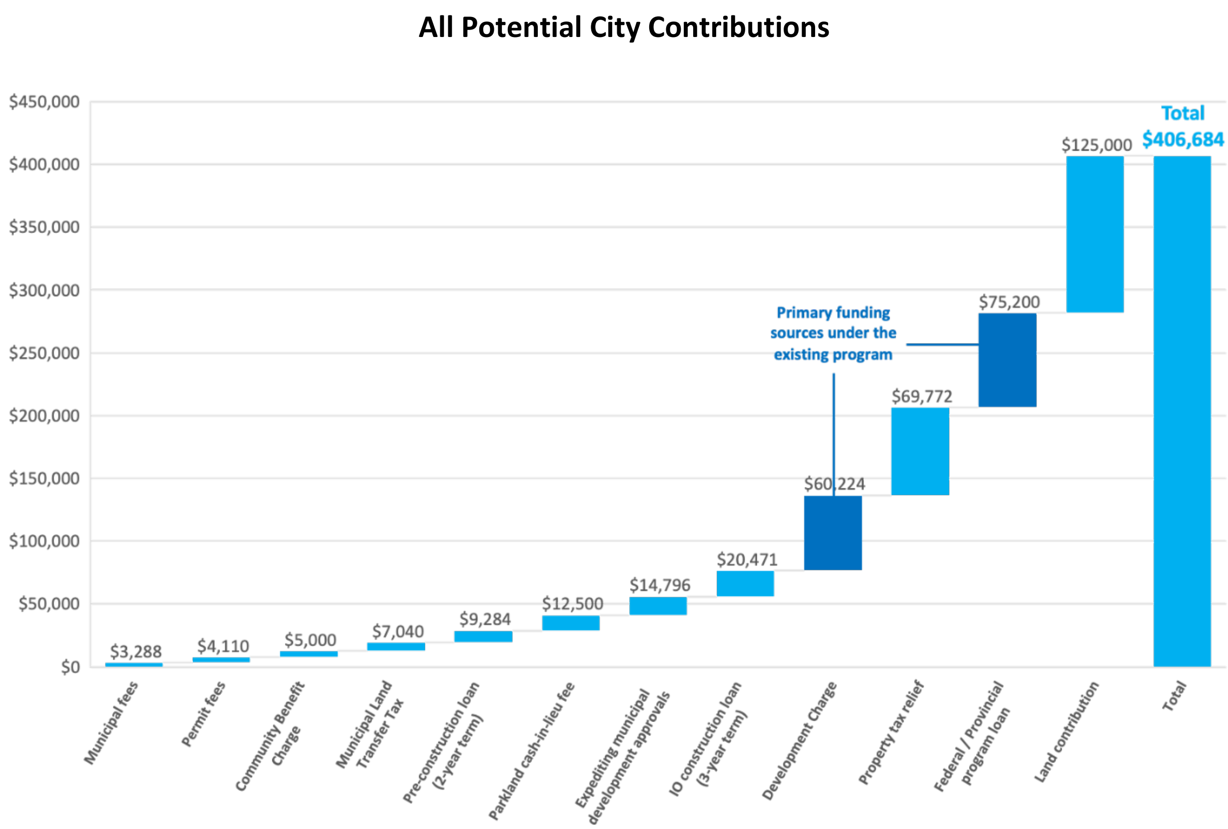

Figure 2 All tools available to create affordable or attainable homeownership units

[47] Calculated using the City's online calculator available at https://www.toronto.ca/services-payments/property-taxes-utilities/municipal-land-transfer-tax-mltt/mltt-calculator/mltt-calculator/

Including only the high feasibility options (in terms of administrative simplicity, cost and plausibility of implementation), the total contribution is $280,322 (see Figure 4). As the table below illustrates, implementing all "high feasibility" options covers the 70th and 80th percentiles and leaves a "financial gap" of only $12,679 to reach the 60th income percentile.

High Feasibility Options

		60th percentile	70th percentile	80th percentile
Market value of unit		$752,000	$752,000	$752,000
Household affordability limit		$459,000	$562,500	$720,000
Affordability gap		$293,000	$189,500	$32,000
		Funding Surplus / Gap*		
In-kind waivers				
Municipal permits	$4,110			
Municipal fees	$3,288			
Development Charges	$60,224	-$212,879	-$109,379	$48,122
Parkland levy**	$12,500			
Cumulative total (in-kind waivers)	$80,122			
Loans				
Federal/Provincial loans***	$75,200	-$137,679	-$34,179	$123,322
Cumulative total (in-kind waivers + loans)	$155,322			
Other contributions				
Land	$125,000	-$12,679	$90,822	$248,322
Cumulative total (all categories)	$280,322			

