

## **Implementing the *Open Door Affordable Housing Program***

<b>Date:</b>	June 8, 2016
<b>To:</b>	Affordable Housing Committee
<b>From:</b>	Deputy City Manager Cluster A Deputy City Manager Cluster B Deputy City Manager & Chief Financial Officer
<b>Wards:</b>	<b>All</b>
<b>Reference Number:</b>	AFS - #22822

### **SUMMARY**

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This report fulfills City Council's December, 2015 request for the City Manager to report on the financial and administrative implications of the *Open Door Affordable Housing Program*.

*Open Door* is a program where the City contracts/secures affordable housing through a co-ordinated approach to financial incentives, funding, planning approvals and activation of public and private land. Implementation matters addressed in this report include:

- A multi-year affordable housing investment plan to meet targets,
- The streamlining of application processes for City affordable housing funding and incentives,
- Expanded planning supports, such as the new Open Door Service application review process, and
- Annual reporting on performance toward achieving targets.

Concurrent reports recommend the approval of a number of *Open Door* pilot projects that were reported to Council in December 2015.

The program's success is premised on ongoing federal/provincial housing investments and the scaling up of the capacity of the non-profit and private housing sectors to participate and produce affordable housing. In this regard the recent 2016 federal and provincial budgets provide important new funding sources for affordable housing.

By accelerating the creation of affordable housing, *Open Door* will increase the opportunity for lower-income and vulnerable individuals and families to access safe,

healthy and adequate homes. This will assist in improving Toronto's economic and social well-being and easing health, justice and social costs.

## **RECOMMENDATIONS**

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The Deputy City Manager Cluster A, Deputy City Manager Cluster B and Deputy City Manager & Chief Financial Officer recommend that:

1. City Council approve the Open Door Affordable Housing Program to provide City financial incentives, the new Open Door Planning Service, and activate surplus public land for affordable housing.
2. City Council approve the five-year Open Door Affordable Housing Investment Plan Projections in the Financial Implications section of this report, based on Council's approved annual targets of 1,000 new affordable rental homes and 400 new affordable ownership homes.
3. City Council request the Director, Affordable Housing Office in collaboration with the City Manager's Office provide an update, annually, on the prior year results of the Open Door Program including funding allocations, incentives provided and other contributions from all sources on a go-forward basis.

## **Financial Implications**

This report provides a summary of the *Open Door Affordable Housing Program Multi-Year Investment Plan*, including potential City incentives needed to meet the City's housing targets in future years.

As directed by City Council in December 2015, the Director, Affordable Housing Office in collaboration with the City Manager's Office, will coordinate a corporate-wide annual report to the Affordable Housing and Executive Committees on the progress and results of *Open Door*. These annual reports will provide updates on *Open Door* implementation and investment plans including actual developments supported by the program. The annual reports will also detail affordable housing contributions from Build Toronto or other City Agencies, Boards or Corporations, including the value of any land contributions. An annual report for the *Open Door* 2016 results is recommended for the 2<sup>nd</sup> quarter of 2017.

### *Multi-Year Investment Plan Expenditures*

The City's *Housing Opportunities Toronto – Affordable Housing Action Plan 2010-2020* (HOT) established targets of 1,000 new affordable rental and 200 new affordable ownership homes completed annually. In considering *Open Door* in 2015, Council increased the affordable ownership target to 400 homes annually.

Rental housing projects meeting the City's definition of affordable rental housing (100% of average market rents) for a minimum of 25 years, are eligible for City incentives and supports.

The City's affordable rental housing incentives include one-time fee exemptions from development charges, planning application fees, building permit fees, and parkland dedication fees, and multi-year relief in the form of property tax exemptions (25 years). The City also makes direct capital contributions primarily from the *Development Charges Reserve Fund for Subsidized Housing* (XR2116) and the *Capital Revolving Fund for Affordable Housing* (XR1058). Finally, City contributions may also include City land, Section 37 contributions, and Build Toronto contributions from land sales.

Projects may also qualify for federal and provincial funding through the Investment in Affordable Housing (IAH) Program.

The *Home Ownership Assistance Program* (HOAP), provides down payment assistance to low and moderate income households to purchase an affordable home. The City's affordable ownership contributions of approximately \$25,000 per unit, or \$10 million annually (in order to meet City targets), are no-interest and no-payment second mortgage loans. The loans are primarily funded from the *Development Charges Reserve Fund for Subsidized Housing* (XR2116). Additional government support may be provided from Build Toronto or the provincial and federal governments (through IAH).

