



## Affordable Housing Office

### I: 2014 OPERATING BUDGET OVERVIEW

#### What We Do

The Affordable Housing Office (AHO) is responsible for the stewardship of Federal, Provincial, and City investments to create and maintain safe, affordable housing for lower-income residents, and to develop innovative housing solutions through policies and partnerships, supporting *Housing Opportunities Toronto, An Affordable Housing Action Plan 2010-2020*.

#### 2014 Budget Highlights

The total cost to deliver this Program to Toronto residents in 2014 is \$2.743 million gross and \$1.195 million net as below.

(In \$000s)	2013 Budget	2014 Budget	Change	
			\$	%
Gross Expenditures	2,682.1	2,743.2	61.0	2.3%
Gross Revenue	1,487.3	1,548.4	61.1	0.0
Net Expenditures	1,194.9	1,194.8	(0.1)	(0.0)

For 2014, the incremental net pressures of \$0.074 million arising from cost of living inflationary increases were completely offset through expenditure reductions and revenue adjustments.

The 2014 Operating Budget for the AHO represents a 0% net increase over the 2013 Approved Operating Budget, while maintaining the same level of service.

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### Fast Facts

- In 2013, the AHO provided financial stewardship over \$150.400 million in Federal, Provincial and City capital affordable housing funding, leveraging \$275.100 million from the private and non-profit sectors.
- This supported 1,641 new affordable rental and ownership homes under development, and the repair and modification of 710 homes and apartments for lower-income households, for a total of 2,351 homes.

### Trends

- Financial stewardship of 2,351 affordable homes (rental/ownership) is being developed or repaired in 2013. In 2014 1,902 homes are projected to be repaired or developed (varies on funding availability).
- The number of Council Approved policy initiatives and housing solutions developed and implemented more than doubled from 2011-2014.

### Our Service Deliverables for 2014

The 2014 Service deliverables for the AHO support the goals of *Housing Opportunities Toronto, An Affordable Housing Action Plan 2010-2020* (HOT) by delivering affordable housing services to the public in three key areas, as follows:

#### New Affordable Housing Development

- Provide financial stewardship of \$83.000 million in Federal, Provincial and City investments to support the development of 1,232 new affordable rental and ownership homes, both new approvals and currently underway.
- Work with Toronto Community Housing, private sector and non-profit partners to deliver City's affordable housing priorities & create construction jobs.

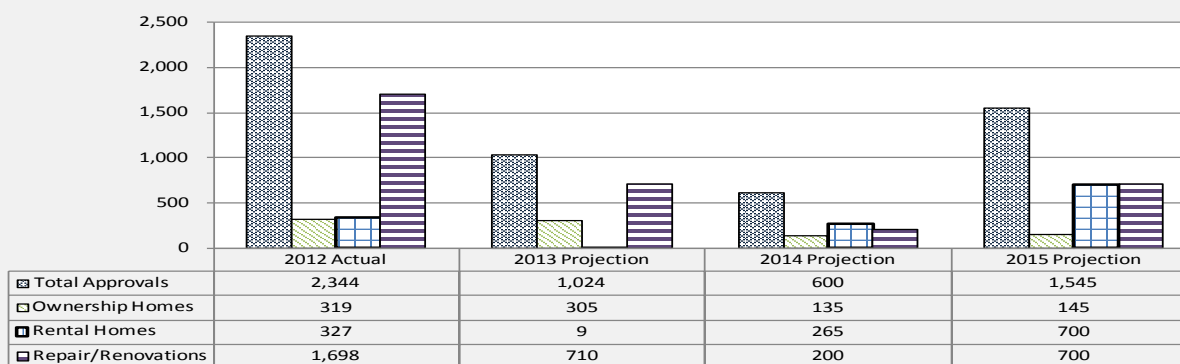
#### Housing Improvement Loans and Grants

- Implement Toronto Renovates by providing \$13.500 million in Investment in Affordable Housing funding for essential repairs and modifications, benefitting 200 lower-income homeowners, including seniors and persons with disabilities, and 470 tenant house-holds in aging apartment buildings & rooming houses, thereby reducing pressure on health and social support systems and creating private sector employment.

#### Housing Policy & Partnerships

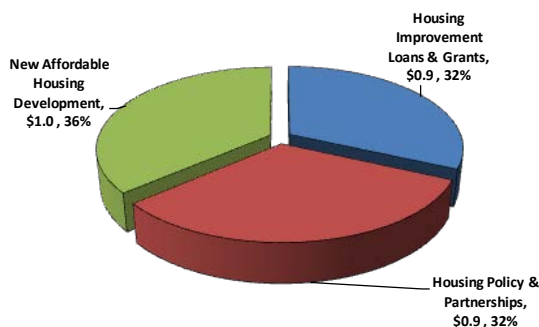
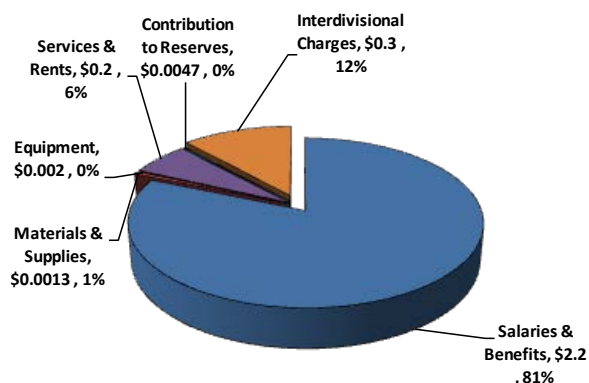
- Develop and implement Council approved policies and programs, including implementation of *Housing Opportunities Toronto*, in partnership with City divisions and agencies, and private and non-profit organizations.
- Support the City Manager in the implementation of *Putting People First – Transforming Toronto Community Housing* and the *Close the Housing Gap* campaign.

**Actual & Projected Affordable Housing Approvals 2012-2015**

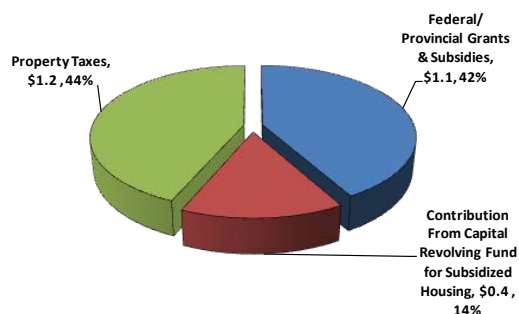


## 2014 Budget Expenditures &amp; Funding

## Where the money goes:

2014 Operating Budget by Service  
\$2.743 Million2014 Operating Budget by Expenditure Category  
\$2.743 Million

## Where the money comes from:

2014 Operating Budget Funding Source  
\$2.743 Million

## Our Key Challenges &amp; Priorities

- Sustainability of Funding Sources: The Federal and Provincial Investment Affordable Housing Program (2012-2015) expires Federally in March 2014 and Provincially in March 2015.
  - ✓ The Federal Government has renewed the IAH Program and, negotiations are underway with the Province to execute a bi-lateral agreement, expected in early 2014.
  - ✓ Continue to pursue the renewal of the IAH program (2014-2019) and report to Council in 2014 on the proposed allocation for Toronto.
- Provide financial stewardship over \$96.500 million for the development of 1,232 rental and ownership homes, of which 285 are new approvals, and 670 home repairs.
- Oversee the development of 305 new affordable ownership homes (Home Ownership Assistance Program).
- Develop and implement major strategic policies including *Housing Opportunities Toronto* and *Putting People First*.