Key

Key	
Primary funding source under existing program	Blue
Total contributions meet cost of home (surplus)	Green
Total contributions do not meet cost of home (gap)	Red

* [Funding Surplus / Gap] = [Affordability gap] - [Cumulative total]

** Council approved a parkland levy waiver for HOAP -- no loans have been issued since that decision

*** Based on 10% of 'Market value of unit', due to recent chagnes from MMAH.

Figure 3 Most feasible tools to create affordable or attainable homeownership

A land contribution from the City is critical to reach the 60th percentile but not necessary for the 70th and 80th percentiles. In fact, the City can reach the 80th percentile by waiving municipal permits, fees, development charges, and the parkland levy. Reaching the 70th percentile is possible with the same incentive package and increasing the contribution limit on the federal/provincial loan.

In order to support the HousingTO target of 400 homes per year, the City would need to provide a contribution of $117.2m to build 400 units at the 60th income percentile, $75.8m to build 400 units at the 70th income level and $12.8m to build 400 units at the 80th income level.[48] These amounts are without fees and waivers.

A $10m investment from the City would fund 34 units at the 60th income level, or 53 units at the 70th income level or 313 units at the 80th income level.

With every "high feasibility" option applied, which includes a land contribution, the City is in the range of supporting affordable home ownership for the 60th percentile. A further contribution is required of $12,679 is required.

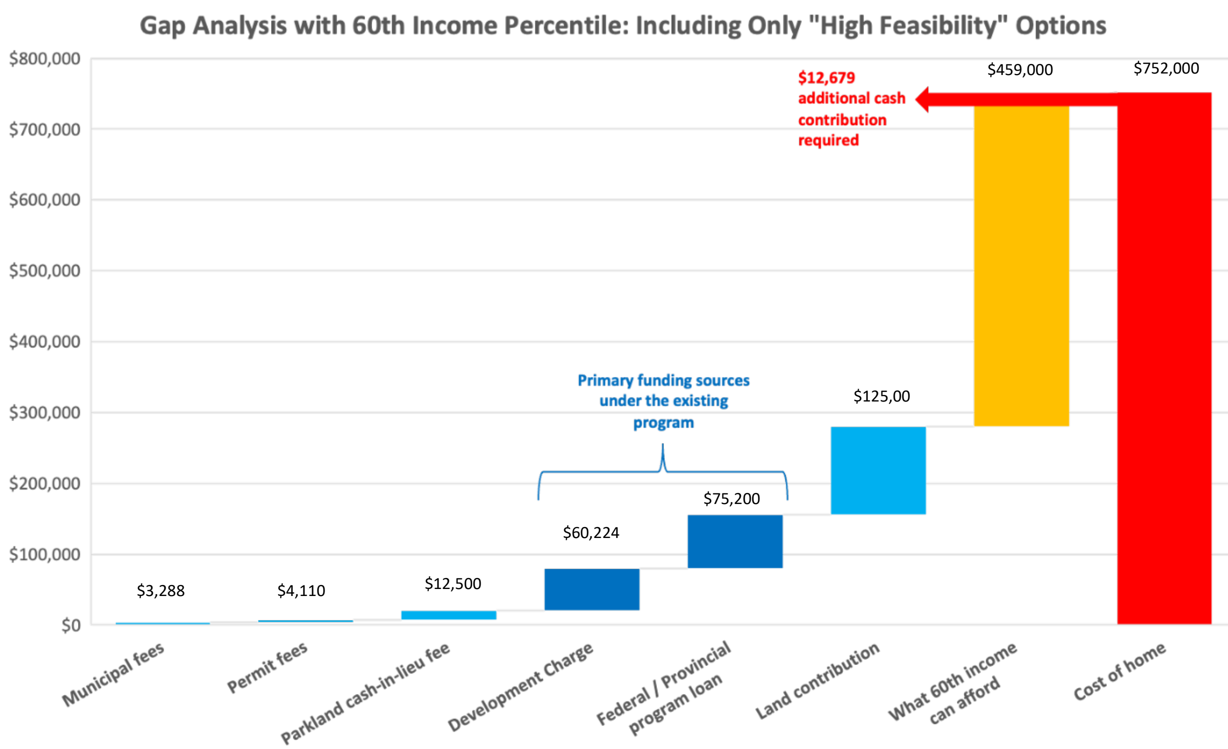

Figure 4 Gap analysis for 60th percentile using most feasible tools

[48] For decision history and report related to this target, see: https://secure.toronto.ca/council/agenda-item.do?item=2015.EX10.18 and https://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-86016.pdf

When applying “high feasibility” options without a land contribution, there is a gap for the 70th percentile (with a $34,179 cash contribution required).