<b>Affordable Rental Housing: Annual and 5-Year Targets</b>			
	<b>Approximate Contribution per Home (\$000s)</b>	<b>Estimated Annual Investment to Meet Targets (\$000)</b>	<b>Estimated Potential 5-year Target (\$000)</b>
Target Number of Units		1,000	5,000
City Fee Exemptions			
Development Charges	\$21	\$21,000	\$105,000
Property Tax (25 year NPV)	\$11	\$11,000	\$55,000
Fees—Building Permits	\$1	\$1,000	\$5,000
Planning	\$1	\$1,000	\$5,000
Parkland Dedications	\$1	\$1,000	\$5,000
Subtotal City Fee Exemptions	\$35	\$35,000	\$175,000
City Capital Funding (See Note 1)			
DC Reserve Fund – Housing (XR2116)	\$7	\$7,000	\$35,000
Capital Revolving Fund for Affordable Housing (XR1058)	\$3	\$2,556	\$12,780
City Land		See Note 2	
Build Toronto (BT) Contributions		See Note 3	
<b>Subtotal City Identified Contributions</b>	<b>\$45</b>	<b>\$44,556</b>	<b>\$222,780</b>
Federal and Provincial Contributions (IAH) See Note 4	\$150	\$150,000	\$750,000
<b>Total Government Supports</b>	<b>\$195</b>	<b>\$194,556</b>	<b>\$972,780</b>

Notes:

- (1) City capital funding is site/project specific but has often been part of the City's contribution in the past. These estimates are based on past contributions and projected revenues.
- (2) City land contributions are site/project specific but have often been part of the City's contribution in the past.
- (3) Build Toronto contributions relate only to sites that are developed by BT and are determined by the BT Board.
- (4) Federal and Provincial Investment in Affordable Housing Program (IAH) funding is limited and site/project specific but has often been part of the City's contribution in the past. The current maximum funding per unit under the IAH is \$150,000.

<b>Affordable Ownership Housing: Annual and 5-Year Targets</b>			
	<b>Approximate Contribution per Home (\$000s)</b>	<b>Estimated Value Investment to Meet Targets (\$000s)</b>	<b>Estimated 5-year Investment to Meet Targets (\$000s)</b>
Target Number of Units		400	2,000
City Capital Funding DC Reserve Fund – Housing (XR2116) See Note 5	\$25	\$10,000	\$50,000
Build Toronto Loan	See Note 6		
<b>Subtotal Municipal Identified Contributions</b>	<b>\$25</b>	<b>\$10,000</b>	<b>\$50,000</b>
Federal and Provincial Loans (IAH) See Note 7	\$33	\$13,200	\$66,000
<b>Total Government Support</b>	<b>\$58,000</b>	<b>\$23,200</b>	<b>\$116,000</b>

Notes:

(5) DC Reserve Funding for affordable home ownership loans under the City's Home Ownership Assistance Program is currently limited to \$2 million annually. The program is delivered at \$25,000 per loan, providing 80 loans annually.

(6) Build Toronto contributions are site specific and are estimated to range from \$0 to \$100,000 per unit based on the 505 Richmond St project.

(7) Federal and Provincial Investment in Affordable Housing Program (IAH) funding is limited and site/project specific but has often been part of the City's contribution in the past. The current average funding per unit under the IAH is \$33,000.

<b>Total Available Funding for Affordable Rental and Ownership Housing: Annual and 5-Year Targets (See Note 8)</b>			
	<b>Approximate Available Funding per Home (\$000s)</b>	<b>Estimated Value of Annual Available Funding (\$000s)</b>	<b>Estimated 5-year Available Funding (\$000s)</b>
Number of Units Affordable Rental Affordable Ownership		1,000 400	5,000 2,000
City Fee Exemptions (Rental only)	\$35	\$35,000	\$175,000
City Capital Funding/Loans DC Reserve Fund – Housing (XR2116) Capital Revolving Fund (XR1058)	\$8 \$3	\$8,000 \$2,556	\$40,000 \$12,780
City/BT Other Supports	TBD	TBD	TBD
Federal and Provincial Funding (IAH & SIF) See Note 9	\$54	\$15,003	\$75,014
<b>Subtotal 5-year Funding</b>	<b>\$100</b>	<b>\$60,559</b>	<b>\$302,794</b>
2010-2015 Unfunded Shortfall (3,575 units)	\$34	n/a	\$121,000
<b>Total Government Supports</b>	<b>\$134</b>	<b>n/a</b>	<b>\$423,794</b>

Note:

(8) Supports are provided to both rental and ownership housing, unless otherwise indicated.

(9) These figures represent a combination of the current Federal and Provincial IAH Program, which ends March 31, 2020, and the anticipated federal Social Infrastructure Fund (SIF) with provincial matching funding for affordable rental and ownership housing.

