



AFFORDABLE HOME OWNERSHIP PROGRAM REVIEW

**Prepared for
the City of Toronto
by Beam Group &
BGM Strategy Group**

Evaluation Report
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City of Toronto

Affordable Home Ownership Program Review

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Executive Summary

This is a critical time for the City of Toronto to evaluate its affordable home ownership program. The City is in the midst of an affordability crisis, and is embarking on an important and unprecedented effort to increase housing options across the income spectrum. Against this backdrop, evidence is required on the impact and feasibility of current interventions to ensure the best use of public dollars as well as the most successful cross-sector collaborations that lead to the greatest outcomes for those in need.

The Ontario Government's recent *More Homes Built Faster Act*, or Bill 23, is also expected to have significant impacts on how the program is currently funded and delivered, creating an additional impetus to examine its structure and potential.

This report offers 14 evaluation findings related to program impact, efficiency and coherence. These findings indicate that the program has achieved a range of positive impacts, but requires refinement and increased administrative support if it is to continue as a viable tool in the City's affordable housing strategy.

Considered together, the 14 findings contributed to the following conclusions:

- The program has delivered 1,242 down payment assistance loans since 2009. In doing so, it has provided meaningful pathways to home ownership and created a corresponding increase in the availability of rental accommodation. It has also contributed significantly to loan recipients' sense of financial stability, security and personal achievement, as well as their feeling of belonging to Toronto.
- The program has also supported some equity-deserving groups into homeownership – namely women, the LGBTQ2+ community, and Black, Southeast Asian, and Latin American Torontonians. However, there is potential to increase its impact for other demographics, including Indigenous populations and those who identify as living with a disability.
- Success to date is largely due to mission-alignment between the City and non-profit developers, partnerships with engaged private sector developers in favourable market conditions, and affordable units developed through CreateTO City land sales in the program's early days.
- The program's potential for greater impact has been limited by the constraints of new unit construction, eligibility requirements that are out of reach to potential applicants, and a lack of targets, monitoring, and reporting frameworks to help drive and measure outcomes.
- The program was effectively designed for the market realities into which it was originally introduced. However, price escalation across Toronto's housing market has created significant pressures on potential homebuyers and fundamentally changed the context in which the program operates.

- By design, the program is lean and well-integrated with corresponding affordable ownership programs and policies. While this has been a key program strength, it can also limit the City's ability to ensure the program keeps pace with evolving market conditions – for example, by updating household income eligibility requirements.
- The program, which began by supporting individual non-profit developers' affordable ownership projects, has grown to rely on an ad-hoc collection of proponent-operated administrative systems. It now lacks the centralized monitoring and reporting frameworks to support effective program oversight. Left unaddressed, this challenge would likely be exacerbated if the program is expanded in the future – and may hamper overall program impact.
- Even given these realities, the program remains the only mechanism the City of Toronto currently deploys to invest in affordable home ownership development¹. There is potential for continued and greater impact in this part of the housing ecosystem, especially with more targeted objectives and demographic focus.
- The program will need to be significantly redesigned in order to justify ongoing investment, especially considering the pressures of competing housing investments and the broader anticipated impacts of the *More Homes Built Faster Act*.

The City is well-positioned to build on the above successes and insights, reframing the model to align with current market realities and replacing the source of capital that provides the deferred loans, in light of Bill 23's projected impact on development fees.

As part of the larger portfolio of housing interventions, there is a clear opportunity for the program to play a distinctive and important role in the City's housing continuum, particularly by driving homeownership among specific demographics such as Indigenous homebuyers and people who identify as having a disability.

Once the final regulations of Bill 23 are clarified and passed into law, recommendations will be drafted from these findings that will allow the City to modify the Program for improved outcomes – or assess whether support for affordable homeownership should take a different form altogether.

¹ Note that the City's inclusionary zoning scheme has not yet been implemented, but has the potential to create significant affordable ownership opportunities in Toronto that would complement this program.

Introduction

In May 2022, the City of Toronto's Housing Secretariat engaged BGM Strategy Group and Beam Group to conduct a comprehensive evaluation of its affordable home ownership program (the program).

The evaluation was carried out between May and November 2022 and included a jurisdictional scan to document other Canadian and global models of homeownership assistance, stakeholder consultation conducted through surveys and semi-structured interviews, and an analysis of program data provided by the City and its program delivery partners – “proponents”.

This report summarizes the evaluation methodologies and jurisdictional insights, and provides key findings related to program impact, efficiency, and coherence. It builds on insights provided by an Auditor General report in October, 2020, which 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.”²

Originally intended to include recommendations, the scope of this evaluation was amended by the City in light of the announced Bill 23, and its projected alterations of the housing landscape. As a result, this report presents an evaluation of the program from 2009-2022 and highlights strengths and weaknesses that can provide the framework for future recommendations.

Program Overview

Since 2007, the City of Toronto has dedicated a portion of its funding allocation under successive federal/provincial housing programs to creating home ownership opportunities for low and medium-income households. From the outset, this funding was used to support individual affordable ownership projects by non-profit developers.

In 2009, the City introduced its own affordable home ownership program, which continued its previous model to support individual non-profit developers' existing efforts. The program incorporates federal/provincial and City funds, and is implemented across three phases: the development of new housing; the delivery of loans to buyers of that housing who are deemed eligible; and the on-going administration of those loans. Many of these loans were initially delivered through the sale of City lands via CreateTO.

² See <https://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157478.pdf>

The loans provide up to a maximum amount of \$110,000³ per home and are secured on the title through a second mortgage. The mortgages are interest-free and require no monthly payments. The principal value of the loan plus a proportionate share of any capital appreciation is paid when the home is either resold by the original purchaser, voluntarily repaid, or refinanced and the first mortgage is increased.

Program funding

Based on program data provided by the City⁴, from 2009 to 2022, 1,242 down payment assistance loans were issued at an average amount of \$38,000 per loan. In total, over \$47.5 million in municipal, provincial and federal funding was allocated to the program. Of this:

- \$27.5 million was provided through federal/provincial funds
- \$20 million was provided through City of Toronto contributions⁵

Program delivery

The program is delivered by non-profit and private sector proponents, as well as by Toronto Community Housing Corporation (TCHC). Proponents are selected by the City through an RFP process and provided with a development charge (DC) deferral in constructing the affordable homes.⁶ In return, proponents deliver and administer down payment assistance loans to eligible home buyers, in essence converting the Program funding from capital assistance for proponents to homebuyer assistance through the purchase and sale process. The program funding and delivery model is summarized in Figure 1 on the following page.

Previous Program evaluations

This Program has been evaluated twice since its inception. In 2012, The Housing Secretariat (the Affordable Housing Office at the time) released the report *Making Homeownership Happen – Success Through Partnerships: An Affordable Homeownership Client Survey*, which summarized findings and made six recommendations based on a survey of loan recipients, and interviews with non-profit partners and the Ontario Ministry of Municipal Affairs and Housing.

Subsequently in 2020, the Auditor General reviewed the City's program delivery in the report *Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program*. Both reports were reviewed in conducting this evaluation, and the recommendations are included in Appendix 1.

³ This includes both City of Toronto funding via development charge deferrals (up to \$60k per unit) and the federal/provincial program, the Ontario Priorities Housing Initiative Home Ownership (up to \$50k per unit).

⁴ It is important to note there are some limitations with the program data provided by the City. This is discussed in the methodology section of the report.

⁵ This includes contributions from CreateTO.

⁶ There are some exceptions to the RFP process e.g., one-off agreements between a developer and the City.

1 High-level funding and delivery model

Program funding



2 Detailed funding and delivery model

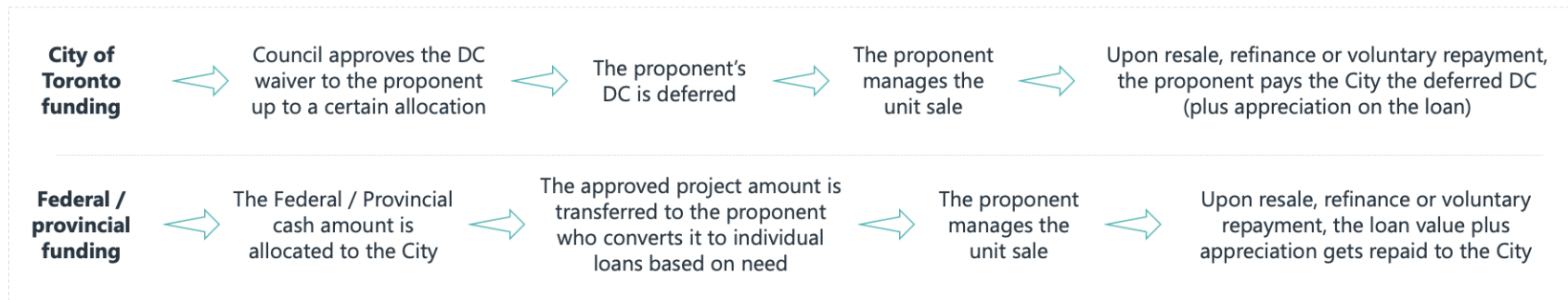


Figure 1

Methodology

This section includes an overview of the evaluation framework and a description of key evaluation activities conducted as part of the 2022 program review.

Evaluation Framework

As illustrated in Figure 2, the evaluation framework includes four levels. Taken together, these provide a comprehensive and structured lens through which to assess the program.

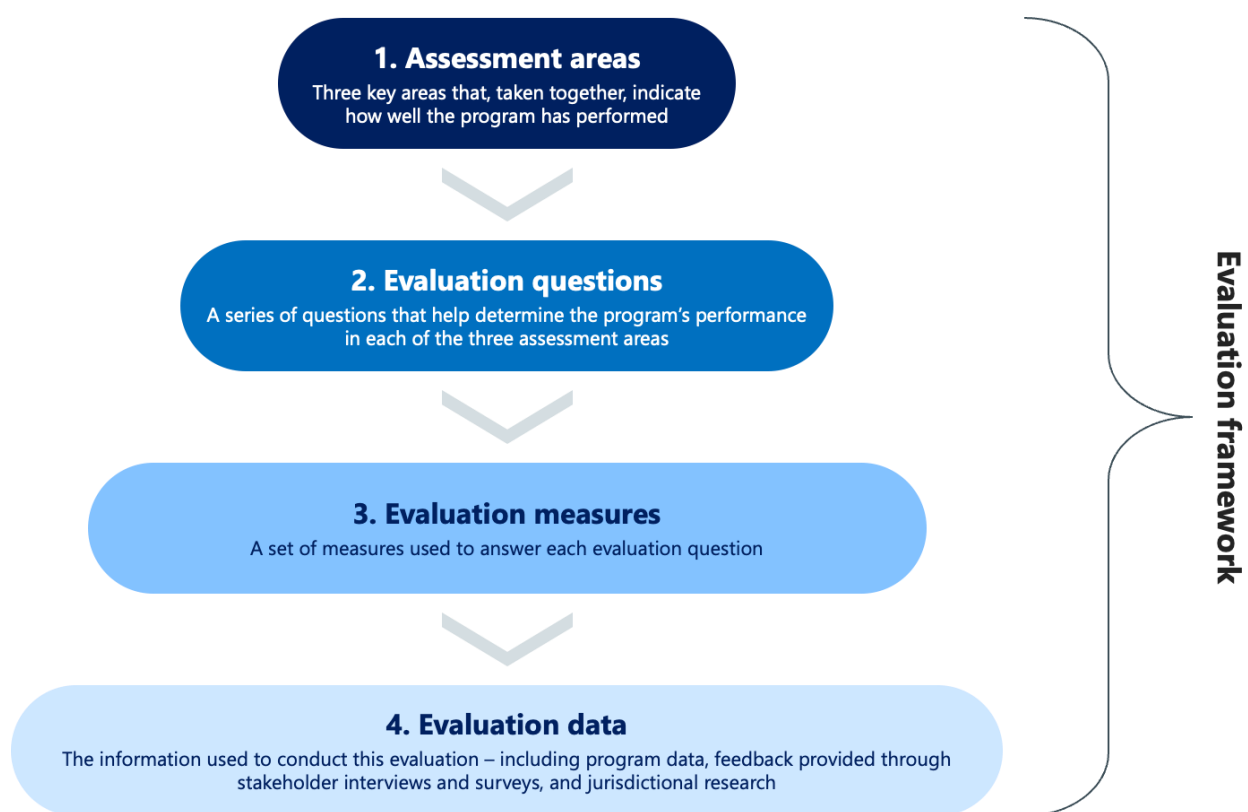


Figure 2

The assessment areas at the highest level indicate the three most important program outcomes, and are an important way to understand how well the program has performed:

1. **Impact:** the extent to which the program is supporting Torontonians into home ownership and helping to increase the supply of affordable homes
2. **Efficiency:** the time and resources involved in delivering, administering, and participating in the program
3. **Coherence:** the program's alignment with other affordable housing initiatives – including at provincial and federal levels

Each assessment area was evaluated using a series of questions, shown at the second level of the framework and detailed in Table 1 below. Appendix 2 contains the full evaluation framework, including the measures used to determine the answers to each evaluation question.