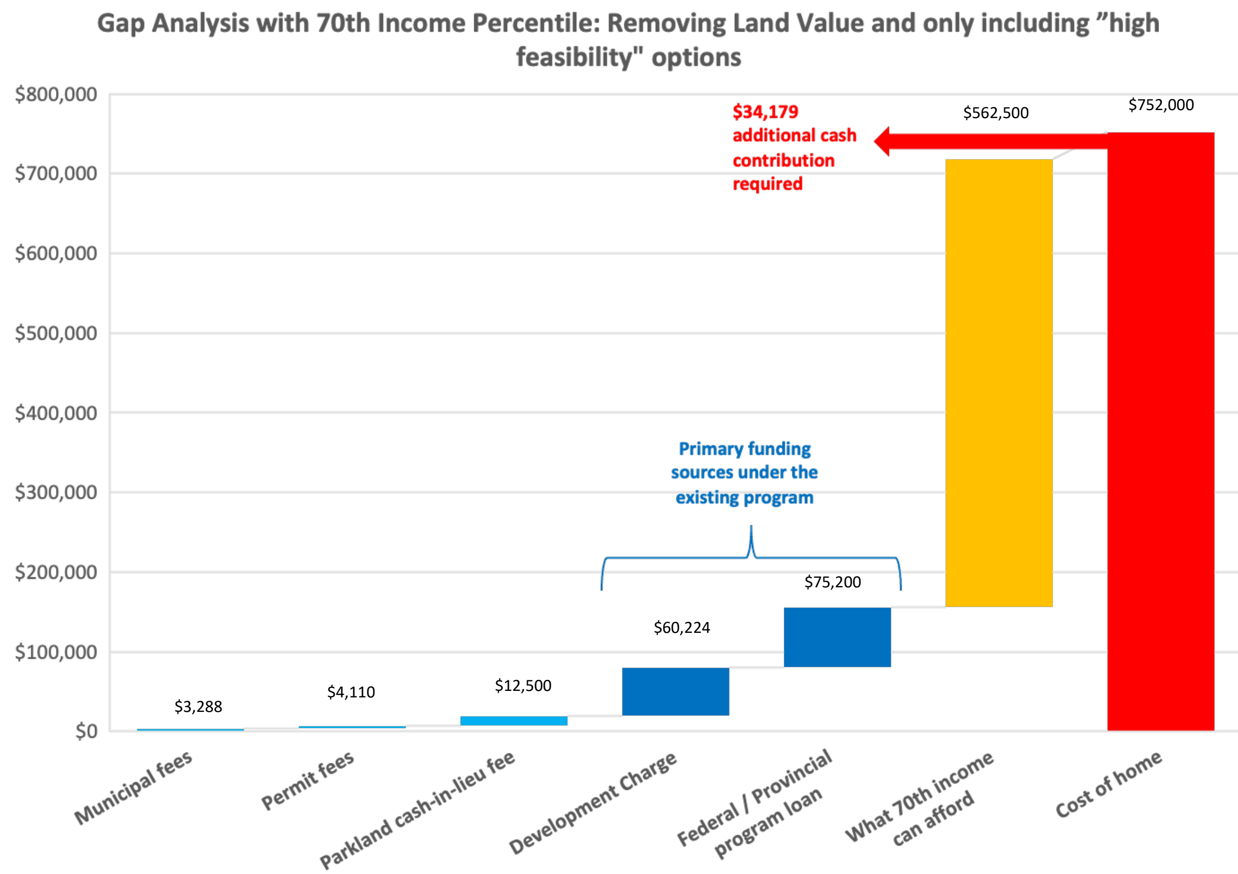

Figure 5 Gap analysis for the 70th percentile, with only highly feasible tool, excluding City's land contribution

When applying “high feasibility” options without a land contribution, there is no gap for the 80th percentile (with a $123,322 surplus).