## II: COUNCIL APPROVED BUDGET

City Council approved the following recommendations:

1. City Council approve the 2014 Operating Budget for the Affordable Housing Office of \$2.743 million gross and \$1.195 million net, comprised of the following services:

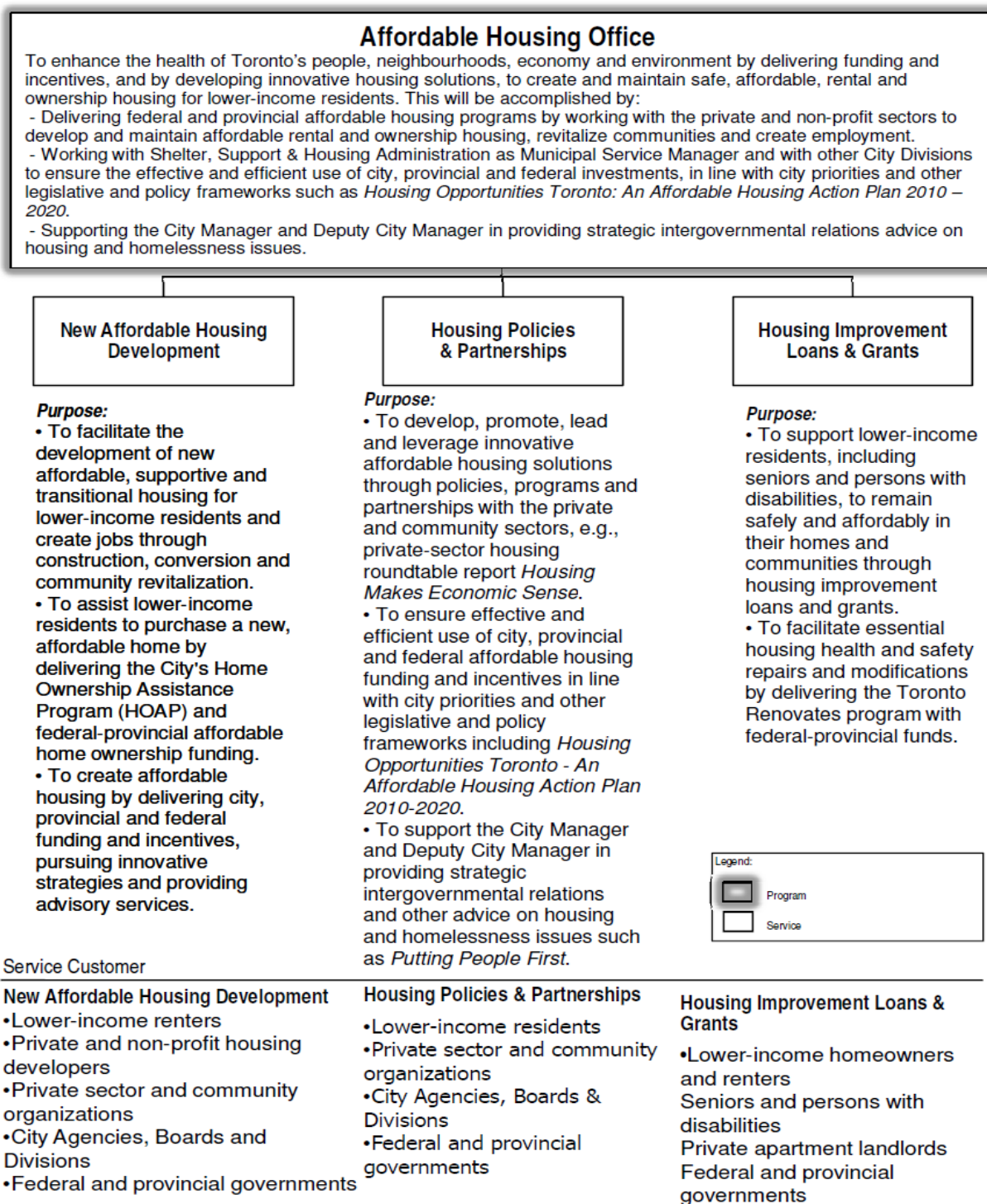
	Gross	Net
<u>Service:</u>	<u>(\$000s)</u>	<u>(\$000s)</u>
Housing Improvement Loans & Grants	871.3	396.4
Housing Policy & Partnerships	876.7	400.8
New Affordable Housing Development	995.2	397.7
Total Program Budget	<u>2,743.2</u>	<u>1,194.8</u>

2. City Council approve the Affordable Housing Office's 2014 service levels, as outlined on pages 7, 9 and 11, and associated staff complement of 19.0 positions.

### III: 2014 SERVICE OVERVIEW AND PLAN

#### Program Map

AHO strives to meet the changing needs of the community by providing the following services:





## 2014 Service Deliverables

The 2014 Service deliverables for AHO support the goals of *Housing Opportunities Toronto (HOT)* and the City's 10-Year Affordable Housing Action Plan 2010-2020, to deliver affordable housing services to the public in three key areas, as follows:

### New Affordable Housing Development

- Provide stewardship of \$83.000 million in Federal/Provincial/City investments in affordable housing including the Federal/Provincial Investment in Affordable Housing Program (IAH) 2012-2015 and administering Council determined new affordable housing priorities throughout the City of Toronto, and working with partners in the private and non-profit sectors;
- Continue to facilitate the development of 1,232 new affordable rental and ownership homes under development, including new approvals for 285 affordable rental homes through an IAH investment in 2014 of \$32.000 million;
- Monitor the construction of 253 affordable rental homes in two buildings for non-profit organizations in the Pan Am/Parapan Village;
- Oversee the development of 305 new affordable ownership homes under the City's Home Ownership Assistance Program (HOAP); and
- Manage improvements to transitional and supportive housing developments in nine non-profit housing organizations providing housing to 568 low-income individuals, funded from the federal Homelessness Partnership Strategy (HPS).

### Housing Improvement Loans and Grants

- Implement the Toronto Renovates component of the IAH Program by providing \$13.500 million in IAH funding: \$2.500 million to 200 lower-income private homeowners, including seniors and persons with disabilities, and \$11.000 million to affordable rental landlords for modifications or renovations to 470 homes to benefit lower-income tenants.
- Through Toronto Renovates, provide grants to lower-income private homeowners to reduce pressure on health and social support systems related to health, safety and accessibility, allowing residents to remain in their homes, and create private sector employment.