Assessment area	Evaluation questions
Impact	<ul style="list-style-type: none"> - Is the program supporting more people into home ownership? - Is the program helping to increase the supply of affordable homes? - Are the program users reflective of Toronto's population? - What impact has home ownership had on loan recipients? - What impact has the program had on Toronto's communities?
Efficiency	<ul style="list-style-type: none"> - How efficiently is the program administered by the City? - How easy is the program to deliver for proponents? - How easy is the program to access and participate in for loan recipients?
Coherence	<ul style="list-style-type: none"> - How well do this program's objectives support the City's strategic housing objectives? - How well does this program align with other home ownership assistance programs, e.g., federal or provincial programs?

Table 1

Evaluation Activities

Program evaluation activities were conducted using three methodologies:

1. Stakeholder engagement, including semi-structured interviews and two online surveys
2. Program data analysis, including data collected by the city and proponents since 2009
3. Jurisdictional research spanning ten Canadian and global jurisdictions

Stakeholder engagement

Stakeholder engagement activities were first conducted through semi-structured interviews aimed at understanding program strengths, challenges, and opportunities based on interviewees' experience and expertise. This involved over 22 hours of discussions with 26 stakeholders, including City staff, existing and potential proponents, and program loan recipients. A complete list of stakeholders is provided in Appendix 3.

Two online surveys were also completed by 137 program loan recipients⁷ and ten proponents between September 30 and October 25, 2022. To encourage survey uptake, respondents were incentivized with a \$15 gift card.

⁷ The survey was distributed wherever contact email addresses were available within the City's program database. This included individuals who received a loan from the beginning of the Program.

The loan recipient surveys provided insight on who the program had impacted and how, including through the collection of demographic data. Proponent surveys helped to validate stakeholder interview findings and identify new opportunities to improve program impact, efficiency and coherence. An overview of the survey questions is included in Appendix 4.

Program data analysis

A database of program-related information was provided by City staff and analyzed for insights and trends – providing foundational evidence for this evaluation. The data has been collected by proponents and consolidated by the City since it was started in 2009.

Datapoints included the proponent for each loan, the loan recipient's household income, date of purchase, purchase price, resale price (if sold), the loan discharge date (if relevant), purchaser down payment contribution, total loan amount, and current loan status.

Not all the above datapoints were available for each loan, and some data was incomplete or contradictory⁸. In particular, data relating to household income, purchaser down payment amount, and loan discharge date was limited. Unit size was not included within the available program data. In addition, data on loans issued by Trillium Housing was not provided and has not been included in this report.

The analysis included in this report relies on the accuracy and availability of the information provided, and any assumptions are documented alongside the evaluation findings.

Jurisdictional research

Ten Canadian and international jurisdictions with affordable home ownership programs were selected for analysis:

1. British Columbia: Affordable Home Ownership Program
2. Edmonton: First Place Program
3. Montreal: Home Purchase Assistance Program
4. Langford, British Columbia: Attainable Home Ownership Program
5. United Kingdom: London Help to Buy
6. United Kingdom: London Living Rent
7. Australia: Indigenous Home Ownership Program
8. New Zealand: Shared Ownership Program
9. United States: HomeFirst Down Payment Assistance Program
10. United States: Low-Income First-Time Homebuyers Assistance

All jurisdictions selected are experiencing similar housing affordability challenges to Toronto. Additional selection criteria included: geographic spread; municipal, provincial and federal

⁸ For example, where loan recipients' survey responses regarding household income are inconsistent with program data supplied by proponents. This may be due to errors made during survey completion.

program administration; and comparable or desirable program components – including down payment assistance, below market pricing, shared equity opportunities, rent-to-own schemes, strong Indigenous focus, and inclusionary zoning elements. Inclusionary zoning, which is planned but not yet implemented in Toronto, typically creates housing for households earning too much to be eligible for social housing but not enough to be able to afford market rents or prices. These “low- to moderate-income households” generally fall between the 30th and 60th percentile of the income distribution. As such, inclusionary zoning has the potential to deliver affordable ownership units in high volume, and could be a powerful addition to the City’s current program.

A summary of how the ten jurisdictions compare against these criteria is included in Appendix 5.

Desktop research was conducted using a range of sources, guided by nine research questions:

1. What is the current housing and home ownership context where the program has been implemented?
2. What are the relevant legal tools that support program implementation and oversight?
3. What are the essential program elements? E.g., rent-to-own, down payment assistance etc.
4. What is the program administration model? E.g., partnerships, staffing, etc.
5. What populations does the program target, and what are the rationales?
6. What are the program implementation and administration costs?
7. How do federal or provincial programs operate at the municipal level?
8. What program outcomes have been generated, including lessons learned and successes?
9. What lessons learned may be applied to the Toronto context?

Not all research questions could be applied to every jurisdiction. For example, information on program administration staffing or cost was not available in every case, and some recently established programs had not yet begun reporting on outcomes. In addition, some questions were not relevant to each jurisdiction. For example, few legal tools appear to have been used to support implementation and oversight for many of the programs reviewed, and municipalities appear to have had a limited role in some federally implemented programs.

Nine jurisdictional insights are included in the next section of this report.

Evaluation design

This is not a longitudinal study, and as such cannot rigorously assess impact over time. The insights also rely on the accuracy and completeness of the program data, which was collected by multiple organizations over a 14-year period. However, given the richness of the data and other sources of information, such as interviews with loan recipients, the evaluation has generated a range of useful findings that help to understand the program’s impact, effectiveness, and coherence.

Jurisdictional Research

Jurisdictional research was conducted in the early stages of this evaluation, resulting in nine insights into successful homeownership assistance program design and delivery. These insights are summarized in Figure 3 below and described in detail throughout this section. Comprehensive profiles on each of the ten jurisdictions are also included in a separate Jurisdictional Scan Report. All jurisdictional research will inform the development of recommendations to strengthen the program going forward.



Figure 3

Research Insights

1. Define a clear target population

A defined target population helps to set expectations about what the program aims to achieve, as well as what may not be possible. It also supports transparency and accountability.

Most programs are clearly aimed at supporting middle-income first home buyers e.g., in British Columbia and New York. Some are more specific, e.g., Australia's Indigenous Home Ownership Program, the program established in Montreal (to attract families to the city), or in Edmonton (to attract skilled workers). In New Zealand, specific targets to support Māori into home ownership are built into its Shared Ownership program at the federal level.

2. Work with a diverse range of program proponents

Diversifying the types of proponents can help enhance program impact by reaching a greater volume and diversity of potential loan recipients. In British Columbia, program delivery partners include municipalities, private land-owners, developers, non-profit entities, faith-based groups, legions, and Indigenous organizations. In New York, the City works with specific community groups affiliated with populations it wants to reach, e.g., Asian Americans for Equality.

3. Establish a clear framework for monitoring and evaluation

Programs with clear monitoring and evaluation frameworks are well-placed to track and report on outcomes, including unintended consequences, enhancing transparency and accountability. This also enables officials to update the program if required.

For example, BC Housing's clear program framework supports the measurement of tangible outputs, e.g., "total interim construction financing approved for new projects". Australia also tracks service delivery quality for its Indigenous Home Ownership Program. In London, the Governor of the Bank of England was designated to oversee the Help to Buy program for monitoring and accountability purposes.

4. Ensure the program keeps pace with the market

All jurisdictions included in this review faced home ownership challenges caused or exacerbated by an unaffordable housing market. In most cases, as in Toronto, this has intensified in recent years. To offset this challenge, the Cities of Montreal, New York and London regularly review their home ownership assistance programs and adjust key inputs as required, e.g., eligibility criteria tied to income, the size of the loan, and the total cost of the property permitted under the scheme.

5. Take a whole-of-system approach, through stacking and coordination

Supporting home ownership in an unaffordable market is a complex and difficult challenge that requires a range of innovative approaches. Combining approaches, either through stacking or deliberate system coordination, can be particularly effective. For example, the London Living Rent program pairs rent-to-own with shared ownership and inclusionary zoning to help people first save for a deposit and then access more affordable opportunities. New Zealand's Shared Ownership program is combined with inclusionary zoning policies, with a specific allocation for Māori, to boost affordability in multiple ways.

6. Invest in raising awareness about the program

Ensuring that potential program delivery partners and loan recipients are aware of the program and clearly understand its benefits is critical to achieving high impact. Edmonton, London, and New Zealand all promote their programs via highly accessible online content, including short

YouTube videos where real program users are interviewed about how the program has helped them into home ownership. Australia has also made practical tools and resources available online, including a loan eligibility calculator and culturally-informed advice for Indigenous applicants. Online application processes can also support program accessibility and encourage uptake.

7. Designate licensed institution(s) to administer/manage the loans

Administration of loans, as well as program monitoring, tracking and reporting, is an important and resource-intensive component of program delivery. Designating a licensed institution to administer / manage the loans can help to make program partnership more appealing to potential proponents, such as charities and developers. It can also support operational goals, including program efficiency. In New York, a single designated loan servicer manages the loan fund and application process. In Los Angeles, a total of ten approved lending institutions manage the loan fund and application process on behalf of the City.

8. Appoint entity(ies) to assist with program outreach homeowner support

Program outreach and homeowner support can consume significant time and effort. Key tasks include raising awareness about the program, conducting eligibility assessments, and supporting hopeful recipients through the application process. In New York and London, these functions are conducted by groups with connections to the community, rather than by the City, which supports both program efficiency and impact. For example, in New York, the City works with non-profit community groups affiliated with the populations it wants to reach, e.g., Asian Americans for Equality.

9. Encourage refinancing where it benefits loan recipients

Refinancing a mortgage happens when an existing mortgage loan agreement is renegotiated. This can help with debt consolidation, allow the borrower to use the equity in their property to increase their mortgage loan amount for large expenses, or allow the borrower to sign up to more favourable loan terms. Depending on the loan terms and conditions on offer, refinancing may be a good option for some program users. Refinancing is permitted under all programs included in this review. It is explicitly encouraged as a measure of success under Australia's Indigenous Home Ownership Program, recognizing that this also helps to free up funding for other potential loan applicants.

Evaluation Findings

This report presents 14 findings, which are summarized in the figure below and described in detail throughout this section. The findings are categorized in three parts, reflecting the three assessment areas for this evaluation: impact, efficiency, and coherence.