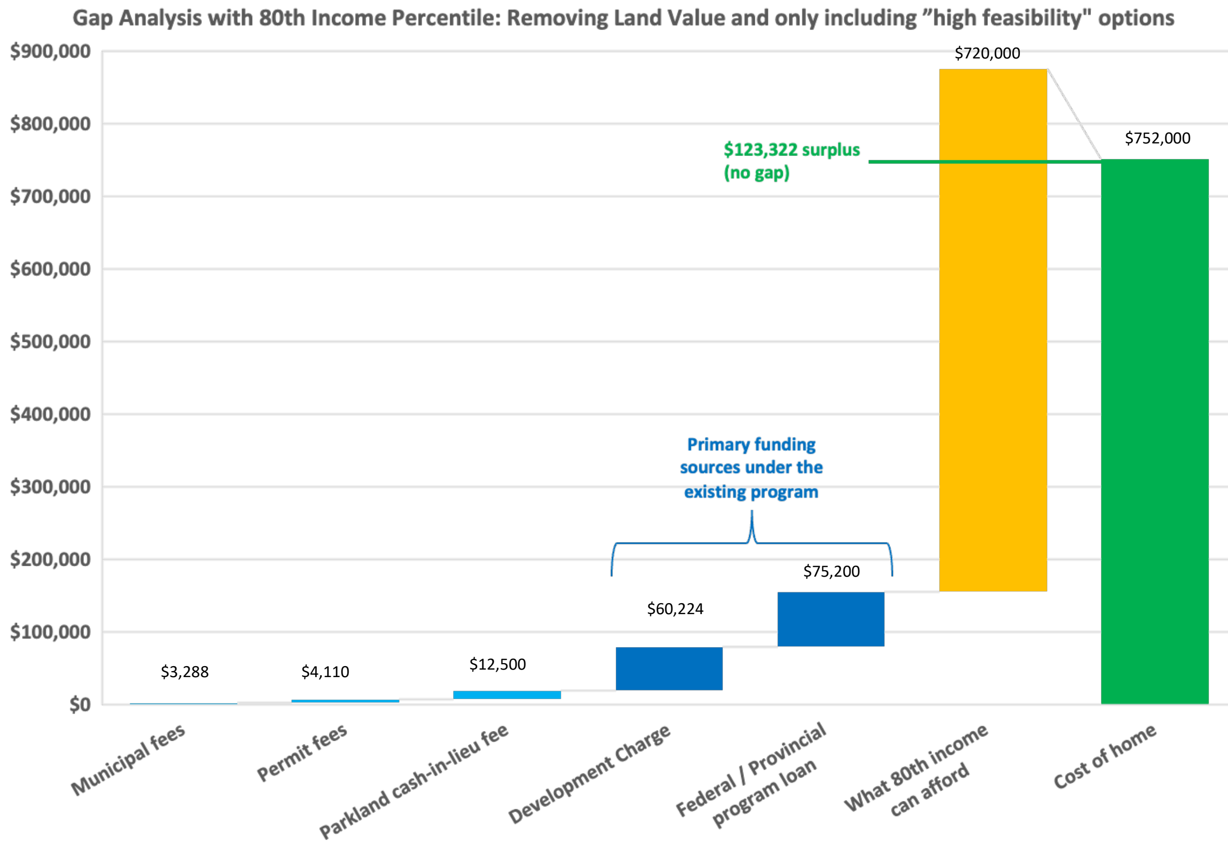

Figure 6 Gap analysis for the 80th percentile, with only highly feasible tool, excluding City's land contribution

It is important to note that the gap is sensitive to housing prices and income levels. For example, if housing prices increase by 10%, the affordability gap increases by 26%. Similarly, if housing prices and income increase by 10% the affordability gap increases by 10%.

Recommendations

Based on the analysis and conversations with local stakeholders, the following recommendations should be considered to support the Housing Secretariat with its reform of the home ownership program. A summary of how these recommendations address the 2020 Auditor General's review of the program is included in the Appendix.

Recommendations related to program design and delivery

Recommendation 1 – Define a new program tier: Create a new program tier with income and price limits above Official Plan "affordable" thresholds. The City's Official Plan defines "affordable" based on the unit type and is focused on the household paying no more than 30% of before-tax monthly income on shelter. At the 60th percentile, there still exists a gap between available tools and what a household could afford, limiting the number of eligible program participants. In addition, Inclusionary Zoning goes up to the 60th percentile. Developing a defined tier capturing the 61st to 80th percentile would increase the number of eligible modest-income Torontonians.

Recommendation 2 – Household eligibility: Eligibility should be expanded to match the 2024 OPHI eligibility to include first-time buyers in addition to renters. Other aspects of eligibility should remain consistent with the current program. No additional asset limits are required beyond any set by a not-for-profit partner.

When land contributions are available, a renewed program could support homeownership for households above the 60th percentile threshold. Including households in the 60-80th percentile of income enables staff to adapt to project specific conditions, making appropriate tools available to produce the greatest number of units at the maximum achievable income depth. When paired with an Inclusionary Zoning scheme that targets the "affordable" tier, this range provides a broad continuum of support across income levels requiring assistance (see figure below).