### Housing Policy & Partnerships

- Develop and implement Council-approved policy and programs in partnership with City divisions and agencies, including implementing and updating *Housing Opportunities Toronto – An Affordable Housing Action Plan 2010-2020*; and implementing *Housing Makes Economic Sense*, the Private Sector Housing Roundtable Report;
- Support the City Manager to implement *Putting People First – Transforming Toronto Community Housing* and the *Close the Housing Gap* campaign;
- Continue to support the City Manager's office through inter-governmental advocacy to renew and extend federal/provincial affordable housing programs beyond March 31, 2015.

## Service Profile: New Affordable Housing Development

### New Affordable Housing Development

#### What we do

- Facilitate the development of new affordable, supportive and transitional housing for lower-income residents and create jobs through construction, conversion and community revitalization.
- Assist lower-income residents to purchase a new, affordable home by delivering the City's Home Ownership Assistance Program (HOAP) and federal-provincial affordable home ownership funding.
- Create affordable housing by delivering city, provincial and federal funding and incentives, pursuing innovative strategies and providing advisory services.

#### 2014 Service Levels

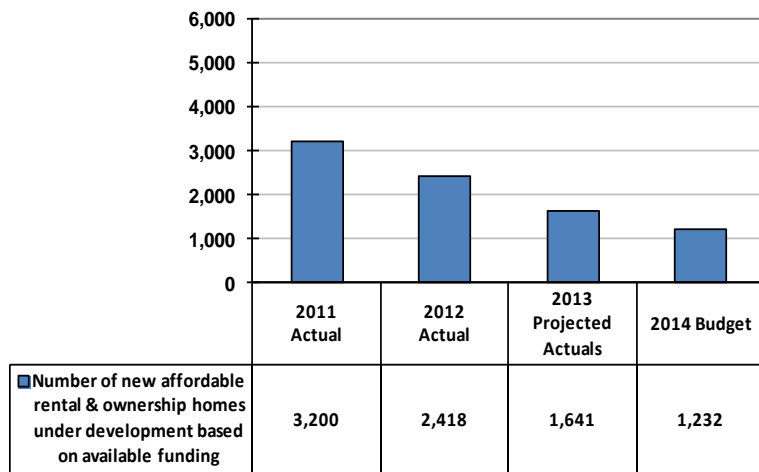
##### New Affordable Housing Development

Activity Type	Status	Service Levels			
		2011	2012	2013	2014
Development of New Affordable Housing through Construction, Conversion and Intensification	Approved	Funding disbursed within prescribed guidelines leading to completion of new homes 100% of the time, achieving annual targets according to available funding		Funding disbursed 100% of the time within prescribed guidelines leading to completion of new affordable homes achieving annual targets according to available funding.  Note: Federal/Provincial funding is now provided under the new Investment in Affordable Housing (IAH) Program.	<b>100% of Federal, Provincial &amp; City funding for new affordable rental and ownership homes under development disbursed according to prescribed requirements, Council approvals, sound financial stewardship and service excellence.</b>  <b>Federal/Provincial funding is provided through the Investment in Affordable Housing (IAH) Program.</b>
Housing Advisory & Consultation Services, Sometimes Fee-based, to Other Orders of Government and Other Partners	Approved	Service delivered within prescribed requirements to satisfaction of clients.		Service delivered within prescribed requirements to satisfaction of clients.	
Implementation of Special Council & Committee Directives	Approved	Special directives implemented to prescribed requirements to satisfaction of council and committees		Special directives implemented to prescribed requirements to satisfaction of council and committees.	

The AHO's 2014 service levels have been consolidated at the functional/service level to better align with the services provided.

## Service Performance Measures

**Output Measure – Number of new affordable rental & ownership homes under development based on available funding**



- AHO is providing financial stewardship in 2013 of 1,641 affordable rental and ownership homes being developed. In 2014 the projected level is 1,232 homes.
- The projections for 2015 and 2016 are contingent on the City's allocation under the renewed Federal/Provincial IAH program (2014-2019).

## Service Profile: Housing Policies & Partnerships

Housing Policies & Partnerships

### What we do

- Develop, promote, lead and leverage innovative affordable housing solutions through policies, programs and partnerships with the private and community sectors, e.g., private-sector housing roundtable report *Housing Makes Economic Sense*.
- Ensure effective and efficient use of city, provincial and federal affordable housing funding and incentives in line with city priorities and other legislative and policy frameworks including *Housing Opportunities Toronto - An Affordable Housing Action Plan 2010-2020*.
- Support the City Manager and Deputy City Manager in providing strategic intergovernmental relations and other advice on housing and homelessness issues such as *Putting People First*.