Assessment Area		Evaluation Findings
Impact	1	The City has supported 1,242 households into home ownership through the program. However, the number of loans issued is decreasing over time, and the program is not on track to support the City's goals set out in the 2020-2030 Housing Action Plan
	2	The program has enabled a variety of proponents – including TCHC, and non-profit and for-profit developers – to deliver homeownership assistance loans to different demographic groups through a range of business models
	3	The program is designed to help increase the supply of affordable homes and free up rental accommodation, although the scale and impact of the program is relatively modest
	4	Most people who have accessed the program feel they would not have been able to purchase a home without a loan
	5	The program has supported equity-deserving individuals into homeownership, particularly among women, LGBTQ2+, Black, Southeast Asian, and Latin American Torontonians. However, other ethnic groups and people who identify as having a disability were under-represented
	6	Loan recipients had a median household income of \$50,000 – well below the 60 th percentile of Torontonians – and tended to be adults living alone
	7	In response to the survey, loan recipients reported that home ownership had a range of positive impacts – in particular, a sense of personal achievement, a feeling that Toronto is the right place for them, and an improved feeling of safety, security and privacy in their household
	8	Most loan recipients who responded to the survey feel more financially stable since purchasing a home. Program data reveals that loan recipients appear to have built modest equity in their homes
	9	Many loan recipients who responded to the survey have, or plan to, refinance their HOAP loan or pay it back early – primarily to increase their equity in their home
Efficiency	10	The City is operating the program without the tools and resources it requires for effective administration, including monitoring and reporting frameworks, supporting technologies and accountability mechanisms for proponents
	11	Proponents find the program relatively easy to deliver. While generating interest from potential homebuyers is the least challenging aspect, finding interested potential homebuyers who are program-eligible is one of the most challenging
	12	Loan recipients find the program relatively easy to participate in, although some do not fully understand the ramifications of equity sharing until much later
Coherence	13	The program is currently the only mechanism for supporting the City's affordable homeownership goals identified in the HousingTO 2020-2030 Action Plan, but has no targets for priority populations
	14	The City has strategically designed this program to leverage the federal/provincial program and support existing affordable ownership projects. However, this level of integration may inhibit the program's ability to keep pace with a changing market

Figure 4

Impact

Finding 1: *The City has supported 1,242 households into home ownership through the program. However, the number of loans issued is decreasing over time, and the program is not on track to support the City's goals set out in the 2020-2030 Housing Action Plan*

From 2009 to 2022, proponents issued 1,242 down payment assistance loans through the program. An additional 367 loans were approved by Council – 1581 in total since 2009. The decrease from the number of loans initially approved by Council to the number issued is because proponents are not always able to find eligible homebuyers interested in taking up the loan. This means that proponents cannot always deliver the total number of loans that Council approves.

As shown in the figure below, the number of loans issued spiked in 2011 and again in 2019. Both increases are due to the joint arrangement between Options for Homes and Home Ownership Alternatives, two non-profit organizations that collaborate to develop affordable units at scale.⁹

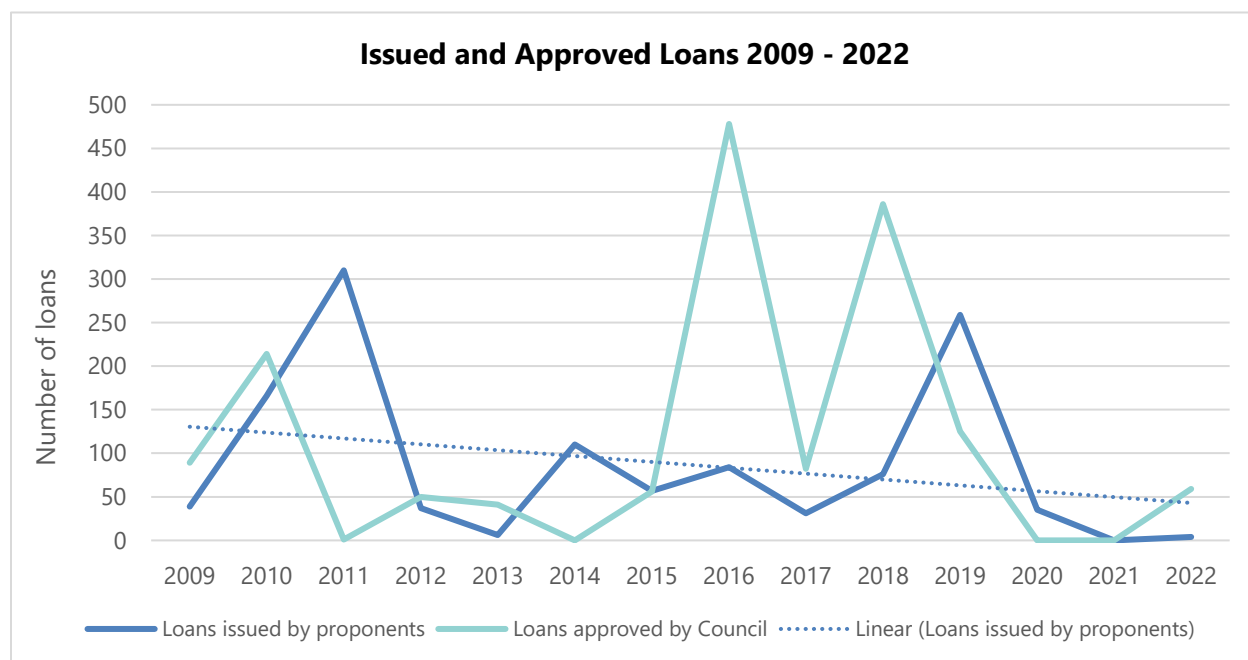


Figure 5

The trend line in Figure 5 shows that the number of people supported into homeownership through the program is decreasing over time, declining to almost no new loans issued in the 2021-2022 period. While the City has supported all non-profit affordable ownership projects brought forward, proponents interviewed attributed this decline to a fundamental change in Toronto's housing market. As the cost of building increased, the selling price of all units – for-profit and non-profit developers alike – rose as well. The increasing cost of all homes has meant that there

⁹ Typically 100-300 units per project.

are fewer available in a price range that can be supported by a low to medium-income individual eligible to receive a loan. The COVID-19 Pandemic and associated supply-chain delays, labour uncertainties, and rising materials costs have exacerbated this issue, contributing to the time lag and volume discrepancy between the number of loans approved and issued shown in Figure 5.

Rising interest rates have also slowed development across Toronto, threatening the viability of many non-profit developments, limiting the instances in which the program could be applied. This has depressed demand from proponents. Additionally, rising interest rates have reduced homebuyer demand for loans, further diminishing the pool of homebuyers who were eligible for a loan, and still able to carry the operating costs of a home and qualify for a mortgage from a primary lender.

This reality was emphasized across stakeholder interviews. Proponents noted that the program worked well for the market at the time in which it was designed. While the City has increased the size of the loan amount between 2010 and 2018, federal/provincial funding has been steady at 10 percent of the total value of the home to a maximum of \$50,000. The escalating cost of housing, for both buyers and developers, diminished the program's impact over time – proponents had to work harder to find eligible homeowners. Proponents and City staff illustrated the narrowing band of homebuyers who are low-income enough to qualify for a loan, but high-income enough to support the carrying cost of a home without significant additional subsidy.

The City's *HousingTO 2020-2030 Action Plan* includes a target to create 4,000 new affordable non-profit home ownership opportunities by 2030.¹⁰ Based on loans issued since 2009 and the trend indicated at Figure 5, the City is not on track to meet this goal.

Finding 2: *The program has enabled a variety of proponents – including TCHC, and non-profit and for-profit developers – to deliver homeownership assistance loans to different demographic groups through a range of business models*

Loans have been issued by a range of non-profit and private sector proponents that operate very different business models, tailored to different

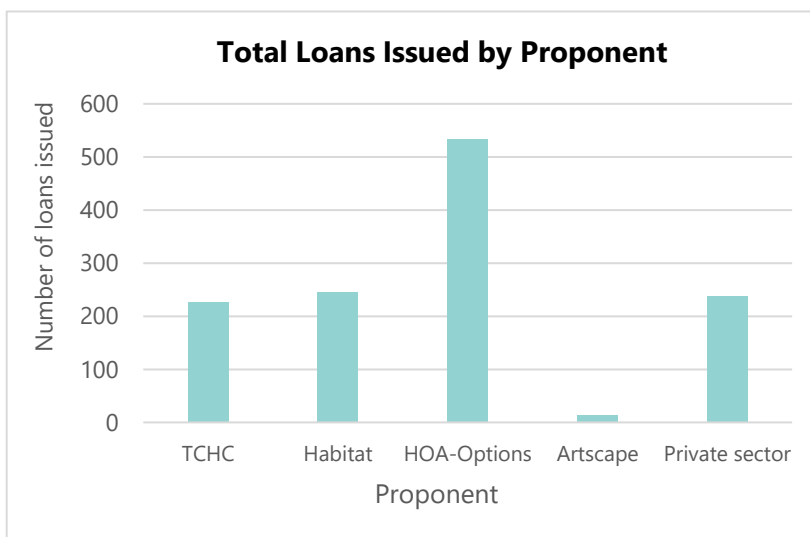


Figure 6

¹⁰ This target is not explicitly ascribed to the program, however it can be assumed that this is the primary source of affordable ownership opportunities.

demographics (see Figure 6). The program has also leveraged City land to construct new affordable units, via CreateTO, alongside private land. In that regard, it has been a useful tool that can enable any type of developer to produce homes for low- and moderate-income households.

Figure 7 identifies the number of loans issued by each proponent on an annual basis since the program began in 2009 (further detail on private sector proponents only is provided in Figure 8).

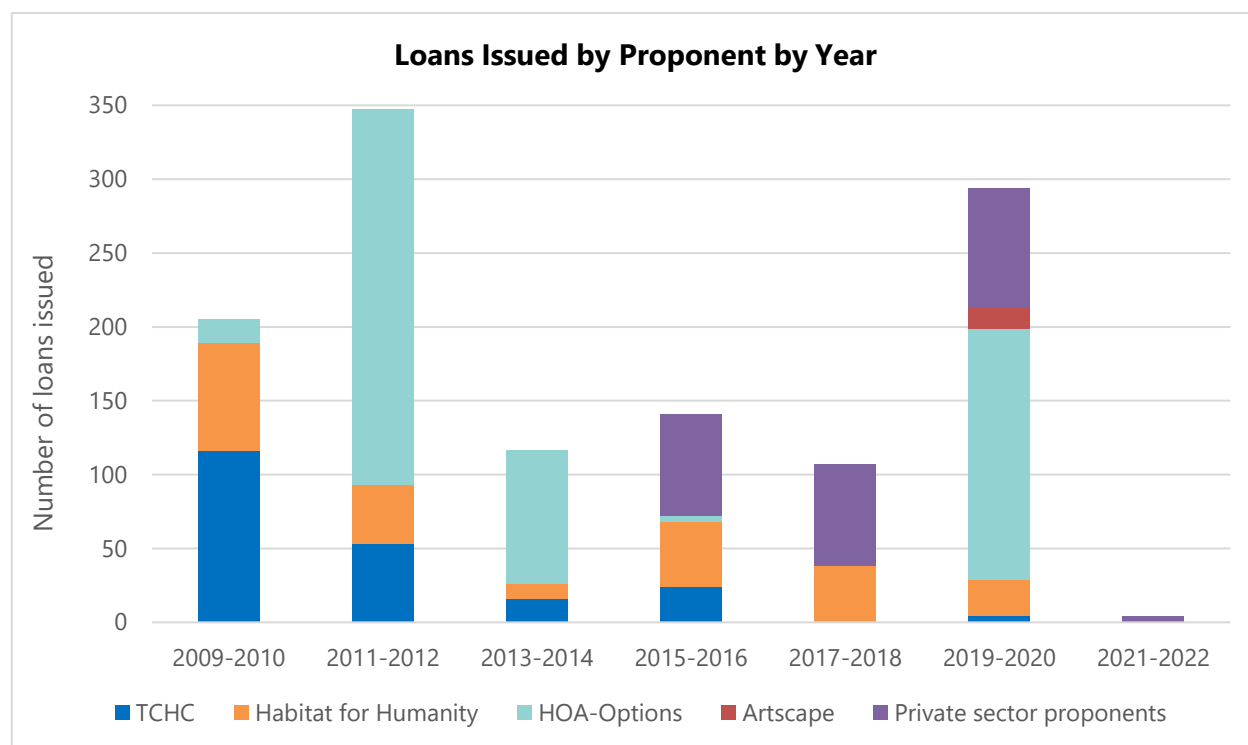


Figure 7

TCHC has gradually decreased the number of loans it issues and private sector proponents have increased their participation in the program since 2016 – often when land was made available through CreateTO. 2021-2022 was the only period in which Habitat for Humanity GTA (Habitat) did not issue any loans. In that period, only private sector proponents made use of the program, and even then, issued far fewer loans (four) than in previous years (69, 69, and 80 respectively).