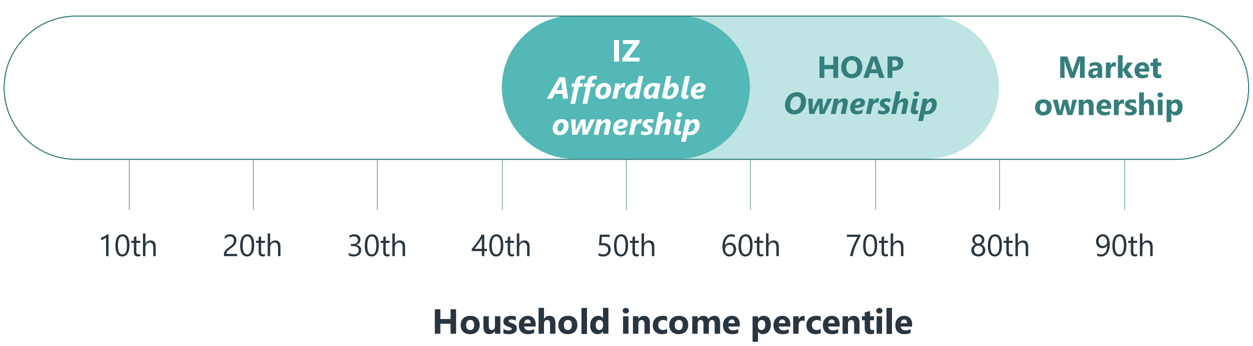

Figure 8: Proposed continuum of supports for ownership

Recommendation 3 – Incentives: Expand the City's home ownership incentives package to include municipal permits and fees, development charges, and parkland fees, and land. Land should be available to the 70th income percentile and below. All of these amounts would be paid by the development and offered in the form of share equity mortgages to income eligible purchasers at the project. Units would be provided at entry-level market prices. This would meet the affordability threshold of the 80th percentile for non-profits and private developers who are partnered with non-profits for turnkey units.

Recommendation 4 – Proponent eligibility: Non-profit developers and private developers partnered with a non-profit should be eligible for the proposed program. This would provide a complementary expansion of the as-of-right Development Charges and Parks Levy waivers available to non-profit groups under provincial legislation. Private developers are unlikely to meet the low price limit required for waivers under the provincial affordability definition, so extending eligibility for City contributions in this way is expected to encourage private - non-profit partnerships.

Recommendation 5 – Affordability in perpetuity: While the unit would be sold at market value, a right of first refusal on any sale of the units back to the non-profit housing agency should be prioritized. City equity should be recycled upon turnover of a unit to reduce the cost and therefore maintain the affordability of that unit. The existing shared appreciation model diminishes the risk of market value fluctuations on the HOAP model. Establishing fair market value to cash out homeowners poses limited risk, as the program and non-profit partner retain significant equity in the home. Consider opening the revolving fund (Recommendation 11) to non-profit delivery partners for this purpose.

It is expected that the price to the purchaser would vary based on the approach taken by the non-profit provider (e.g., some homes may be offered at significant discounts based on the amount of funding sources the provider is able to access and the contributions the provider is able to offer to the home purchaser). However, achieving affordability in perpetuity means keeping the equity with not-for-profit proponents, allowing a redeployment model to create new affordable housing opportunities. In this instance, the City could cap its equity and reinvest it back into the unit, where the value would only be repaid to the City if the unit is sold into the open market.

Recommendation 6 – Unit threshold: No minimum threshold on the number of units is recommended. Proponents will apply based on relevance and feasibility to their specific project.

Recommendation 7 – Maximum unit purchase price: The program should align with the Ministry of Municipal Affairs and Housing's program definition, which is "at or below the average price of a resale home in Toronto" – currently $1,146,457.[49] This is distinct from the regulatory definition of "affordable" ownership under recent legislation.

Recommendation 8 – Loan administration: The City should cease directly administering new loans, and require future proponents to have loan administration capability, on their own or through partnership. In future as relevant, consider partnering with City Planning to find a suitable system administrator for Inclusionary Zoning and ownership programs. This could create an efficient approach to administering both programs.

Recommendation 9 – RFP process: Eliminate the RFP process for HOAP. Instead, accept applications on a project-by-project basis. HOAP applications should align with existing processes and deploy funding on a first-come, first-served basis, similar to Tower Renewal projects. Changing this process would reduce the administrative burden of the program on the City.

Recommendation 10 – Data and reporting: Revise agreement requirements with delivery partners to include explicit reporting requirements on new and exiting homeowner households including demographic data, and for incoming homeowners, the provision of mortgage application materials provided to third-party lender(s), subject to privacy regulations.

The 2023 evaluation found that the existing program was strong at supporting women, LGBTQ2+, Black, Southeast Asian, and Latin American Torontonians into homeownership. However, it also found that some ethnic groups and people with disabilities were under-represented.[50] Working with proponents to track demographic data and setting equitable program targets would strengthen program outcomes. Though comprehensive demographic data is limited, the 2023 evaluation found that where data were available (from Habitat for Humanity GTA and Options for Homes), they demonstrated strong penetration with communities.