## 2014 Service Levels

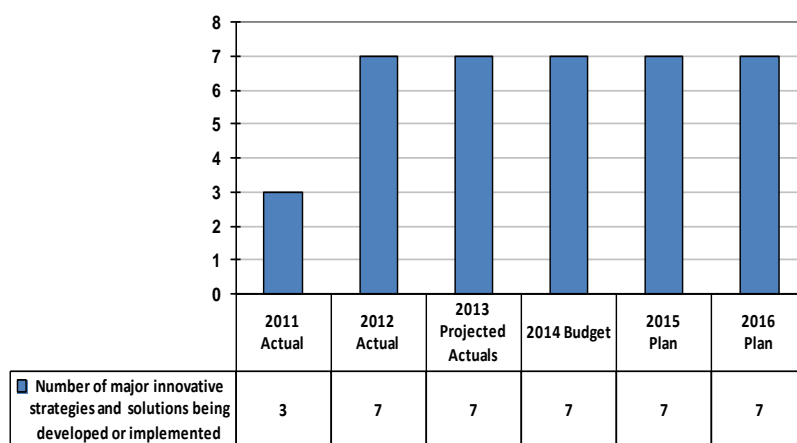
## Housing Policies &amp; Partnerships

Activity Type	Status	Service Levels			
		2011	2012	2013	2014
Policies, Plans, Programs, Agreements, Partnerships, Funding & Special Council & Committee Directives	Approved	100% of the time authorized policies developed and maintained according to required parameters and high standards of best practices	100% of the time authorized policies, plans, programs, agreements & special Council & Committee directives developed, implemented and maintained according to required parameters, high standards of best practices and where applicable achieving annual targets according to available funding.	100% of the time authorized policies, plans, programs, agreements & special Council & Committee directives developed, implemented and maintained according to required parameters, high standards of best practices and where applicable achieving annual targets according to available funding.  Note: This includes development of policies and implementation of Housing Opportunities Toronto (HOT), the Home Ownership Assistance Program and Toronto Renovates.	<b>Financial stewardship:</b> <b>100% of federal, provincial &amp; city funding for new affordable homes and repairs to assist lower-income residents disbursed according to prescribed requirements, Council approvals, sound financial stewardship and service excellence.</b>  <b>Major Strategic Policy:</b> <b>100% of innovative affordable housing strategies and solutions developed &amp; implemented according to prescribed requirements, City Council approvals and service excellence, supporting the implementation of Housing Opportunities Toronto (HOT).</b>
Partnerships / Relationships Developed / Maintained	Approved	100% of the time excellent partnerships/relationships maintained with the federal and provincial governments to assist in the implementation of HOT strategies and recommendations including funding decisions.	100% of the time excellent partnerships/relationships maintained with the federal & provincial governments, affordable housing developers and private sector & community groups to assist in the implementation of HOT strategies & recommendations and Council & Committee directives, including funding decisions.	100% of the time excellent partnerships/relationships maintained with the federal & provincial governments, affordable housing developers and private sector & community groups to assist in the implementation of HOT strategies & recommendations and Council & Committee directives, including funding decisions.	<b>Federal/Provincial funding is provided through the Investment in Affordable Housing (IAH) Program.</b>
Financial stewardship of program funding	Approved	100% of funded developments or programs to be reviewed as being cost-effective and financially sound according to program requirements with quarterly reporting on federal-provincial programs.		100% of funded developments or programs to be reviewed as being cost-effective and financially sound according to program requirements with quarterly reporting on federal-provincial programs.	

The AHO's 2014 service levels have been consolidated at the functional/service level to better align with the services provided.

## Service Performance Measures

**Output Measure – Number of major innovative strategies and solutions being developed or implemented.**



- Major policy initiatives and housing solutions developed increased by 133% from 2011 to 2013. The program is projecting the same levels for 2014 onward.
- Some of these initiatives include: *Housing Opportunities Toronto*, *Putting People First* (supporting the City Manager), *Close the Housing Gap Campaign*, *Housing Makes Economic Sense* and *Toronto Seniors Strategy/Action* for Seniors Charrette.

## Service Profile: Housing Improvement Loans & Grants

Housing Improvement Loans & Grants

### What we do

- Support lower-income residents, including seniors and persons with disabilities, to remain safely and affordably in their homes and communities through housing improvement loans and grants.
- Facilitate essential housing health and safety repairs and modifications by delivering the Toronto Renovates program with federal-provincial funds.

## 2014 Service Levels

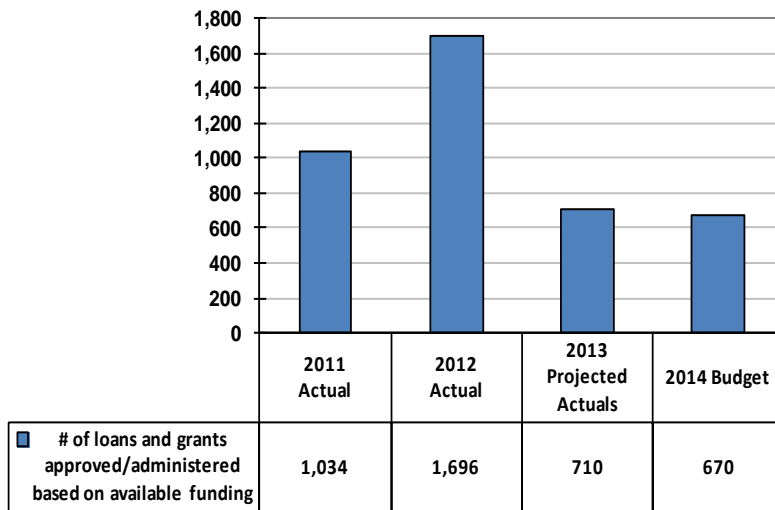
## Housing Improvement Loans &amp; Grants

Activity Type	Status	Service Levels			
		2011	2012	2013	2014
Loans and grants to private landlords and home owners who are lower income seniors & persons with disabilities	Approved	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.		Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or accessibility modification of homes achieving annual targets according to available funding.  Note: The Toronto Renovates component of the new Federal-Provincial Investment in Affordable Housing (IAH) funding program replaces RRAP & HASI. The service for private homeowners (formerly under RRAP) supports low-income homeowners, either seniors or persons living with disabilities, to remain in their homes. The AHO is responsible for direct administration of this funding and is establishing program guidelines in 2012.	<b>100% of Federal, Provincial &amp; City funding for housing improvement loans &amp; grants to lower-income private homeowners and tenants, especially seniors &amp; persons with disabilities, disbursed according to prescribed requirements, Council approvals, sound financial stewardship and service excellence.</b>  <b>Federal/Provincial funding is provided through the Investment in Affordable Housing (IAH) Program.</b>
Loans for Private Apartments and Rooming Houses Rented at or Below 100% AMR	Approved	Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.  Note: The Toronto Renovates component of the new Federal-Provincial Investment in Affordable Housing (IAH) funding program replaces RRAP & HASI. The service for Private Apartments (formerly under RRAP) supports renovations to rental housing for low-income tenants. The AHO is responsible for direct administration of this funding and is establishing program guidelines in 2012.	
Accessibility Grants for Low-Income Seniors & Persons with Disabilities	Approved	Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.	Funding disbursed 100% of the time within prescribed guidelines leading to completion of renovation or modification of homes achieving annual targets according to available funding.  Note: The Toronto Renovates component of the new Federal-Provincial Investment in Affordable Housing (IAH) funding program replaces RRAP & HASI. The provision of accessibility grants for seniors and persons with disabilities (formerly under HASI) supports accessibility modifications for low-income residents. The AHO is responsible for direct administration of this funding and is establishing program guidelines in 2012.	

The AHO's 2014 service levels have been consolidated at the functional/service level to better align with the services provided.

## Service Performance Measures

**Output Measure – Number of loans and grants approved/administered based on available funding.**



- The number of loans and grants approved/administered has decreased due to a decrease in Provincial/Federal funding.
- The projections for 2015 and 2016 are contingent on the City's allocation under the renewed Federal/Provincial IAH program (2014-2019).