TCHC has delivered and administered program loans primarily as part of the Regent Park redevelopment. Loans were made available to both TCHC tenants and the broader eligible public to purchase homes in the new ownership buildings. TCHC tenants represent lower-income households, with a high proportion of families, so larger loans were provided to compensate for more limited borrowing ability.

Habitat, a registered charitable organization, makes homeownership possible for households with zero down payment. Households must demonstrate sufficient cash flow and credit to qualify for an affordable mortgage from a primary lender and cover closing costs. Fundraising and other Habitat activities drive down the cost of homes for homebuyers, enabling the program to

supplement a silent second mortgage held by Habitat in a shared equity model to top up support for the homebuyer. Because of the depth of subsidy to the homeowner, Habitat projects tend to be small to mid-sized, ranging from just a few to a few dozen units. Habitat projects may be stand-alone communities or a selection of dedicated units within a larger, private-sector led development. Habitat homes are all multi-bedroom. To be eligible for a Habitat home applicants must have at least one child under the age of 16 years in their care.

The joint arrangement between non-profits Home Ownership Alternatives and Options for Homes (HOA-Options) has been the biggest issuer of loans. Options for Homes is the developer and Home Ownership Alternatives is its sister company that provides and administers mortgages. HOA-Options produces homes for a variety of low to medium income-levels, e.g. teachers. Homeowners must provide at least a 5 percent down payment and cover a traditional mortgage at 80 percent of the home’s sale price. HOA-Options supplements the purchaser’s down payment with up to 15 percent additional down payment assistance, also on a shared-equity model, which includes the program loan. Options for Homes develops larger projects, usually at or above 100 units, which contain unit sizes ranging from one to three+ bedrooms.

Artscape, a non-profit developer, maintains ongoing affordability for each unit created through the program. While non-profit proponents typically revolve their share of equity increase into the creation of new units, Artscape has taken an innovative approach by recycling equity back into the same unit, ensuring that the specific unit remains affordable each time it brokers a re-sale. Like inclusionary zoning, this helps to ring-fence Toronto’s affordable housing stock within a rapidly changing market.

The private sector proponents included in this review were Aoyuan, Collecdev, the Daniels Corporation, Malibu Investments, and Metropia.¹¹ Private sector developers offer a select number of units to loan recipients within a larger, market-rate development. Private sector program participation is typically through one-off

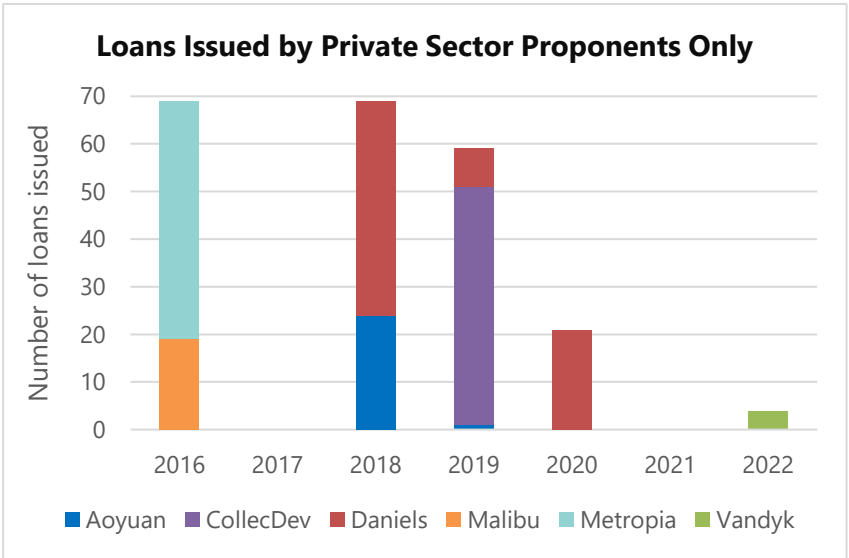


Figure 8

¹¹ Data was not provided by Trillium Housing, another private sector proponent delivering loans under this program.

arrangements with the City – for example, between the City and The Daniels Corporation at Regent Park.

Finding 3: *The program is designed to help increase the supply of affordable homes and free up rental accommodation, although the scale and impact of the program is relatively modest*

Each of the 1,242 loans also represents the construction of a new home, as the program does not currently include resale housing. When asked if the program has helped to create affordable housing in Toronto, 60 percent of proponents either agreed or strongly agreed.

However, while the program has helped to create new affordable homes, a maximum of \$110,000 per unit limits the impact of the intervention. The program appears helpful but not highly impactful in housing production. In the proponent survey:

- 67 percent of proponents felt neutral or disagreed with the notion that they would not be able to build affordable homes without the program
- 60 percent of proponents felt neutral or disagreed with the notion that they would not be able to build affordable homes as quickly without the program

Further, the program has contributed to 1,242 rental vacancies as a direct result of program design. Program eligibility is limited to renters – current homeowners, or people living with family or friends without a formal lease are ineligible to receive a loan. Each loan therefore represents a household exiting rental housing from either the private or not-for-profit sector, creating a corresponding rental vacancy. However, only 60 percent of proponents in the survey responded that the program is helping to free up rental accommodation. This tempered response may be owing to the limited impact of 1,242 units over 13 years when compared against the extent of rental housing need in Toronto.

Despite program eligibility requirements, only 77 percent of loan recipients who responded to the survey stated that they had rented from a private landlord, non-profit organization, or housing co-operative prior to purchasing their home. Program data did not include sufficient information about loan recipients' prior accommodations to verify this result.

Finding 4: *Most people who have accessed the program feel they would not have been able to purchase a home without a loan*

Based on their experience delivering the program, 90 percent of proponents surveyed felt that it has helped people to buy a home who would not otherwise be able to. This was confirmed by 61 percent of loan recipients who responded to the survey, as well as during interviews with loan recipients. For many loan recipients, the loan represented the additional amount required to supplement their savings and form a down payment – particularly given the average purchaser down payment contribution was as low as \$4,900 according to program data.

In addition, the program appears to have supported people to purchase homes faster than they would otherwise be able to. 87 percent of loan recipient who responded to the survey indicated that they would not have been able to purchase a home as soon as they did without the program. This finding is consistent with some studies about the impact of homeownership assistance, which can play an important role in enabling homebuyers to enter the housing market sooner.¹² In the context of the rapidly-escalating market Toronto has experienced over past years, the opportunity to get into homeownership as early as possible may have, for many, marked the opportunity to get in at all.

Finding 5: *The program has supported equity-deserving individuals into homeownership, particularly among women, LGBTQ2+, Black, Southeast Asian, and Latin American Torontonians. However, other ethnic groups and people who identify as having a disability were under-represented*

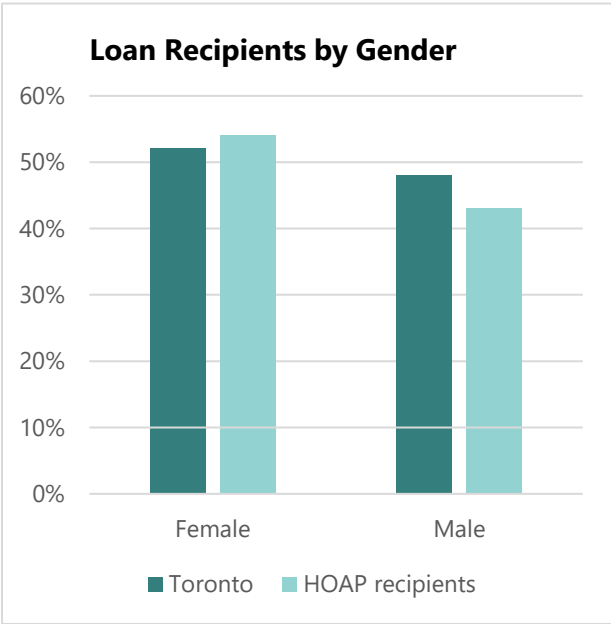


Figure 9

Demographic data on loan recipients is not collected by the City or proponents, limiting the ability to conduct a comprehensive equity impact assessment of the program. Survey responses provided by loan recipients highlighted that the program has had some success in reaching equity-deserving groups, with several notable exceptions.

Women make up 54 percent of the total loan recipients compared to 52 percent of Toronto’s population. Men comprise 43 percent of loan recipients, while accounting for 48 percent of the population of Toronto. Less than 3 percent of survey respondents chose not to respond, or selected “other”.

As shown in Figure 9, some ethnic groups were over-represented among survey respondents when compared to Toronto’s general population,¹³ including Black / African / Caribbean, Southeast Asian, and Latin American people.

¹² <https://www.gov.uk/government/publications/low-cost-home-ownership-schemes/low-cost-home-ownership-schemes-html>.

¹³ Statistics Canada, 2021: <https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/details/page.cfm?Lang=E&GENDERlist=1,2,3&STATISTIClist=1&HEADERlist=0&DGUIDlist=2021A00053520005&SearchText=toronto>

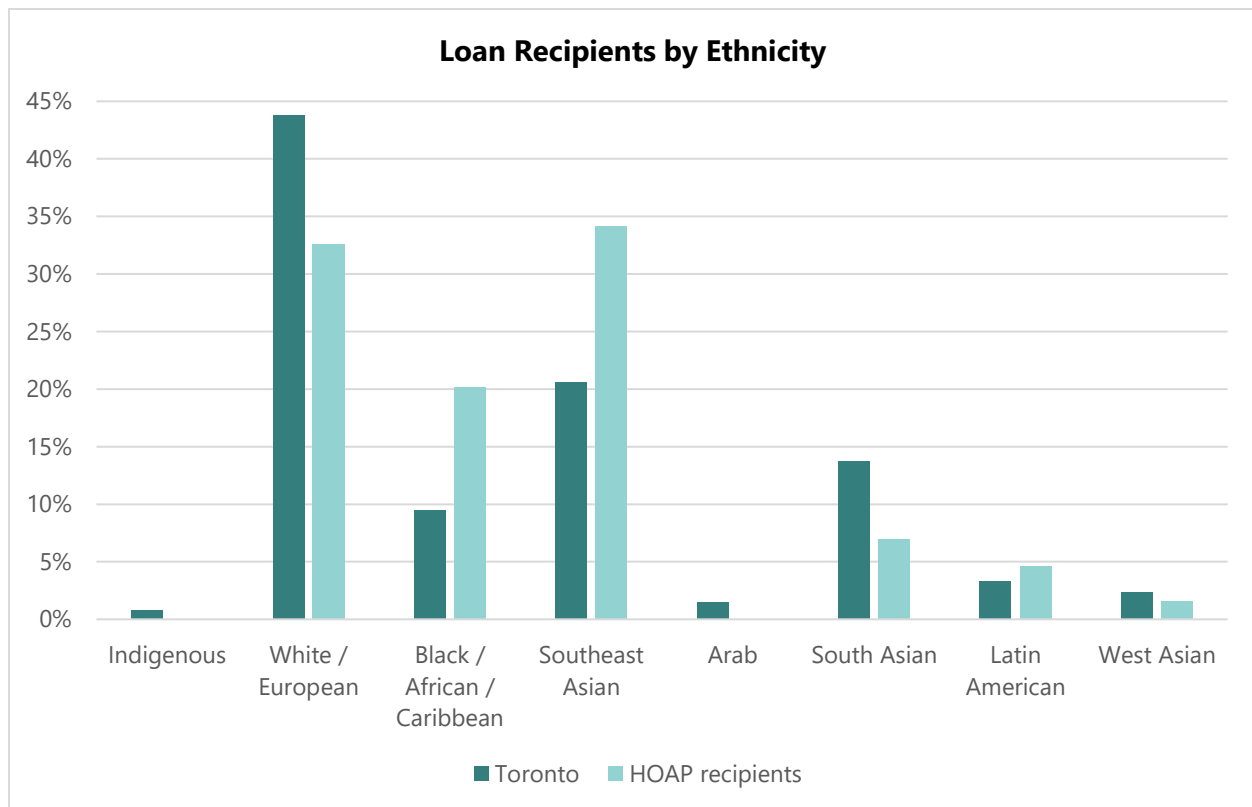


Figure 10

By contrast, Indigenous, White / European, Arab, South Asian, and West Asian people were under-represented when compared against the general population. No survey respondents identified as being Indigenous. Miziwe Biik Development Corporation, an Indigenous organization, directly administers the federal/provincial Affordable Home Ownership Program, which may draw Indigenous homebuyers away from the City-administered program and account for the underrepresentation of this demographic group.