Additional recommendations for the City

Recommendation 11 – TCHC portfolio: Explore interest of experienced not-for-profit proponents to assume Toronto Community Housing Corporation (TCHC) undeployed funds and portfolio of loans, and the City-administered loan portfolio. The proponent will administer the combined loan portfolio and combine undeployed TCHC funds as well as returning funds. The returning funds include returning federal/provincial loans and City loans made with cash prior to 2018) to use in a revolving fund to develop the affordable / attainable homeownership program, potentially prioritizing TCHC sites. Develop a Request for Expression of Interest

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[49] See: Auditor General, Toronto. 2020. Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program, pg. 13. https://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157478.pdf

[50] Source: Beam Group and BGM Strategy Group. (March 2023) Affordable Home Ownership Program Review: Evaluation Report". Delivered to the Housing Secretariat, City of Toronto.

process to test the range of interested proponents. Proponents should be assessed on their experience and capacity, pipeline and/or plans to make funds available to all eligible HOAP delivery partners, speed with which they can deploy funds in the production of new homes, and proposed cost to administer the portfolio/funds.

Recommendation 12 – Other affordable home ownership projects: TCHC and CreateTO to work with senior leadership in the Housing Secretariat to explore affordable home ownership on projects on City land, where appropriate. This would ensure a coordinated effort in the creation of affordable home ownership units in the City.

Recommendations to other orders of government

The contribution of all orders of government is essential to realizing the full potential of a renewed homeownership assistance program. However, the City need not make its contribution contingent. Proponents are experienced at creatively assembling resources to produce homeownership opportunities. The City can expand the tools available to them regardless of changes to the federal/provincial program, though it should temper expectations on unit volume accordingly.

Recommendation 13 – Federal/provincial loan amount: Increase the proportion limit of the federal/provincial homeownership loan amount to 15% of purchase price. Currently there is no fixed dollar amount cap on F/P loan amounts, though there is a maximum contribution of 10% of purchase price. Increasing this cap would enable projects to serve households below the 70^{th} percentile of income, and reach the 60th where a land contribution was available.

Recommendation 14 – Match target program tier: Align the Province's eligibility to the City's, and focus program eligibility to this tier (up to the 80^{th} percentile of income). Enable allocation of repaid legacy program affordable ownership loans to be redeployed to serve this range of income.

Appendices

Appendix 1: Affordability measurements and maximum unit price

The City has historically based affordability on what a household could afford with 30% of their income. The chart below illustrates the calculation used in the Official Plan to meet the definition of 'affordable' homeownership:

City's Home Ownership Affordability chart (Official Plan) [51]

Unit Type	Target Household Income	Revised Affordable Ownership Prices (2024)
Bachelor	$62,530	$180,476
One-Bedroom	$79,321	$220,369
Two-Bedroom	$98,427	$274,395
Three-Bedroom	$119,271	$320,556

In addition to targeting a different segment of incomes, this report applies a 4.5x income methodology to model 'attainable' homeownership prices. Looking at the 60th-80th percentile of income would target households earning between $102,000 and $160,000 per year.52 This is the method of calculating carrying capacity utilized by the Office of the Superintendent of Financial Institution's Loan to Income limit on the portfolios of federally regulated financial institutions. We have adopted this calculation because it is what would be used by the primary lending institutions.

The chart below is a comparison of the maximum purchase price utilizing the different methodologies:

Formula	**60th**	**70th**	**80th**
4.5 multiplier	$459,000	$562,500	$720,000
30% of income*	$338,093	$427,582	$569,894
Province (June 1 MMAH Bulletin)	$366,500	N/A	N/A
*The City's calculations are capped at the 60th percentile. The 70th and 80th percentiles represented here apply the same formula used in the City's OP.			

[51] See: https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/housing/

[52] The before tax household 60th and 70th income percentile is from Statistics Canada data for the year 2023 and was supplied by the Ministry of Municipal Affairs and Housing. The 80th income percentile is an estimate and will be replaced by the actual figure once provided by the Ministry.