## IV: 2014 Total Operating Budget

### 2014 Operating Budget (In \$000s)

(In \$000s)	2013		2014 Operating Budget			2014 vs. 2013 Budget Approved Changes		Incremental Change 2015 and 2016 Plan			
	Approved Budget	Projected Actual	2014 Base	2014 New/Enhanced	2014 Budget			2015		2016	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Housing Improvement Loans &amp; Grants</b>											
Gross Expenditures	855.6	791.3	871.3		871.3	15.7	1.8%	25.4	2.9%	11.1	1.2%
Revenue	456.6	394.7	474.9		474.9	18.3	4.0%	0.0%		0.0%	
Net Expenditures	399.0	396.6	396.4		396.4	(2.6)	(0.7%)	25.4	6.4%	11.1	2.6%
<b>Housing Policy &amp; Partnerships</b>											
Gross Expenditures	855.6	791.3	876.7		876.7	21.1	2.5%	25.4	2.9%	11.1	1.2%
Revenue	456.6	394.7	475.9		475.9	19.3	4.2%	0.0%		0.0%	
Net Expenditures	399.0	396.6	400.8		400.8	1.8	0.4%	25.4	6.3%	11.1	2.6%
<b>New Affordable Housing Development</b>											
Gross Expenditures	970.9	898.0	995.2		995.2	24.2	2.5%	28.2	2.8%	11.2	1.1%
Revenue	574.1	496.3	597.5		597.5	23.5	4.1%	0.0%		0.0%	
Net Expenditures	396.8	401.7	397.6		397.6	0.8	0.2%	28.2	7.1%	11.2	2.6%
<b>Total</b>											
Gross Expenditures	2,682.1	2,480.6	2,743.2		2,743.2	61.0	2.3%	79.0	2.9%	33.3	1.2%
Revenue	1,487.3	1,285.7	1,548.4		1,548.4	61.1	4.1%	0.0%		0.0%	
Total Net Expenditures	1,194.9	1,194.9	1,194.8		1,194.8	(0.1)	0.0%	79.0	6.6%	33.3	2.6%
Approved Positions	19.0	19.0	19.0		19.0		0.0%	0.0%		0.0%	

The 2014 Operating Budget for the Affordable Housing Office of \$2.743 million gross and \$1.195 million net is equivalent to the 2013 Approved Budget of \$1.195 million net, and is comprised of the following services:

- **Housing Improvement Loans & Grants**
- **Housing Policy & Partnerships**
- **New Affordable Housing Development**

The base budget pressures of \$0.074 million net for the above services were driven by cost of inflationary increase for salaries and benefits and non-salary expenditures of \$0.074 million net, which were offset by line-by-line review savings of \$0.003 million and increase in contribution of \$0.072 million from the Capital Revolving Fund for Subsidized Housing.

Future year incremental costs are attributable to salaries and benefits inflationary increases.

The 2014 Base Budget does not change AHO's approved staff complement of 19.0 positions, as highlighted in the table below:

### 2014 Total Staff Complement

Changes	2014 Budget	2015 Plan	2016 Plan
<b>Opening Complement</b>	19.0	19.0	19.0
In-year Adjustments			
<b>Adjusted Staff Complement</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>
<b>Change in Staff Complement</b>			
- Temporary Complement - capital project delivery			
- Operating impacts of completed capital projects			
- Service Change Adjustments			
- New / Enhanced			
<b>Total</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>
<b>% Change over prior year</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

### 2014 Base Budget (In \$000s)

(In \$000s)	2013 Approved Budget	2014 Base	Change 2014 Base vs. 2013 Approved Budget		Incremental Change			
					2015 Plan		2016 Plan	
By Service	\$	\$	\$	%	\$	%	\$	%
<b>Housing Improvement Loans &amp; Grants</b>								
Gross Expenditures	855.6	871.3	15.7	1.8%	25.4	2.9%	11.1	1.2%
Revenue	456.6	474.9	18.3	4.0%		0.0%		0.0%
Net Expenditures	399.1	396.4	(2.6)	(0.7%)	25.4	6.4%	11.1	2.6%
<b>Housing Policy &amp; Partnerships</b>								
Gross Expenditures	855.6	876.7	21.1	2.5%	25.4	2.9%	11.1	1.2%
Revenue	456.6	475.9	19.3	4.2%		0.0%		0.0%
Net Expenditures	397.9	400.8	1.8	0.4%	25.4	6.3%	11.1	2.6%
<b>New Affordable Housing Development</b>								
Gross Expenditures	970.9	995.2	24.2	2.5%	28.2	2.8%	11.2	1.1%
Revenue	574.1	597.5	23.5	4.1%		0.0%		0.0%
Net Expenditures	397.9	397.6	0.8	0.2%	28.2	7.1%	11.2	2.6%
<b>Total</b>								
Gross Expenditures	2,682.1	2,743.2	61.0	2.3%	79.0	2.9%	33.3	1.2%
Revenue	1,487.3	1,548.4	61.1	4.1%		0.0%		0.0%
Net Expenditures	1,194.9	1,194.8	(0.1)	0.0%	79.0	6.6%	33.3	2.6%
Approved Positions	19.0	19.0		0.0%		0.0%		0.0%

The 2014 Base Budget of \$2.743 million gross and \$1.195 million net is equivalent to the 2013 Approved Budget of \$1.195 million net. The 2014 Base Budget provides \$0.072 million in funding for base budget increases which have been offset by expenditure reductions and an increased contribution of \$0.072 million from the Capital Revolving Fund for Subsidized Housing, bringing AHO's base budget within the target of a 0% increase as detailed below.

Key cost drivers resulting in base budget pressures of \$0.074 million are detailed in the table below.



### Key Cost Drivers (In \$000s)

(In \$000s)	2014 Base Budget
<b>Gross Expenditure Changes</b>	
<b>Economic Factors</b>	
Non Labour Inflationary Factors - Corporate Changes	3.7
COLA, Employee Benefits, Step Increase & Progression Pay	63.9
IDC/IDR increase	8.3
<b>Other Base Changes</b>	
Gapping to Maintain Percentage	(1.7)
<b>Total Changes</b>	<b>74.2</b>
<b>Net Expenditures</b>	<b>74.2</b>

In order to offset the above pressure of \$0.074 million, the base expenditure reductions of \$0.074 million were implemented as detailed in the table below:

### 2014 Service Change Summary by Program

(In \$000s)

Description (\$000s)	2014 Service Changes				Net Incremental Impact			
	Position Change	Gross Exp.	Net Expense	% Change over 2014 Budget	2015		2016	
					Net Expense	Pos.	Net Expense	Pos.
	#	\$	\$	%	\$	#	\$	#
<b>Base Changes:</b>								
<b>Base Expenditure Changes</b>								
<i>Line by Line Savings</i>		(2.7)	(2.7)	(0.2%)				
<b>Base Expenditure Change</b>		(2.7)	(2.7)	(0.2%)				
<b>Revenue Adjustments</b>								
<i>Increase in Draw from Capital Revolving Fund</i>			(71.6)	(6.0%)				
<b>Sub-Total</b>			(71.6)	(6.0%)				
<b>Total Changes</b>		(2.7)	(74.3)	(6.2%)				

The 2014 service changes consist of base expenditure changes of \$0.003 million gross and net and revenue adjustments of \$0.072 million net. In total, AHO's 2014 Base Budget is equivalent to the 2013 Approved Budget of \$1.195 million net.

The 2014 service changes are discussed below:

#### Base Expenditure Changes: (Savings of \$0.003 million gross, \$0.004 million net)

- Savings from a detailed line by line review of the Program's actual expenditures will result in the Program's 2014 Operating Budget to be reduced by \$0.003 million gross and net, which includes reductions in materials and supplies and telecommunication costs.