A significantly over-represented group among survey respondents was the LGBTQ2+ community. 16 percent of respondents stated that they identify as LGBTQ2+, compared to 5 percent of Toronto's population¹⁴.

Conversely, people who identified as having a disability were under-represented among loan recipient survey respondents – 7 percent, compared to 20 percent of the Toronto population¹⁵.

The program appears to have achieved some significant successes in reaching some equity-deserving groups, although it is difficult to definitively extrapolate causation from such limited data.

¹⁴ City of Toronto, 2016: https://www.toronto.ca/wp-content/uploads/2019/11/99b4-TOHealthCheck_2019Chapter1.pdf

¹⁵ Statistics Canada, 2019: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1310075001>

For example, Black Torontonians are more likely to be renters¹⁶ earning a lower income¹⁷, potentially creating a larger pool of eligible loan recipients in this demographic group. However, this is largely speculative, as Black Torontonians are over- or under-represented in many areas along the housing continuum (shelter, supportive housing, market homeownership). There are other instances of demographic patterns where the survey and stakeholder consultation provides no indication as to the cause, such as the strong representation of LGBTQ2+ Torontonians.

To support equity-deserving groups into home ownership, specific action and outreach must be undertaken. Some proponents have done just that, such as Options for Homes' creation of new affordable units in undervalued neighbourhoods, which are also likely to be home to equity-deserving groups. However, this does not appear to be systematic or actively incentivized by the City through program design, for example via specific targets or priority populations. Proponents responding to the survey may be echoing this when 40 percent said that the program does not currently support equity-deserving groups into home ownership.

There is one area in which demographic underrepresentation can be directly connected to program design – the underrepresentation of people with disabilities. People with physical disabilities are more likely to require accessible units, which are typically more costly to build. People with developmental disabilities are, for lack of affordable alternative, more likely to continue to live with their parents well into adulthood. Recognizing the intersections between the two, the first group is less likely to have a unit that meets their needs provided through the program without specific incentives to the proponent, and the second group is more likely to be ineligible for not being in the rental market.

Finding 6: *Loan recipients had a median household income of \$50,000 – well below the 60th percentile of Torontonians – and tended to be adults living alone*

During the survey, loan recipients were asked to provide their household income at the time they purchased their home. The figure below shows that the vast majority of loan recipients had a household income of under \$100,000. Program data also indicated that the median household income was \$50,000¹⁸. This is unsurprising, as the program's eligibility criteria requires loan recipients to earn less than the 60th percentile of income in Toronto, or \$96,000 in 2019.¹⁹

¹⁶ Spaces and Places of Exclusion: Mapping rental housing disparities for Toronto's racialized and immigrant communities; Social Planning Toronto. November 2020, Toronto.

¹⁷ In 2016, 21 percent of the Black population aged 25 to 59 lived in a low-income situation, compared with 12 percent of their counterparts in the rest of the population. Statistics Canada. Accessed Dec 11, 2022 <https://www150.statcan.gc.ca/n1/pub/89-657-x/89-657-x2020002-eng.htm>

¹⁸ Program data for household income was limited – 38.5 percent of loan data was not available for analysis.

¹⁹ Information on household income was limited within the program data, and was not available for 38 percent of the entries provided by proponents. As noted by the Auditor General in 2020, the program data also revealed some peculiarities, including 17 household incomes lower than \$15,000 a year – a level at which a home could not be

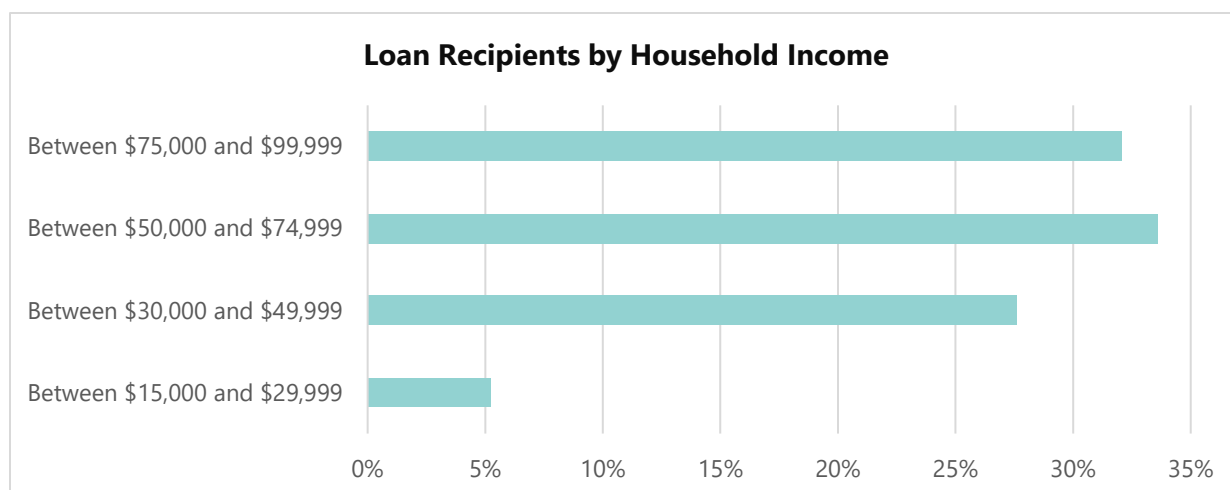


Figure 11

The survey also revealed that many loan recipients are either adults living alone (44.9 percent) or couples with one dependent child or more (24.3 percent). A further 14.7 percent of recipients are single parents with one dependent child or more, and 10.3 percent are couples with no dependent children.

Finding 7: *In response to the survey, loan recipients reported that home ownership had a range of positive impacts – in particular, a sense of personal achievement, a feeling that Toronto is the right place for them, and an improved feeling of safety, security and privacy in their household*

As shown in Figure 12, most loan recipients who completed the survey stated that purchasing a home through the program benefited them in a range of ways. Notably:

- 88 percent reported an improved or significantly improved sense of personal achievement
- 76 percent reported an improved or significantly improved feeling of personal safety and security
- 67 percent reported an improved or significantly improved sense that Toronto is the right place for them
- 66 percent reported an improved or significantly improved feeling of personal privacy

Another positive impact observed by proponents was community revitalization. During the survey, 80 percent of proponents confirmed that the program contributes to revitalizing Toronto's communities.

maintained, even without any mortgage payments. In addition, there were some inconsistencies in the survey data relating to household income, which may be due to human error in responding to the questions. One survey respondent claimed to have earned a household income over \$100,000 at the time of receiving the loan, and another claimed over \$200,000. Both income levels would be ineligible to receive a loan through the program. These survey responses may have been entered mistakenly, as household income must be verified through a notice of assessment in order for an applicant to qualify for a loan.

None of the 11 potential impacts of home ownership included in the survey resulted in a net negative score – a result where the negative impacts outweighed the positive. Furthermore, no potential impact scored above 10 percent across the combined “worsened” and “significantly worsened” categories.

However, some potential impacts included in the survey appeared to have a relatively insignificant effect on loan recipients, including: participation in neighbourhood, school, arts, or community activities; satisfaction with neighbourhood services; education, including school performance; effectiveness in working from home; travel time to work or school; and physical health. In six of 11 categories of impact, ‘neutral’ received the greatest response.

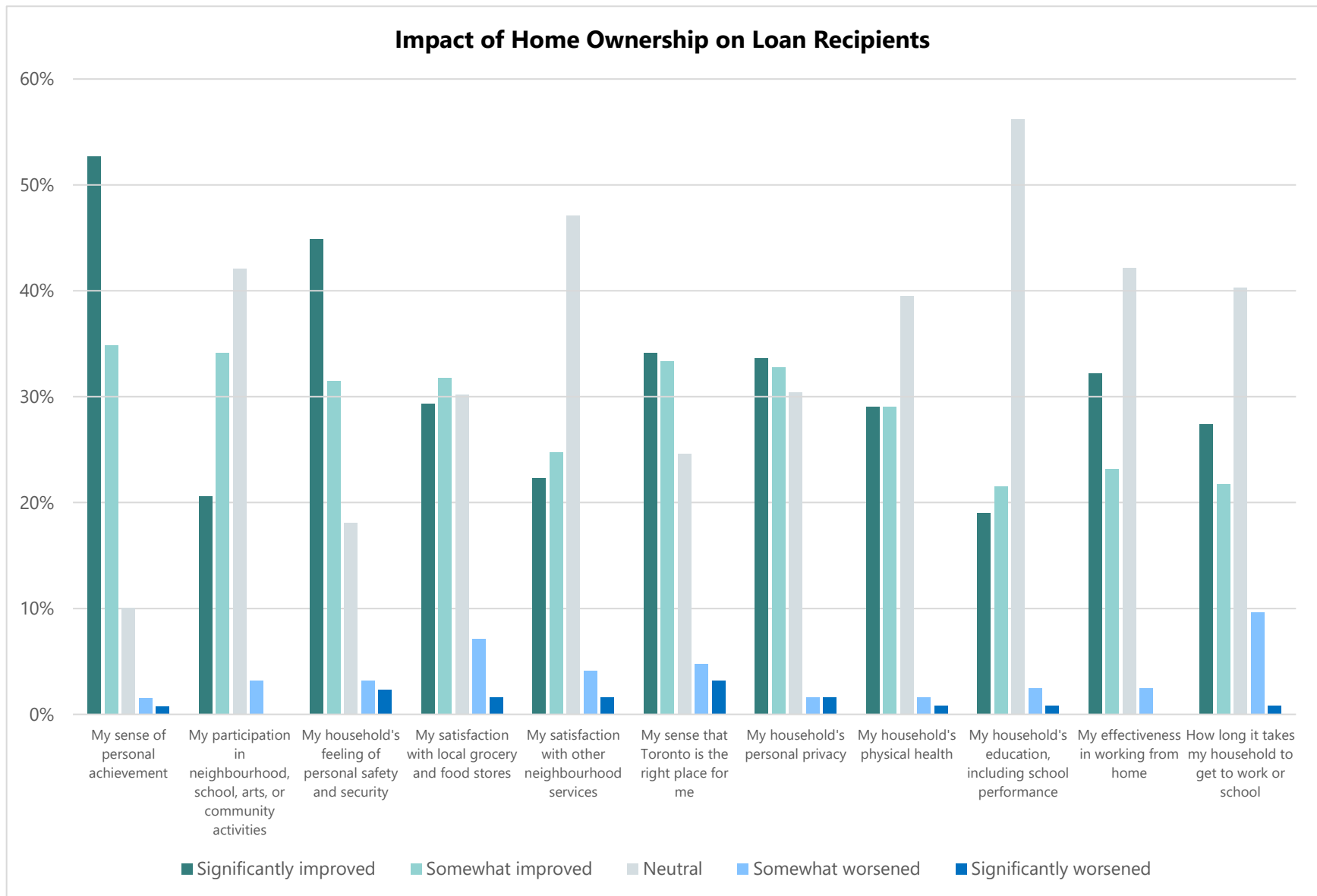


Figure 12

Finding 8: *Most loan recipients who responded to the survey feel more financially stable since purchasing a home. Program data reveals that loan recipients appear to have built modest equity in their homes*

During the survey, 71 percent of loan recipients stated that their household's financial stability has improved or significantly improved since purchasing a home. This was consistent with stakeholder interviews and the proponent survey, where 70 percent of respondents felt that the program contributes to wealth-building for individuals.

When asked about how the purchase of the home has affected their finances:

- 46 percent of loan recipients felt that owning is less costly than renting
- 39 percent of loan recipients stated that they have benefitted or expect to benefit from paying off their mortgage and/or rising property value

Based on program data, loan recipients appear to have built modest equity in their homes. On average, re-sold homes increased in value by \$79,600 from purchase to sale – although four individuals appear to have sold their loan for no value increase, or a decrease in value. The average length of time between home purchase and resale was four years.

It is important to note that these loans must be repaid with a proportionate share of any capital appreciation. This ensures that when funds recouped from loan repayments are used for subsequent loans, the value of those new loans roughly keeps pace with home price increases in the market.