Appendix 2: Alignment with Auditor General Review

In 2020, the Auditor General reviewed the City's approach to affordable home ownership program delivery in the report *Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program*. The Auditor-General's 11 recommendations have been considered in the development of this report, which can be accessed in full online.[53]

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Auditor General recommendations	This report's response
1. City Council request the Executive Director, Housing Secretariat, in collaboration with the General Manager, Shelter Support and Housing Administration Division to: a. develop mechanisms to assess the outcomes of the affordable home ownership program, including the extent to which the program is effectively contributing towards the City's housing priorities. In doing so, the Housing Secretariat should also review and implement the relevant outstanding recommendations from its 2012 study. b. consider and recommend enhancements or adjustments to the affordable home ownership program and / or level of funding, if outcomes are not being effectively achieved through the program in its current form.	1.a See HOAP Evaluation, Beam Group and BGM Strategy Group, 2023. 1.b. Recommendation #1: Create a new program tier with income and price limits above Official Plan "affordable" thresholds. The City's Official Plan defines "affordable" based on the unit type and is focused on the household paying no more than 30% of before-tax monthly income on shelter. At the 60th percentile, there still exists a gap between available tools and what a household could afford, limiting the number of eligible program participants. In addition, Inclusionary Zoning goes up to the 60th percentile. Developing an "attainable" tier (61st to 80th percentile) would increase the number of eligible middle-income Torontonians. These changes will enable the production of between 34-313 new homes for every $10M investment from the City.
2. City Council request the Executive Director, Housing Secretariat to define the targeted level of housing affordability it aims to provide through its affordable home ownership program and give consideration to:	2.a. Recommendation #3:Expand the City's home ownership incentives package to include municipal permits and fees, development charges, and parkland fees, increased federal and provincial loans, and land. Land should be available to the 70th income percentile and below. Larger federal

[53] See: https://www.torontoauditor.ca/report/strengthening-accountability-and-outcomes-for-affordable-housing-understanding-the-impact-of-the-affordable-home-ownership-program/

a. aligning the definition with other municipal / provincial definitions; b. setting limits on gross debt service ratios for eligibility; c. establishing maximum purchase price limits, that are at or below the average market values for that unit type / size and that will support the City's desired level of affordability.	and provincial loans are important for the success of the program. This would meet the affordability threshold of the 80th percentile for non-profits and private developers who are partnered with non-profits for turnkey units. 2.b. Debt service ratios are subject to prospective households attaining a primary mortgage from a regulated lender. 2.c. HOAP has price limits based on household size and unit size. Government contribution limits, lending rules, and non-profit partnership will naturally constrain unit prices.
3. City Council request the Executive Director, Housing Secretariat to analyze the extent to which the affordable home ownership program has helped households in purchasing homes that are affordable to them (i.e. whether or not loan recipients meet the targeted level of housing affordability). This analysis should, in turn, be considered when assessing the overall impact of funding on the achievement of housing objectives and outcomes.	3. See HOAP Evaluation, Beam Group and BGM Strategy Group, 2023
4. City Council request the Executive Director, Housing Secretariat to confirm that the information households provide for loan eligibility purposes is consistent with what they submit to their third-party lenders, who assess whether the purchasers can carry the cost of ownership when approving them for a primary mortgage. This will help better assess if they have included all income and asset sources, particularly where they appear to have exceeded the targeted level of housing affordability	4. Recommendation #10: Revise agreement requirements with delivery partners to include explicit reporting requirements on new and exiting homeowner households including demographic data, and for incoming homeowners, the provision of mortgage application materials provided to third-party lender(s).
5. City Council request the Executive Director, Housing Secretariat to pursue measures related to ongoing affordability that the City should implement. This could include:	5. Recommendation #5: Prioritize housing that is kept affordable in perpetuity by keeping housing in not-for-profit control. This can be achieved by NFPs implementing right-

a. pursuing legislative changes for ongoing affordability, outside of the Planning Act (i.e. to allow the City to enter into housing agreements with ongoing affordability conditions like tenure of housing and resale price restrictions that can be registered on title). b. considering other non-legislative options to offer ongoing affordability, including exercising option to purchase terms on resale.	of-first-refusal to purchase units back on resale. Achieving affordability in perpetuity means keeping the equity with not-for-profit proponents, allowing a revolving funding model to create new affordable housing opportunities. In this instance, the City could cap its equity and reinvest it back into the unit, where the value would only be repaid to the City's treasury if the unit is sold into the open market.
6. City Council request the Executive Director, Housing Secretariat to: a. require proponents to track and report the reasons why loan discharges and/or unit resales have occurred. This information should be used when assessing the overall impact of funding. b. obtain and review calculations and supporting documents for loan and capital appreciation repayments to the City to ensure amounts calculated by proponents and repaid to the City are accurate and reasonable.	6. City policy has already responded to this recommendation. No further changes are suggested in this report.
7. City Council request the Executive Director, Housing Secretariat to pursue changes to affordable home ownership program requirements that will support prioritization of affordable home ownership opportunities and funding based on local needs and City priorities. In setting priorities, the City should consider collecting data on the types of applicants who applied to / expressed interest in opportunities at affordable home ownership developments. In doing so, the Housing Secretariat should consult with key stakeholders, including proponents, and consider best practices from other jurisdictions to ensure any changes support intended program outcomes.	7. Recommendation #10: Revise agreement requirements with delivery partners to include explicit reporting requirements on new and exiting homeowner households including demographic data, and for incoming homeowners, the provision of mortgage application materials provided to third-party lender(s).
8. City Council request the Executive Director, Housing Secretariat to implement enhanced program guidelines to ensure loan recipients	8.a.b.c Recommendation #2: Eligibility should be expanded to first-time buyers, as well as