### 2010-2015 Completions Summary

In the six years between the beginning of the *Housing Opportunities Toronto* term in 2010 and the end of 2015, the City has contributed incentives and funding for the completion of 2,848 affordable rental and 777 affordable ownership homes. Total federal/ provincial program funding was \$269.8 million, with the City contributing \$13 million in funding from dedicated housing reserves and an estimated \$66.4 million in in-kind incentives. The City contributed \$8 million in funding from dedicated housing reserves and an estimated \$65.2 million in in-kind incentives for the 2,848 affordable rental homes, and \$5 million in funding from dedicated housing reserves and an estimated \$1 million in in-kind incentives for the 777 affordable ownership homes. These figures include developments approved and funded through the 2009 federal/provincial economic stimulus program.

Using the HOT targets in effect during that period of 1,000 new affordable rental and 200 new affordable ownership homes annually, the cumulative shortfall for 2010-2015 is 3,152 affordable rental and 423 affordable ownership homes. The estimated City contributions to make up this shortfall are \$110.3 million for the affordable rental and 10.6 affordable ownership homes for a combined \$121 million. *Open Door* will help address the shortfall.

### 2016 Proposed Developments

In 2016, there are nine affordable rental and 10 affordable ownership developments approved, awaiting approval, or with proposals in development, totalling 748 homes. Total federal/provincial program funding is projected to be \$19.1 million, with the City and Build Toronto contributing \$18.2 million in funding and an estimated \$14.8 million in in-kind incentives.

Concurrent reports recommend the approval of a number of *Open Door* pilot projects that were reported to Council in December 2015, as well as tax relief for additional developments, all of which are incorporated in the *Open Door Investment Plan*. The Director, Affordable Housing Office, will bring forward project-specific reports for Council approval for the remaining developments in the 2016 plan.

Of the 748 homes, 414 are affordable rental units and 334 are affordable ownership homes. Using the current HOT targets of 1,000 new affordable rental and 400 new affordable ownership homes annually, the 2016 shortfall is projected to be 586 rental and 66 ownership homes.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## EQUITY IMPACT

Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's *Housing Opportunities Toronto Action Plan 2010-2020*. The provision of affordable housing is also a goal of the City's *Poverty Reduction Strategy*.

The new affordable homes realized through *Open Door* will provide a mix of housing opportunities for low- and moderate-income households, including singles, couples and families.

*Open Door* will provide housing stability for equity-seeking groups such as lower-income individuals, couples and families, homeless people, aboriginal households, victims of domestic violence, seniors and people with disabilities.

## DECISION HISTORY

On August 5 and 6, 2009, City Council adopted EX33.47 *Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020* as the plan to address Toronto's affordable housing challenges over 10 years. The Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.47>

City Council on May 11, 2010, adopted EX43.26 *Standardizing Support for New Assisted Ownership Housing Opportunities*, implementing a policy framework for the City funding to the Housing Ownership Assistance Program (HOAP), including eligibility criteria, terms and conditions of the second mortgage loans, and funding sources. The program complements federal and provincial funding provided through the Investment in Affordable Housing (IAH) program that improves access to both affordable rental and ownership housing. The Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.26>

City Council on May 5, 6 and 7, 2015, adopted EX5.5 *Consolidated City-Wide Real Estate Framework* directing the City Manager to develop a business case and identify implementation options for coordinating and/or consolidating real estate operations and/or portfolios across relevant City agencies, corporations and divisions. Council directed the City Manager to establish an expert advisory panel and hire a third party consultant to assist in the review of real estate operations. The City Manager's report to Executive Committee on the Consolidated City-Wide Real Estate Framework is concurrent with this report. The Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX5.5>

City Council on September 30, October 1 and 2, 2015, adopted EX8.21 *Results of the Request for Proposals to Develop and Operate Affordable Rental Housing at 200 Madison Avenue*. 200 Madison Avenue was the first pilot project under the *Open Door Program* and was provided federal/provincial and City funding and City incentives for 82 affordable rental homes on a parcel of surplus City land. The Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.21>

At its meeting on November 3, 4 and 5, 2015, City Council adopted EX9.5 *TO Prosperity: Toronto Poverty Reduction Strategy*. In relation to affordable housing and the *Open Door Program*, under the Strategy the City will: (3.1) Update and expand the City's menu of funding and other incentives for the development of new affordable rental and ownership housing; (3.2) Affirm affordable housing as a priority community benefit for any development applications where contributions are proposed pursuant to Section 37 of the Planning Act; and (3.5) Provide surplus government land for new affordable housing development, incorporate affordable housing in developments on government lands, or dedicate a percentage of the net proceeds from the land sales to affordable housing. The Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.5>