This does however limit wealth-building for loan recipients. The City's average equity share is 11.8 percent based on program data, which reduces the loan recipient's portion of the value increase from \$79,600 to \$70,200. Adjusted for inflation, this can be further reduced to \$65,200.²⁰

Proponents can then require an additional share of the capital appreciation based on their financial contributions to the loan, which serves as a further limitation to wealth-building for loan recipients. The proponent share may be meaningful. For example, HOA-Options only requires the homebuyer to provide 5 percent down payment, and Habitat has zero down payment requirements. These organizations revolve the repaid loan funds and appreciation into other affordable units to support more homebuyers.

Changing interest rates are also a factor in understanding the potential for wealth-building for individuals. As shown in the table below, loan recipients with the average loan of \$38,000 have

²⁰ Between 2010 and 2021, the average CPI rate was 1.78% according to the World Bank (<https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?end=2021&locations=CA&start=2009&view=chart>). This equates to 7.13% over 4 years (the average time between home purchase and sale by loan recipients). For the average loan recipient equity increase of \$70,200, the amount of growth that can be attributed to inflation would be approximately \$5,004.

saved \$5,738²¹ in interest over 4 years, based on the average conventional 5-year fixed mortgage rate of 4.1 percent from 2010 to 2020.²²

Loan amount	Interest rate	Term (# of years)		
		3 years	5 years	10 years
\$25,000	2%	\$1,425	\$2,294	\$4,164
	4%	\$2,870	\$4,654	\$8,599
	6%	\$4,325	\$7,056	\$13,239
	8%	\$5,783	\$9,482	\$18,020
\$50,000	2%	\$2,850	\$4,589	\$8,328
	4%	\$5,739	\$9,308	\$17,198
	6%	\$8,649	\$14,112	\$26,477
	8%	\$11,565	\$18,964	\$36,040

Table 2

The survey also highlighted some of the financial challenges associated with home ownership:

- 36 percent of loan recipients stated that they now budget more carefully
- 26 percent of loan recipients have cut back on discretionary items, such as entertainment
- 12 percent of loan recipients have cut back on essentials, such as transportation

Finding 9: *Many loan recipients who responded to the survey have, or plan to, refinance their loan or pay it back early – primarily to increase their equity in their home*

According to the survey, 50 percent of loan recipients stated that they have, or plan to, refinance their loan or pay it back early (see Figure 13).

When asked about their motivations, 40 percent of loan recipients confirmed that they were seeking to increase their equity in the home. 32 percent of respondents also cited a desire to consolidate their debts. These responses indicate that, while the program does assist Torontonians into home ownership, the equity-sharing terms of the loan may not be appealing or beneficial in the context of anticipated housing price escalation.²³

²¹ Calculated using the Financial Consumer Agency of Canada's online calculator: <https://itools-ioutils.fcac-acfc.gc.ca/MC-CH/MCCalc-CHCalc-eng.aspx>

²² Statistics Canada and Canada Mortgage and Housing Corporation, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410014501>

²³ The survey was in-field between September 30 and October 25 2022, in the early days of shifting market and interest rates.

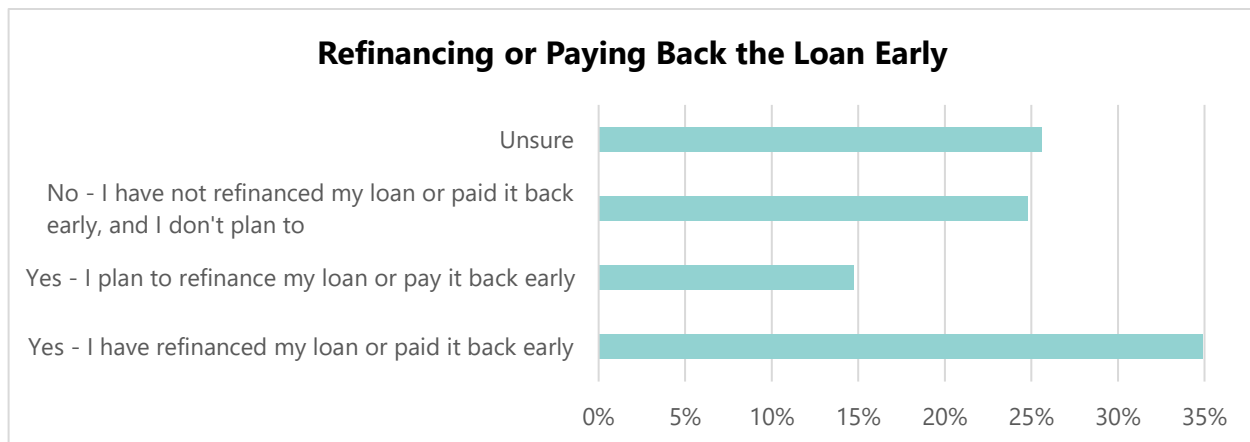


Figure 13

Efficiency

Finding 10: *The City is operating the program without the tools and resources it requires for effective administration, including monitoring and reporting frameworks, supporting technologies, accountability mechanisms for proponents*

There is very little supporting infrastructure or resourcing to facilitate efficient program administration. Given the program began by supporting existing non-profit projects and leveraging their individual systems, it now relies heavily on a diverse range of non-profit and private sector proponents for oversight, program monitoring, and reporting. This impacts the overall quality, consistency, and completeness of program data and any ability to measure outcomes. Left unaddressed, this issue would likely be made worse if the program is expanded.

The lack of program resourcing was highlighted during an interview with a loan recipient, where they described the challenges associated with obtaining City approval to refinance their loan. Ultimately, the loan recipient obtained assistance from their City Councillor to escalate and resolve their request.

In addition, once the DC deferral has been granted, the City appears to retain little leverage with proponents to insist upon timely, complete, or accurate reporting. Results are decidedly mixed – proponent data collection and reporting practices appeared highly dependent on proponent capacity, their general familiarity with data collection practices and mission alignment with the program.

City staff also administer the program using manual data entry programs such as Microsoft Excel – including for tracking loans at the individual level, as well as at the project and program level. This is time consuming, administratively burdensome, and creates potential for human error.

Finding 11: Proponents find the program relatively easy to deliver. While generating interest from potential homebuyers is the least challenging aspect, finding interested potential homebuyers who are program-eligible is one of the most challenging

During stakeholder interviews, most proponents stated that the program is straightforward to deliver – particularly because monitoring and reporting requirements are low and the loan is only paid back to the City when the home is sold, or if the loan is refinanced or paid back early.

As shown in Figure 14 below, the proponent survey highlighted that most respondents find the program relatively easy to understand, explain, and generate interest in – and that becoming a proponent is straightforward.

Proponents' survey responses showed that, while generating interest from potential homebuyers is the least challenging aspect of delivering the program, identifying eligible loan recipients is the most challenging. In fact, identifying eligible loan recipients was the only aspect of being a proponent that survey respondents deemed 'very challenging'. In interviews, proponents attributed this to the static household income threshold set by program requirements and higher cost of building and purchasing homes. Given the narrowing pool of individuals whose income is high enough to qualify for a primary mortgage and maintain the home, but low enough to qualify for the program, proponents must now work even harder to find eligible loan recipients.

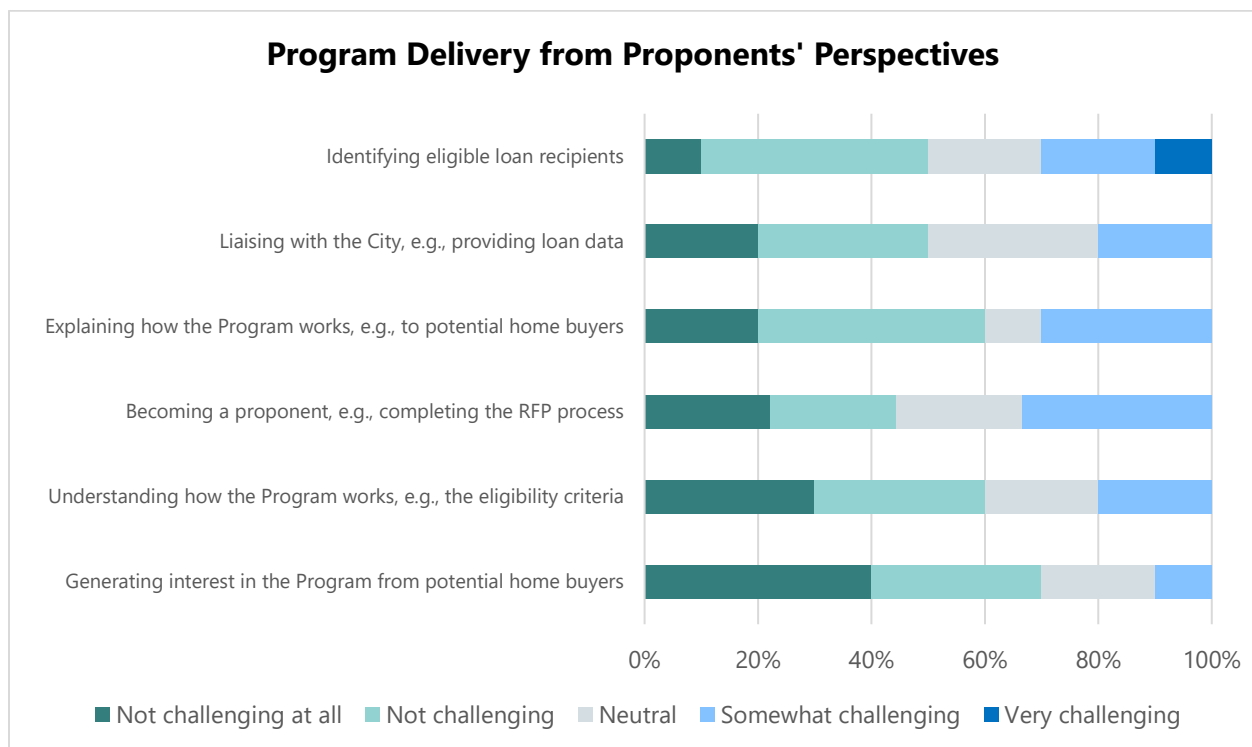


Figure 14

Finding 12: *Loan recipients find the program relatively easy to participate in, although some do not fully understand the ramifications of equity sharing until much later*

The loan recipient survey illustrated that accessing and participating in the program is relatively straightforward:

- 65 percent of respondents felt that the steps involved in securing the loan were efficient
- 56 percent of respondents felt that the loan repayment process was straightforward
- 55 percent of respondents felt that the program was easy to understand

In interviews, some loan recipients said they may not have understood the terms of the loan as well as they thought – particularly the equity-sharing component. For example, one loan recipient indicated that the repayment terms were unclear and that the payment required to account for the capital appreciation was unexpected.

This is consistent with feedback sometimes received by HOA-Options and Habitat from homeowners exiting their programs. People in Toronto are long-accustomed to hearing about disproportionate increases in personal wealth through homeownership. Despite education programs in place for prospective buyers, many naturally come into the transaction with pre-conceived notions. They see the numbers presented to them and understand the shared-equity model, but do not fully feel the impact until much later.

Both the positive and negative aspects of participating in the program as a homeowner are tied to the program design. While the homeowner is central to the transaction, the execution of the transaction largely occurs between the proponent, the City, and the financial institution and legal representation of the homebuyer. There is no application process outside of that already required for underwriting the primary mortgage (though some proponents have additional qualifying criteria). In this regard, the program is highly efficient from a homebuyers' perspective – there are very few procedural barriers to participation.

Coherence

Finding 13: *The program is currently the only mechanism for supporting the City's affordable homeownership goals identified in the HousingTO 2020-2030 Action Plan, but has no targets for priority populations*

As the City's inclusionary zoning scheme has yet to be implemented, the program is the City's only dedicated support for affordable homeownership. The City's *HousingTO Action Plan* outlines key strategic objectives from 2020 to 2030 – including to create a diverse range of housing opportunities, and to provide Torontonians with housing that is safe, affordable and suitable to their needs. In this context, affordable ownership is a strategic complement to the City's focus on affordable rental, including through its flagship Open Door Program. This demonstrates a

coherence in terms of the program's location within the broader housing continuum, and presents an opportunity for the City to measure the long-term benefits of programmatic pathways into affordable rental and ownership.