meet the spirit of the affordable home ownership program. This may include: a. limits on assets. This should consider purchasers' bank and investment balances and the amount of personal funds available to pay for deposits, down payments and /or upgrades. b. a minimum number of years where applicants must demonstrate they meet income requirements. Income documentation should be as current as possible to reflect applicants' true financial pictures at the time of application. Income requirements should also consider and address circumstances where there are changes to household composition or income after the time of application. c. restrictions on residency, whereby applicants who are currently living in Toronto prior to applying are prioritized. In enhancing guidelines, the Housing Secretariat should consult with key stakeholders, including proponents, and consider best practices from other jurisdictions to ensure any changes best support intended program outcomes.	renters. Also, eligibility should expand to include the 60-80th percentile of income.[54] Eligibility should target buyers with a combined household income between the 60-80th percentile of income, lower income households that can demonstrate ability to carry the costs of the home should not be excluded. Other aspects of eligibility should remain consistent with the current program. No additional asset limits are required beyond any set by a not-for-profit partner.
9. City Council request the Executive Director, Housing Secretariat to: a. ensure future affordable home ownership program delivery agreements are clear on the number of modest units at affordable prices proponents are expected to provide. Targets should reflect the level of affordability the City intends to create and the amount of loan funding allocated to the development should support this objective.	9.a We expect the City to determine annual targets as relevant. Illustrative example of the relationship between investment, affordability level and number of units: $10M City contribution: 34 homes @ 60th income percentile OR 53 homes @ 70th income percentile OR 313 homes @ 80th income percentile To produce 400 homes: @60th income percentile - $117M @70th income percentile - $75.8M

[54] This includes, minimum age, assets, unit eligibility, residential tenancy, unit occupancy, supporting documentation, primary financing.

b. improve monitoring of proponent sales of affordable units and issuance of loans in order to more proactively address challenges in creating the expected number of affordable home ownership opportunities. Where proponents do not achieve targets, the City should assess the root causes and determine if program adjustments are required as part of its overall program evaluation. c. improve the timeliness with which unused funding for affordable home ownership loans is returned to the City so that it can be made available to better support other housing opportunities and priorities.	@80th income percentile - $12.8M 9.b.c. Recommendation #9: Eliminate the RFP process for HOAP. Instead, accept applications on a project-by-project basis. HOAP applications should align with existing processes and deploy funding on a first-come, first-served basis, similar to Tower Renewal projects. 9.c. Recommendation #11: Explore interest of experienced not-for-profit proponents to assume Toronto Community Housing Corporation (TCHC) undeployed funds and portfolio of loans, and the City-administered loan portfolio. The proponent will administer the combined loan portfolio and combine undeployed TCHC funds as well as returning funds. The returning funds include returning federal/provincial loans and City loans made with cash prior to 2018) to use in a revolving fund to develop the affordable / attainable homeownership program, potentially prioritizing TCHC sites. Develop a Request for Expression of Interest process to test the range of interested proponents. Proponents should be assessed on their experience and capacity, pipeline and/or plans to make funds available to all eligible HOAP delivery partners, rapidity with which they can deploy funds in the production of new homes, and proposed cost to administer the portfolio/funds.
10. City Council request the Executive Director, Housing Secretariat to implement a formally documented review process to ensure that: a. all applicant, unit eligibility, ongoing occupancy and other delivery agreement requirements for the affordable home	10. City staff have already responded to this recommendation. No further changes are suggested in this report.

ownership program have been met. Loan files should be reviewed for any discrepancies between documents (i.e. to ensure information reported between documents is consistent) and appropriate follow-up action, in collaboration with proponents, should be taken to ensure eligibility requirements have been met. b. information provided by proponents on semi-annual reports is accurate and consistent with loan files submitted. To allow for effective program evaluation, reports should capture all loan sources, including amounts provided directly by proponents.	
12. City Council request the Executive Director, Housing Secretariat to: a. provide enhanced guidance on how proponents should validate and document that income, legal status, residential tenancy and other delivery agreement requirements for the affordable home ownership program have been met (i.e. what documents to obtain and review). b. provide guidance on what proponents should be looking for when reviewing eligibility documentation and how to properly document and follow-up on any discrepancies noted	12. City staff have already responded to this recommendation. No further changes are suggested in this report.