#### Revenue Adjustments: (Savings of \$0.072 million net)

- The 2014 Operating Budget includes an additional contribution of \$0.072 million from the Capital Revolving Fund (CRF) to offset 2014 operating pressures.

**2014 New / Enhanced Service Priority Actions**  
(In \$000s)

- There are no new / enhanced service priority actions for AHO in 2014.

**2015 and 2016 Plan**  
(In \$000s)

Description (\$000s)	2015 - Incremental Increase					2016 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
<b>Known Impacts:</b>										
Progression Pay	18.0		18.0	1.5%		18.4		18.4	1.4%	
COLA, Step Increases and Fringe Benefits	57.3		57.3	4.8%		11.4		11.4	0.9%	
Corporate Economic Factor	3.7		3.7	98.1%		3.6		3.6	48.1%	
<b>Sub-Total</b>	<b>79.0</b>		<b>79.0</b>	<b>6.6%</b>		<b>33.3</b>		<b>33.3</b>	<b>2.7%</b>	

*Note: COLA is excluded in 2016*

The 2014 Base Budget for AHO will result in a 2015 and 2016 incremental increase of \$0.079 million net and \$0.033 million net respectively to maintain the 2014 level of service.

Future year incremental costs are primarily attributable to the following:

**Known Impacts**

- Progression pay increase of \$0.018 million in 2015 and 2016.
- COLA, Step and Fringe Benefits increases totalling \$0.057 million in 2015.
- Non-labour inflationary increases of \$0.004 million in 2015 and 2016.

## V: ISSUES FOR DISCUSSION

### 2014 Issues

#### *Sustainability of Funding Sources*

The 2014 Operating Budget for the Affordable Housing Office is funded by a combination of Provincial and Federal funding of \$1.149 million and funding from the Capital Revolving Fund for Subsidized Housing of \$0.399 million and the balance funded from property tax revenue (net City funding).

The 2014 Operating Budget for AHO includes changes in Federal/Provincial funding sources from 2013, as noted in the table below, as well as an additional contribution of \$0.072 million from the Capital Revolving Fund to fund 2014 pressures.

The following table provides details on the AHO's revenue projections from 2014-2016.

<b>AFFORDABLE HOUSING OFFICE BUDGETED REVENUE 2012 - 2016</b>						
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total 2012-2016</b>
	\$000	\$000	\$000	\$000	\$000	\$000
<b>CANADA-ONTARIO AFFORDABLE HOUSING PROGRAM</b>						
Balance of Economic Stimulus Funding Administration Fees reserved for 2012. (Program replaced by Investment in Affordable Housing Program - IAH.)	475.0					475.0
Unspent balance C/F from Administration Fees for past years Economic Stimulus Funding. (Program replaced by IAH.)	260.0					260.0
Unspent balance C/F from Affordable Housing Program (Community Rental Housing) Administration Fees		110.8	149.9			260.7
<b>INVESTMENT IN AFFORDABLE HOUSING (IAH) PROGRAM</b>						
Investment in Affordable Housing for Ontario (IAHO) program Administration Fees 2012 - 2015.		915.9	826.8	819.3		2562.0
Investment in Affordable Housing for Ontario (IAHO) program Administration Fees 2014 - 2019				207.4	1,026.7	1234.1
<b>2015 PAN AM / PARAPAN GAMES AFFORDABLE HOUSING LEGACY</b>						
Affordable Housing Administration Fee for AHO services rendered to assist province in selecting non-profit affordable housing operators.			50.0			50.0
<b>FEDERAL HOUSING IMPROVEMENT PROGRAMS</b>						
Residential Rehabilitation Assistance Program (RRAP) & Home Adaptations for Seniors' Independence (HASI) (Program replaced by the IAH - Toronto Renovates component)	250.0					250.0
Homelessness Partnering Strategy (HPS) (transferred to AHO through an IDC-IDR)	121.0	119.4	122.7	122.7	122.7	608.4
<b>Sub-Total Provincial/Federal Funding</b>	<b>1106.0</b>	<b>1146.1</b>	<b>1,149.4</b>	<b>1,149.4</b>	<b>1,149.4</b>	<b>5700.2</b>
<b>CAPITAL REVOLVING FUND FOR SUBSIDIZED HOUSING</b>						
CRF Contribution	327.4	327.4	399.0	399.0	399.0	1851.8
<b>PAYROLL ADJUSTMENTS</b>						
2013 In-Year Adjustment for Non-Union COLA & Re-earnables		13.8				13.8
<b>TOTAL</b>	<b>1433.4</b>	<b>1487.3</b>	<b>1,548.4</b>	<b>1,548.4</b>	<b>1,548.4</b>	<b>7565.8</b>

As seen in the table above the program is funded through a combination of Provincial and Federal funding sources, which are described below.

*Provincial Administration Fees (AHP)*

- The 2014 Operating Budget includes funding of \$0.150 million (carried forward from 2013) from the Province through the Canada-Ontario Affordable Housing Program (AHP) which was replaced by the Investment in Affordable Housing (2012-2015) program. This funding was provided as partial reimbursement to municipalities to cover the costs that Service Managers incur in delivering affordable housing initiatives under the program.

*Investment in Affordable Housing (IAH) Program*

- The 2014 Operating Budget includes administration fee revenue of \$0.827 million from the Federal and Provincial governments through the IAH program. This funding is a partial reimbursement to municipalities to cover the cost of administering this program which includes selection of non-profit and private-sector developers, receipt and disbursement of funds, and reallocation of year end funding between program components to ensure full and effective use of available Federal and Provincial funds.
- Under this program, up to 5% of the total funding or \$5.338 million can be applied to cover the administration costs over the length of the program. Of this \$2.562 million or 48% was allocated to the Affordable Housing office (\$0.916 million 2013, \$0.827 million in 2014 and \$0.819 million in 2015).
- The funding of \$0.827 million in 2014 will enable the AHO to continue to administer new affordable rental and ownership housing development, to implement Toronto Renovates and to work toward implementing the recommendations in the report *Housing Makes Economic Sense* adopted by City Council in 2012 and other direction from Council, such as *Housing Opportunities Toronto*.
- The existing Federal and Provincial Investment in Affordable Housing (IAH) program (2012-2015) will expire federally in March 2014 and provincially in March 2015. The Federal Government has renewed the new IAH Program and negotiations are underway with the Provincial Government to execute the bi-lateral agreement for the 2015- 2019 program; renewal is expected in the first quarter of 2014.
- AHO is advocating with the Federal and Provincial governments for a fairer and larger allocation of proposed IAH funding (2015-2019) for Toronto in consideration of its disproportionate share of the country's core housing needs.
- The 2015 and 2016 outlook includes funding under the proposed Federal/Provincial Investment in Affordable Housing Program, subject to renewal.