However, while the City's Action Plan speaks to the need to better support equity-deserving individuals across the housing spectrum, there are no specific demographic targets identified for the program. This represents a lack of coherence and an opportunity for further program improvement.

Another area that may lack coherence is the definition of "affordable", which is applied inconsistently across the program and the City's Official Plan.²⁴ In particular, the definition used for inclusionary zoning purposes is lower than what is used for the program. This may cause confusion for developers and the general public – and could be mitigated through greater alignment of definitions.

Finding 14: *The City has strategically designed this program to leverage the federal/provincial program and support existing affordable ownership projects. However, this level of integration may inhibit the program's ability to keep pace with a changing market.*

From the outset, this program was strategically designed to maximize impact per City contribution by leveraging federal and provincial investment, and minimize administrative burden by leveraging existing proponent and underwriting activities. This has resulted in a relatively coherent, well-integrated program, where federal/provincial cash contributions are blended with the City's development charge deferrals, and the program seamlessly contributes to eligible homebuyer's capital assistance stack.

The convenience of being able to stack supports was highlighted during interviews with loan recipients, who in some instances did not understand that their City-provided loan was distinct from other supports. Non-profit proponents commented that they found stacking to be a helpful way to support loan recipients into home ownership – by increasing the assistance eligible home buyers can receive, particularly at lower income thresholds, and enhancing flexibility for proponents delivering the program.

However, this level of integration also undermines the City's ability to respond to a changing housing market. The impact of the City adjusting homebuyer income thresholds, for instance, would be hampered without also changing federal/provincial eligibility. In addition, different income thresholds for the City's program versus the federal/provincial program could cause confusion for proponents during implementation.

²⁴ The program eligibility threshold is currently the 60th income percentile. The definition of "affordable" under the Official Plan is indexed to unit size, and may be as low as the 30th percentile. See here for further information: <https://www.toronto.ca/city-government/planning-development/planning-studies-initiatives/definitions-of-affordable-housing/>

There are also policy implications resulting from high integration with the federal/provincial program. The inflexibility that comes with layering the City's contribution onto the federal/provincial program means that the City is unable to meet its own definition of affordable homeownership²⁵.

²⁵ Ibid.

Conclusions

This evaluation reveals a range of meaningful outcomes for the individuals who have directly benefited from the program. It also highlights the hard work and good will of City staff and proponents.

However, program design and administration issues have also been identified that require consideration. In addition, the program has suffered from a lack of well-articulated objectives and structural rigour. Housing market price increases have also challenged its foundational premise – a reality that is similarly impacting home ownership assistance programs in other Canadian and global jurisdictions.

Reviewing the program's impact and delivery to date has led to the following conclusions:

- The program has delivered 1,242 down payment assistance loans since 2009. In doing so, it has provided meaningful pathways to home ownership and created a corresponding increase in the availability of rental accommodation. It has also contributed significantly to loan recipients' sense of financial stability, security and personal achievement, as well as their feeling of belonging to Toronto.
- The program has also supported some equity-deserving groups into homeownership – namely women, the LGBTQ2+ community, and Black, Southeast Asian, and Latin American Torontonians. However, there is potential to increase its impact for other demographics, including Indigenous populations and those who identify as living with a disability.
- Success to date is largely due to mission-alignment between the City and non-profit developers, partnerships with engaged private sector developers in favourable market conditions, and affordable units developed through CreateTO City land sales in the program's early days.
- The program's potential for greater impact has been limited by the constraints of new unit construction, eligibility requirements that are out of reach to potential applicants, and a lack of targets, monitoring, and reporting frameworks to help drive and measure outcomes.
- The program was effectively designed for the market realities into which it was originally introduced. However, price escalation across Toronto's housing market has created significant pressures on potential homebuyers and fundamentally changed the context in which the program operates.
- By design, the program is lean and well-integrated with corresponding affordable ownership programs and policies. While this has been a key program strength, it can also limit the City's ability to ensure the program keeps pace with evolving market conditions – for example, by updating household income eligibility requirements.
- The program, which began by supporting individual non-profit developers' affordable ownership projects, has grown to rely on an ad-hoc collection of proponent-operated

administrative systems. It now lacks the centralized monitoring and reporting frameworks to support effective program oversight. Left unaddressed, this challenge would likely be exacerbated if the program is expanded in the future – and may hamper overall program impact.

- Even given these realities, the program remains the only mechanism the City of Toronto currently deploys to invest in affordable home ownership development²⁶. There is potential for continued and greater impact in this part of the housing ecosystem, especially with more targeted objectives and demographic focus.
- The program will need to be significantly redesigned in order to justify ongoing investment, especially considering the pressures of competing housing investments and the broader anticipated impacts of the *More Homes Built Faster Act*.

These conclusions, while challenging, should be viewed as a timely opportunity to restructure the program so the City can assess its potential against other investments of effort and funding, with the goal of maintaining the proper range of housing opportunities including pathways to home ownership.

²⁶ Note that the City's inclusionary zoning scheme has not yet been implemented, but has the potential to create significant affordable ownership opportunities in Toronto that would complement this program.

Next Steps

While this report initially intended to outline opportunities to improve the program, the City elected to pause the development of recommendations to reflect the recent introduction and passage of the *More Homes Built Faster Act* by the Ontario Government²⁷. The Act will likely have a significant impact on the program, including on the City's ability to fund loans through development charge deferrals, which would impact any recommendations. These impacts will not be confirmed until regulations are passed.

Recommendations will be developed and published in a separate report at a later date. They will be informed by the evaluation findings included in this report, jurisdictional research, and potentially by additional consultation with key stakeholders, as required.

This work should also take into account other efforts related to the City's housing strategy, and how a homeownership assistance program could support and augment concurrent investments and strategic priorities.

²⁷ Ontario Government, 2022: <https://news.ontario.ca/en/backgrounder/1002525/more-homes-built-faster-act-2022>



APPENDIX

Appendix 1: Previous Program Evaluation Recommendations

The program has been evaluated twice since its inception. In 2012, The Housing Secretariat (the Affordable Housing Office at the time) released the report *Making Homeownership Happen – Success Through Partnerships: An Affordable Homeownership Client Survey*, which summarized findings and made six recommendations based on a survey of loan recipients, and interviews with non-profit partners and the Ontario Ministry of Municipal Affairs and Housing:

1. The City should continue working with the federal and provincial governments to support its non-profit partners in providing affordable homeownership opportunities to low and moderate income households.
2. The City and its partners should continue to promote affordable homeownership among social housing tenants and those on the wait list. Current methods include targeted mailings to social housing tenants and providers, and regular features in relevant newsletters and on websites.
3. The City should work with its non-profit partners (and others such as CMHC and the financial sector) to support people through training and/or plain language documentation of the ownership process and financing. Important categories to include are:
 - a) Household budgeting
 - b) Key decisions around down payment assistance loans
 - c) The date of occupancy, closing and other schedule-related issues
 - d) The process around changes to units and amenities
 - e) The composition of funding for down payment loans
4. The City should encourage its partners to target families for ownership by building more large homes. Currently, a minority of households have children, but children are a key beneficiary of ownership. The stability and housing quality provided by government assistance goes further when households are larger.
5. The City should require its partners to administer (and report back on) a short survey at the time of loan repayment. This survey would capture important data not possible through this survey, such as:
 - a) The reasons for repayment; and
 - b) If moving, the type, location and reason for purchasing/renting the seller's next residence.
6. Clients should be surveyed at least every five years to continue to measure the impact of these initiatives:
 - a) Seek to improve the delivery of government programs; and
 - b) Support the work of partner organizations.

Subsequently in 2020, the Auditor General reviewed the City's program delivery in the report *Strengthening Accountability and Outcomes for Affordable Housing: Understanding the Impact of the Affordable Home Ownership Program*. The 11 recommendations are included below:

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.
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:
 - 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.
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.
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.
5. City Council request the Executive Director, Housing Secretariat to pursue measures related to ongoing affordability that the City should implement. This could include:
 - 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.
- 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.
- 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.
- 8. City Council request the Executive Director, Housing Secretariat to implement enhanced program guidelines to ensure loan recipients 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.

- 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.

- 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 programmevaluation.
- 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.

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 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.

11. 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.

Appendix 2: Detailed Evaluation Framework

Assessment Area	Evaluation Questions	Evaluation Measures
Impact	Is the program supporting more people into home ownership?	<ul style="list-style-type: none"> - How many loans are issued each year? - Is the number of loans increasing over time? - Is the program helping people to purchase homes who otherwise would not be able to? - Is the program helping people to purchase homes more quickly than they would otherwise be able to?
	Is the program helping to increase the supply of affordable homes?	<ul style="list-style-type: none"> - How many affordable homes are built each year? - Is the number of loans increasing over time? - Are new affordable homes being built that would be otherwise? - Are affordable homes being built more quickly than they would be otherwise?
	Are the program users reflective of Toronto's population?	<ul style="list-style-type: none"> - How do program users break down across the following categories: <ul style="list-style-type: none"> o Household income o Household type o Gender o Ethnicity o Sexual orientation o Disability status
	What impact has home ownership had on loan recipients?	<ul style="list-style-type: none"> - How has home ownership impacted the following aspects of recipients' lives: <ul style="list-style-type: none"> o Personal sense of achievement o Neighbourhood participation o Satisfaction with neighbourhood services o Educational outcomes o Time to get to school or work o Ability to work from home o Sense that Toronto is the right place to live o Personal privacy o Satisfaction with local grocery / food stores

Assessment Area	Evaluation Questions	Evaluation Measures
	<ul style="list-style-type: none"> - How has home ownership impacted loan recipients' ability to build wealth / save? - How has home ownership impacted loan recipients' feeling of financial stability? 	<ul style="list-style-type: none"> - Has the program helped increase household commitment to the community? - Has the program helped to revitalize Toronto communities? - Has the program helped to free up rental accommodation?
	<ul style="list-style-type: none"> - What impact has the program had on Toronto's communities? 	<ul style="list-style-type: none"> - How efficiently is the program administered by the City? - Do the City's systems and technology support efficient program administration? - How easy is it for the City to monitor and track program data? - How time consuming is it to administer loans? - How time consuming is it to issue and assess RFPs? - How time consuming is it to explain the program, e.g. to proponents? - How time consuming is it to market the program? - How time consuming is it to market the program? - How time consuming is it to become a proponent? - How time consuming is it to monitor / track / report on program data? - How time consuming is it to identify eligible buyers? - How time consuming is it to facilitate the loan repayment?
	<ul style="list-style-type: none"> - How easy is the program to deliver for proponents? 	<ul style="list-style-type: none"> - How time consuming is it to understand how the program works / explain it to others? - How time consuming is it to market the program? - How time consuming is it to become a proponent? - How time consuming is it to monitor / track / report on program data? - How time consuming is it to identify eligible buyers? - How time consuming is it to facilitate the loan repayment?
	<ul style="list-style-type: none"> - How easy is the program to access and participate in for loan recipients? 	<ul style="list-style-type: none"> - How challenging is it to find out about the program? - How challenging is it to secure the loan? - How challenging / time consuming is it to repay the loan? - How challenging is it to understand the program?
		<ul style="list-style-type: none"> - How well do this program's objectives support the City's strategic housing objectives? - How well does the program align with the 2020-30 Action Plan? - How well does the program align with inclusionary zoning?
Coherence		

Assessment Area	Evaluation Questions	Evaluation Measures
	How well does this program align with other home ownership assistance programs, e.g., federal or provincial programs?	<ul style="list-style-type: none"> - How well-aligned are the program goals to the federal/provincial program? - How easy is it to stack funding from multiple programs? - How easy is it for the City to use the federal/provincial fund to strengthen the program? - How well-aligned are the program parameters to the federal/provincial program? e.g., eligibility criteria, delivery model etc.

Appendix 3: List of Stakeholders Consulted

All stakeholder interviews were conducted in a discussion-based format with semi-structured interview guides provided in advance.