*2015 Pan Am and Parapan Games Affordable Housing Legacy*

- A \$0.050 million fee-for-service for the AHO's provision of technical support to assist in the selection and monitoring of non-profit rental housing providers who will own and operate 253 affordable rental homes in perpetuity following the 2015 Pan Am Games will be drawn by the AHO in 2014.

*Homelessness Partnership Strategy (HPS)*

- The 2014 Operating Budget includes administrative funding under HPS of \$0.119 million. The Federal Government has renewed the HPS for 2014-2019 to support a number of initiatives aimed at combating homelessness.

*Contribution from Capital Revolving Fund (CRF) for Subsidized Housing*

- The uncommitted CRF balance as of September 30, 2013 is \$8.245 million. The purpose of the CRF is to provide funding to non profit and private sector organizations, including the Toronto Community Housing (TCHC), for capital costs for affordable housing. This funding is used to offset the cost of developing proposals for affordable housing projects, to provide project development assistance, including forgivable and repayable loans, project financing and other activities related to improving the quality and supply of affordable housing in the City.
- The contribution of \$0.399 million to fund the 2014 base pressure for AHO is consistent with the historical use and purpose of supporting “activities related to improving the quality/quantity of affordable housing in the City.”
- AHO and Shelter, Support & Housing Administration continue to pursue the renewal of the IAH program (2015-2019) and will report to Council in 2014 on the proposed allocation for Toronto.

**Issues Referred to the 2014 Operating Budget Process****Standing Committee Service Level Review Impacts**

Description (\$000s)	2014			Net Incremental Impact			
	Gross Expenditure	Net Expenditure	New Positions	2015 Plan		2016 Plan	
				Net Expenditure	# Positions	Net Expenditure	# Positions
<b>Service Level Changes</b>							
The 2013 target of 1,641 affordable rental housing starts to be maintained in 2014.	49,000.0	49,000.0					
<b>Total</b>	<b>49,000.0</b>	<b>49,000.0</b>					

- At its meeting of October 1, 2013, Council amended CD23.10 "2014 Service level Review – Community Development and Recreation Programs" and recommended that the necessary resources be included in the 2014 Budget without Divisional service level cuts, subject to the 2014 budget review process.

Recommendation 1 directed that,

"The 2013 target of 1,641 affordable rental housing starts be maintained in 2014."

- The Affordable Housing Office is providing financial stewardship in 2013 for 1,641 affordable rental and ownership homes being developed during the year, both new

approvals and those carried forward from previous years but still under development. In 2014 the projected level is 1,232 homes.

- Recognizing Council's interest in increasing affordable rental housing new starts, the service level recommendation would require additional funding of \$49.000 million gross and net to develop 409 new affordable rental homes in order to increase the 2014 service level from 1,232 to 1,641 homes under development. Historically this funding has been provided through Federal/Provincial affordable housing programs and allocated by City Council as capital funding to non-profit and private sector organizations to develop new affordable housing by way of a grant to the Shelter, Supporting and Housing Administration's Operating Budget.
- The City of Toronto's funding allocation under the existing Federal/Provincial IAH program (expires in 2015), was \$108.000 million. City Council at its meeting of February 6, 2012 approved an allocation of \$32.000 million from the available funding to non-profit and private sector organizations as capital funding to develop some 285 affordable rental homes over a period of 4 years.
- The Federal Government has renewed the IAH Program and negotiations are underway with the Provincial Government to execute the bi-lateral agreement for a further 5 years (2015-2019). The Province is committing a province-wide \$80.100 million annually matched by the same amount by the Federal Government. Once the program agreement between the Federal and Provincial governments has been signed, the City will be advised of its 5-year funding allocation effective April 1, 2014.
- AHO and Shelter, Support & Housing Administration are reporting to City Council at its meeting of June 10 & 11, 2014 to determine priorities among several program streams designated by the Province. Based on City Council's direction on priorities, the proposed AHO service level increase may be considered, based on the allocation of funding for the City. As the new IAH agreement has not been finalized, the 2014 Operating Budget for AHO does not include the funding for this service level increase.



## **Appendix 1**

### **2013 Service Performance**

#### **2013 Key Accomplishments**

In 2013, the AHO achieved the following results:

#### **Financial Stewardship to Create Affordable Housing and Jobs**

- ✓ The Affordable Housing Office continued to fulfill its role in the administration of affordable housing programs by providing financial stewardship for \$150.400 million in Federal, Provincial and City investments for 2,351 affordable rental and ownership homes being developed or repaired.
- ✓ Government funding leveraged an additional \$275.100 million from the private and non-profit sectors, for a total of \$425.500 million of affordable housing investment.
- ✓ Allocated new funding in 2013 for 1,024 rental, ownership and repair homes, creating some 1,000 new jobs.

#### **Create New Affordable Rental & Ownership Homes**

- ✓ Delivered \$120.600 million Federal/Provincial/City investment to create 991 new affordable rental homes under development in 2013.
- ✓ Delivered \$1.500 million in federal/provincial homeownership funding to assist approximately 50 lower-income renters to become homeowners in various TCHC redevelopment sites through the IAH program.
- ✓ Allocated \$4.575 million from the City's Development Charges Reserve Fund for Subsidized Housing for 305 new affordable ownership homes in 8 developments under the City's Home Ownership Assistance Program (HOAP).

#### **Repair of Affordable Housing**

- ✓ Completed improvements to transitional and supportive housing developments with nine non-profit affordable housing organizations that will improve the housing of 568 low-income and formerly homeless tenants.
- ✓ Delivered to more than 240 lower-income homeowners approximately \$3.000 million in funding under the Toronto Renovates program to make health and safety repairs to their homes.
- ✓ Delivered more than \$11.000 million to repair apartment buildings and rooming houses benefitting approximately 470 homes for lower-income tenants.

### Actions on Affordable Housing Policies and Partnerships

- ✓ Began implementing recommendations in Council-adopted *Putting People First- Transforming Toronto Community Housing*, supporting the City Manager and working with Toronto Community Housing to generate \$160.000 million in new revenue for social housing repairs, exceeding the two year goal of \$120.000 million.
- ✓ Launched and began managing, in conjunction with TCHC, the *Close the Housing Gap* advocacy campaign designed to persuade the federal and provincial governments to maintain and increase social housing funding in conjunction with TCHC.
- ✓ Helped to develop and implement the Toronto Seniors Strategy – affordable housing section. Released a report with recommendations on seniors housing and service needs in downtown Toronto based on a charrette organized with the Performing Arts Lodge Toronto.