The City of Toronto

- Housing Secretariat
- City Planning Office
- Corporate Finance Office
- Indigenous Affairs Office
- Confronting Anti-Black Racism Unit
- People and Equity Unit (Gender Equity, LGBTQ2+ Advisory Committee)
- Accessibility Advisory Committee

Existing Proponents

- Habitat for Humanity GTA
- Options for Homes
- Home Ownership Alternatives
- Toronto Community Housing Corporation
- The Daniels Corporation
- Vandyk Properties
- Malibu Investments

Other

- CreateTO
- Miziwe Biik Development Corporation
- Dream Legacy Foundation
- Woodgreen
- Markee Developments

Loan Recipients (anonymous)

Appendix 4: Survey Questions

City of Toronto affordable home ownership program survey: Proponents

1. Which organization do you work for?

Answer options: Habitat for Humanity, Options for Homes, Home Ownership Alternatives, The Daniels Corporation, Toronto Community Housing Corporation. Choose not to say, Other (please specify)

2. When thinking about the ideal affordable home ownership program, from your perspective, what does it look like?

Answer options: open ended

3. How close is the City of Toronto's affordable home ownership program to that ideal today?

Answer options: Very close, Somewhat close, Neutral, Somewhat far, Very far, Unsure

4. To what extent do you agree with the following statements:

Statements:

- a) The affordable home ownership program has helped people buy homes who would not otherwise have been able to enter home ownership
- b) Without the affordable home ownership program, our organization would not be able to build affordable homes at all
- c) Without the affordable home ownership program, our organization would not be able to build affordable homes quickly

Answer Options: Strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree, unsure, and addition space is provided for individuals to elaborate.

5. To what extent do you agree with the following statements:

Statements:

- a) The affordable home ownership program contributes to wealth- building for individuals
- b) The affordable home ownership program contributes to community revitalization
- c) The affordable home ownership program contributes to freeing up rental accommodation
- d) The affordable home ownership program supports equity-deserving groups into home ownership
- e) The affordable home ownership program helps create affordable housing in Toronto

Answer Options: Strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree, unsure, and addition space is provided for individuals to elaborate.

6. What are the most important outcomes that the affordable home ownership program provides today?

Answer options: open ended

7. What are the greatest challenges for you and your colleagues in delivering the affordable home ownership program?

Statements:

- a) Understanding how the affordable home ownership program works, e.g., the program's eligibility criteria
- b) Explaining how the affordable home ownership program works to others, e.g., to potential home buyers or new staff
- c) Liaising with the City, e.g., providing data on affordable home ownership program loans
- d) Generating interest in the affordable home ownership program from potential home buyers
- e) Identifying eligible affordable home ownership program loan recipients
- f) Becoming an affordable home ownership program proponent, e.g., completing the RFP process

Answer Options: Strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree, unsure, and addition space is provided for individuals to elaborate.

8. What would help you to overcome some of these challenges? Select all that apply

Answer options:

- a) Additional information on how the affordable home ownership program works, e.g., training sessions from the City, information materials etc
- b) Changes to how the program is delivered, e.g., regarding the loan amount, eligibility criteria, the purchase price of the home etc.
- c) Changes to how the program is administered, e.g., regarding the RFP process to become a program proponent, how program data is provided to the City, how loans are discharged etc.
- d) Other
- e) Unsure
- f) Additional space to elaborate is provided

9. If there was one thing you could change about the affordable home ownership program, what would it be and what impact could it have?

Answer options: open ended

10. Please use the space provided below to share any additional comments you have on key considerations for the City as it improves the affordable home ownership program

Answer options: open ended

City of Toronto affordable home ownership program survey: Loan recipients

1. What is your age?

Answer options: Under 18, 18-24, 25-34, 35-44, 45-54, 55-64, 65+, Choose not to respond

2. What is your gender?

Answer options: Female, Male, Choose not to respond, Other (please specify)

3. Which of the following best describes your ethnic background?

Answer options:

- a) Indigenous (Inuit/First Nations/Métis)
- b) White/European
- c) Black/African/Caribbean
- d) Southeast Asian (e.g., Chinese, Japanese, Korean, Vietnamese, Cambodian, Filipino.etc)
- e) Arab (Saudi Arabian, Palestinian, Iraqi, etc)
- f) South Asian (East Indian, Sri Lankan, etc)
- g) Latin American (Costa Rican, Guatemalan, Brazilian, Colombian, etc)
- h) West Asian (Iranian, Afghani, etc)
- i) Choose not to respond
- j) Other (please specify)

4. Do you identify as LGBTQ2+?

Answer options: Yes, No, Choose not to respond

6. When did you purchase your home using the affordable home ownership program?

Answer options:

- a) 2010 - 2011
- b) 2012 - 2013
- c) 2014 - 2015
- d) 2016 - 2017
- e) 2018 - 2019
- f) 2020 - 2021
- g) 2022
- h) Choose not to respond
- i) Unsure

7. What was your total household income before taxes at the time you purchased your home?

Answer options:

- a) Under \$15,000
- b) Between \$15,000 and \$29,999
- c) Between \$30,000 and \$49,999

- d) Between \$50,000 and \$74,999
- e) Between \$75,000 and \$99,999
- f) Between \$100,000 and \$150,000
- g) Between \$150,000 and \$200,000
- h) Over \$200,000
- i) Choose not to respond

8. What was your total household income before taxes last year (2021)?

Answer options:

- a) Under \$15,000
- b) Between \$15,000 and \$29,999
- c) Between \$30,000 and \$49,999
- d) Between \$50,000 and \$74,999
- e) Between \$75,000 and \$99,999
- f) Between \$100,000 and \$150,000
- g) Between \$150,000 and \$200,000
- h) Over \$200,000
- i) Choose not to respond

9. Please select the job or occupation that best describes what you do

Answer options:

- a) Manager, executive, business owner
- b) Office work, sales, service
- c) Professional
- d) Skilled technical or trades
- e) Manual worker or factory worker
- f) Creative or artist
- g) Self-employed
- h) At home parent
- i) Student
- j) Looking for work
- k) Retired
- l) Not working due to disability
- m) Choose not to respond
- n) Other (please specify)

10. In what type of household do you live?

Answer options:

- a) Couple with no dependent children
- b) Couple with one dependent child or more
- c) Single parent with one dependent child or more
- d) Adult living alone

- e) More than one adult sharing a residence
- f) Extended family
- g) Choose not to respond
- h) Other (please specify)

11. Which organization did you work with to secure an affordable home ownership program loan in order to purchase your home?

Answer options:

- a) Habitat for Humanity
- b) Options for Homes / Home Ownership Alternatives
- c) Toronto Community Housing Corporation
- d) The Daniels Corporation
- e) Unsure
- f) Other (please specify)

12. Before purchasing your home using the affordable home ownership program, which of the following best describes your previous housing?

Answer options:

- a) I rented from a private landlord
- b) I lived with family or friends
- c) I lived in Toronto Community Housing
- d) I lived in other non-profit rental housing or co-op housing
- e) I owned a home
- f) Other (please specify)

13. To what extent do you agree with the following statements?

Statements:

- a) Without the loan program I would not have been able to purchase a home as soon as I did
- b) Without the loan program I would not have been able to purchase a home at all
- c) In retrospect, I probably didn't need the loan program to purchase a home

Answer Options: Strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree, unsure, and addition space is provided for individuals to elaborate.

14. To what extent do you agree with the following statements:

Statements:

- a) The City's affordable home ownership program is easy to find out about, e.g., via my own research, or being told about it by someone else
- b) The City's affordable home ownership program is easy to understand, e.g., the loan conditions were explained to me clearly

- c) The steps involved in securing the loan were efficient, e.g., the process wasn't overly complicated and it didn't take too long
- d) The loan repayment process is straightforward from my perspective

Answer Options: Strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree, unsure, and addition space is provided for individuals to elaborate.

15. Thinking about the home you purchased using the affordable home ownership program, how has home ownership affected the following:

Statements:

- a) My personal sense of achievement
- b) My participation in neighbourhood, school, arts, or community activities
- c) My household's feeling of personal safety and security
- d) My satisfaction with local grocery and food stores
- e) My satisfaction with other neighbourhood services (e.g. schools, daycares, libraries)
- f) My sense that Toronto is the right place for me
- g) My household's personal privacy
- h) My household's physical health
- i) My household's financial stability
- j) My household's education, including school performance
- k) My effectiveness in working from home
- l) How long it takes my household to get to work or school

Answer options: significantly improved, somewhat improved, neutral, somewhat worsened, significantly worsened, unsure

16. How has the purchase of your home affected your finances? Select all that apply

Answer options:

- a) Owning is less costly than renting
- b) There has been no major change
- c) I have cut back on essentials (e.g. food and transportation)
- d) I have cut back on discretionary items (e.g. entertainment)
- e) I have budgeted more carefully
- f) I have benefitted, or expect to benefit, from paying off the mortgage and/or rising property value
- g) Unsure

17. Have you, or do you plan to, refinance your home ownership loan program loan or pay it back early?

Answer options:

- a) Yes - I have refinanced my home ownership loan or paid it back early
- b) Yes - I plan to refinance my home ownership loan or pay it back early
- c) No - I have not refinanced my home ownership loan or paid it back early, and I don't plan to

d) Unsure

18. Why did you, or why do you plan to, refinance your affordable home ownership program loan or pay it back early?

Answer options:

- a) To consolidate my debts
- b) To increase my equity in the home
- c) I received financial assistance from elsewhere
- d) Other (please specify)

19. To what extent do you agree with the following statement:

Statements: I would recommend the City's affordable home ownership program to others

Answer options: Strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree, unsure, and addition space is provided for individuals to elaborate.

20. Please use the space provided below to share any additional comments you have on key considerations for the City as it improves the affordable home ownership program

Answer option: open ended

Appendix 5: Jurisdictional Research Selection Criteria

	Jurisdiction and program	Selection criteria											
		Location		Program administrator				Program elements					
		Canadian	International	Municipal	Provincial	Federal	Municipal lens	Down payment assistance	Below market	Shared equity opportunities	Rent-to-own	Strong Indigenous focus	Combined with inclusionary zoning
1	British Columbia Affordable Home Ownership Program	✓			✓		Vancouver	✓		✓			
2	Edmonton First Place Program	✓		✓			Edmonton	✓					
3	Montreal Home Purchase Assistance Program	✓		✓			Montreal	✓					
4	Langford (BC) Attainable Home Ownership Program	✓		✓			Langford	✓					
5	United Kingdom London Help to Buy		✓	✓		✓	London	✓		✓			✓
6	United Kingdom London Living Rent		✓	✓			London		✓	✓	✓		
7	Australia Indigenous Home Ownership Program		✓			✓	Sydney, Melbourne	✓				✓	
8	New Zealand Shared Ownership Program		✓			✓	Auckland		✓	✓		✓	✓
9	United States HomeFirst Down Payment Assistance Program		✓	✓			New York City	✓					
10	United States Low-Income First-Time Homebuyers Assistance		✓	✓			Los Angeles	✓					

Appendix 6: Glossary of Key Terms

- **2020-2030 Housing Action Plan:** a City of Toronto strategy for action with targets across the housing spectrum, including from homelessness to rental and ownership housing, as well as long-term care for seniors
- **CreateTO:** an agency with a mandate established by the City of Toronto to manage its portfolio of real estate assets
- **DC:** development charges, or fees collected from developers at the time a building permit is issued that help pay for infrastructure required to provide municipal services to the new development, such as roads, transit, water and sewer infrastructure etc.
- **Habitat:** Habitat for Humanity GTA, a program proponent
- **HOA:** Home Ownership Alternatives, a program proponent
- **HOA-Options:** the partnership arrangement between Home Ownership Alternatives and Options for Homes to deliver loans under this program
- **Housing Secretariat:** formerly the Affordable Housing Office, this group within the City of Toronto works to enhance the health of Toronto's residents, neighbourhoods, economy and environment by delivering funding and incentives, and by developing innovative housing solutions, to create and maintain safe, affordable, rental and ownership housing for lower-income residents
- **Inclusionary zoning:** a policy requiring new residential developments to include affordable housing units, creating mixed-income housing
- **Options:** Options for Homes, a program proponent
- **TCHC:** Toronto Community Housing Corporation, a major provider of social housing and a program proponent