### 2013 Financial Performance

#### 2013 Budget Variance Analysis (In \$000s)

	2011 Actuals	2012 Actuals	2013 Approved Budget	2013 Projected Actuals*	2013 Approved Budget vs. Projected Actual Variance	
(\$000s)	\$	\$	\$	\$	\$	%
Gross Expenditures	2,576.6	2,599.6	2,682.1	2,480.6	(201.5)	(7.5)
Revenues	1,357.6	1,433.4	1,487.3	1,285.7	(201.6)	(13.6)
Net Expenditures	1,219.0	1,166.2	1,194.9	1,194.9	0.0	0.0
Approved Positions	22.0	19.0	19.0	19.0		

\* Based on the 3rd Quarter Operating Budget Variance Report

### 2013 Experience

- The Affordable Housing Office is projecting year-end underspending of \$0.202 million gross with a corresponding reduction in revenues.
- Under-spending is primarily due to savings in salaries and benefits resulting from vacancies and savings in non-salary expenditures.

### Impact of 2013 Operating Variance on the 2014 Budget

- The underspending in salaries and benefits is not expected to continue into 2014 as the vacancies are expected to be filled by the end of 2013.

## Appendix 2

### 2014 Total Operating Budget by Expenditure Category

#### Program Summary by Expenditure Category (In \$000s)

Category of Expense	2011 Actual	2012 Actual	2013 Budget	2013 Projected Actual	2014 Budget	2014 Change from 2013 Approved Budget		2015 Plan	2016 Plan
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	2,246.1	1,974.8	2,181.7	2,158.3	2,230.1	48.4	2.2%	2,305.4	2,335.2
Materials and Supplies	1.9	4.8	12.7	10.7	12.9	0.2	1.7%	13.1	13.4
Equipment	0.7	1.0	2.0		2.0	0.0	2.2%	2.1	2.1
Services & Rents	29.2	40.9	170.7	85.6	171.5	0.8	0.5%	174.9	178.2
Contributions to Reserves/Reserve Funds	4.6	4.7	4.7		4.7		0.0%	4.7	4.7
Other Expenditures		0.04			0		0.0%		
Interdivisional Charges	294.0	337.4	310.3	226.0	321.8	11.6	3.7%	321.8	321.8
<b>Total Gross Expenditures</b>	<b>2,576.5</b>	<b>2,363.6</b>	<b>2,682.1</b>	<b>2,480.6</b>	<b>2,743.2</b>	<b>61.0</b>	<b>2.3%</b>	<b>2,822.1</b>	<b>2,855.5</b>
Interdivisional Recoveries	213.7	112.4	120.8	120.8	122.7	1.8	1.5%	122.7	122.7
Provincial Subsidies	210.5	821.0	1,026.7	823.0	1,026.7		0.0%	1,026.7	1,026.7
Federal Subsidies	451.7	341.7		2.2			0.0%		
Contribution from Reserves/Reserve Funds	444.5		339.7	327.4	399.0	59.3	17.4%	399.0	399.0
<b>Total Revenues</b>	<b>1,320.4</b>	<b>1,275.1</b>	<b>1,487.3</b>	<b>1,285.7</b>	<b>1,548.4</b>	<b>61.1</b>	<b>4.1%</b>	<b>1,548.4</b>	<b>1,548.4</b>
<b>Total Net Expenditures</b>	<b>1,256.1</b>	<b>1,088.5</b>	<b>1,194.9</b>	<b>1,194.9</b>	<b>1,194.8</b>	<b>(0.1)</b>	<b>0.0%</b>	<b>1,273.8</b>	<b>1,307.1</b>
<b>Approved Positions</b>	<b>25.0</b>	<b>22.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>		<b>0.0%</b>	<b>19.0</b>	<b>19.0</b>

### 2014 Key Cost Drivers

Salaries and benefits are the largest expenditure category and account for 81.3% of total expenditures, followed by Interdivisional Charges at 11.7%, Services and Rents at 6.3%, with Materials and Supplies, Equipment and Other Expenditures at 0.7%.

Revenues include provincial funding, Interdivisional recoveries, contributions from the Capital Revolving Fund for Subsidized Housing and property tax revenue (net City funding).

#### Salaries and Benefits

- Salary and Benefits of \$2.230 million represents 81.3% of the gross expenditures of \$2.743 million and have increased by \$0.048 million as compared to the 2013 Budget of \$2.182 million, primarily due to 1.75% cost of living adjustment, progression pay, step increases, and associated fringe benefit changes.

#### Materials and Supplies, Equipment and Services and Rents

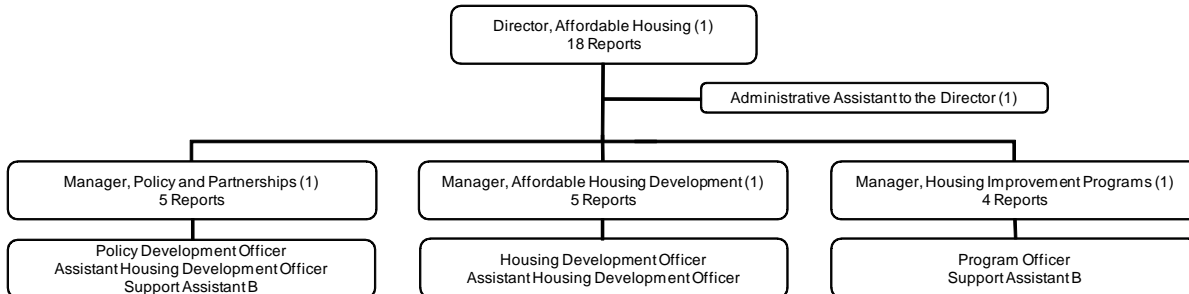
- Materials and supplies, equipment and services and rents totalling \$0.186 million have increased by \$0.001 million primarily due to an increase in costs for rendering professional and technical services.

#### Interdivisional Charges

- Interdivisional charges have increased by \$0.012 million primarily for increase in costs for Legal Services.

## Appendix 2 - Continued

### 2014 Organization Chart



### 2014 Full and Part Time Staff

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Full-Time	4.0	3.0		12.0	19.0
Part-Time					
Total	4.0	3.0		12.0	19.0

## Appendix 5

### Inflows/Outflows to/from Reserves & Reserve Funds

#### Program Specific Reserve / Reserve Funds (In \$000s)

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
		\$	\$	\$	\$
Projected Beginning Balance		8,244.7	8,244.7	7,845.7	7,446.7
Capital Revolving Fund for Subsidized Housing	XR1058		(399.0)	(399.0)	(399.0)
<i>Proposed</i>					
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		8,244.7	7,845.7	7,446.7	7,047.7
Balance at Year-End		8,244.7	7,845.7	7,446.7	7,047.7

#### Corporate Reserve / Reserve Funds (In \$000s)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
		\$	\$	\$	\$
Projected Beginning Balance			18,307.1	36,762.2	51,417.2
Insurance Reserve Fund	XR1010	18,307.1	4.7		
<i>Proposed</i>					
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		18,307.1	18,311.8	36,762.2	51,417.2
Other program / Agency Net Withdrawals & Contributions			18,450.4	14,655.0	15,090.4
Balance at Year-End		18,307.1	36,762.2	51,417.2	66,507.6