City Council on December 9 and 10, 2015 adopted EX10.18 *Affordable Housing Open Door Program* with amendments which detailed land, planning and financial actions aimed at enhancing the City's ability to deliver affordable housing and achieve its approved housing targets. Council adopted actions to better utilize surplus public lands and provide financial contributions for new affordable housing from the City's Development Charges Reserve Fund for Subsidized Housing (XR2116). Council requested a follow up report in the second quarter of 2016 to address four issues: i) financial and administrative implications (EX10.18 2.); ii) Home Ownership Assistance Program improvements and implementation modifications (EX10.18 12.); iii) extension of the "Gold Star" planning approval process (EX10.18 13.); and, iv) a formula or template of City contributions and supports (EX10.18 18.). The full City Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

City Council on December 9 and 10, 2015, adopted EX10.19 *Fast-Tracking Construction of Rental Housing in the Railway Lands Through the New Open Door Program* which requested the Director, Affordable Housing Office to issue a proposal call under the *Open Door Program* for the development and operation of affordable rental housing on Block 36 North in the Railway Lands. Block 36 North is the second pilot project under the *Open Door Program* and a concurrent report will provide the results of this proposal call. The City Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.19>

City Council on March 31 and April 1, 2016, adopted EX13.8 *A Program for 100 New Affordable Rental and Ownership Homes at 36 Tippett Road*. 36 Tippett Road was the third pilot project under the *Open Door Program* and was approved for federal/provincial and City funding and City incentives for 100 affordable rental and ownership homes on a parcel of Build Toronto land. The Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX13.8>



## ISSUE BACKGROUND

Supporting construction of new affordable rental and ownership homes is a key City strategy to reduce poverty and helps achieve the goal of providing residents and neighbourhoods with a full range of housing opportunities in complete communities.

To improve the City's ability to work with the non-profit and private housing sectors and other governments to achieve its housing targets, City Council on December 9 and 10, 2015, adopted EX10.18 *Affordable Housing Open Door Program*. The report established the City's menu of affordable housing incentives with a revised Municipal Housing Facility By-law (No. 124-2016), but noted further work was required regarding financial and administrative implications.

*Open Door* builds on the City's housing policy and program priorities to deliver affordable housing to households across the low- and moderate-income spectrum. The recommendations of this report support Council's existing policies and programs to incentivize affordable rental and ownership housing development and are intended to scale-up affordable housing delivery by the private and non-profit sectors.

Toronto's affordable housing policy framework is embedded in the *Housing Opportunities Toronto Action Plan 2010-2020 (HOT)*, *Housing Stability Service Planning Framework (HSSPF)*, the City's Official Plan and a range of other policies, by-laws and programs. *Housing Opportunities Toronto* established targets of 1,000 new affordable rental and 200 new affordable ownership homes annually. In considering *Open Door*, Council increased the affordable ownership target to 400 homes annually. As detailed in the Financial Implications section of this report, *Open Door* will support City efforts to eliminate its backlog of 3,575 affordable homes and meet future targets.

Since 2002, the City has used its *Municipal Housing Facility Bylaw* and other policies to deliver new affordable and ownership homes, often with federal/provincial funding. The federal and provincial governments have provided funding since 2002 from the *Affordable Housing Program* and its successor, the *Investment in Affordable Housing Program*. These programs have contributed significant funding, which has been combined with the City's incentives and funding for the construction of affordable homes. Federal/provincial program funding and City contributions have levered significant private and non-profit sector housing investment, to the benefit of Toronto's economy, socio-economic equity and livability.

## COMMENTS

Deputy City Manager Cluster A has chaired an interdivisional committee to develop this report. The committee included Corporate Finance, Financial Planning, City Planning, Real Estate Services, Shelter, Support and Housing Administration, Toronto Community Housing, Build Toronto and the Affordable Housing Office (AHO). Outlined below are key considerations for recommending the *Open Door Program*: funding, planning,

surplus government land, support from other governments, proposed implementation, program performance tracking and reporting.

## **1. City Financial Contributions**

### **Affordable Rental Housing**

The City has for well over a decade provided funding and financial incentives for the development of affordable rental housing. As referenced in the Financial Implications section of this report, the City's menu of affordable rental housing incentives includes, on a Council approval basis, the waiving of development charges, planning fees and property tax, at a current estimated value of \$35,000 per home in foregone revenues. These waivers are essential ingredients in driving down the cost of construction and delivering affordable rents.

In addition, the City also provides significant funding for affordable rental housing from the *Development Charges Reserve Fund for Subsidized Housing* (XR2116). Approximately \$8 million annually is available to support both rental and ownership homes.

Both City financial incentives and funding will be made available through *Open Door* toward meeting the target of 1,000 affordable rental homes annually. While proponents may deliver a mix of market-rate and affordable homes in a building or complex, only the affordable homes which are being provided for under the Official Plan or through an Affordable Housing Office program will be eligible for *Open Door* incentives or funding.

To support the implementation of HSSPF and to complement and create deeper affordability in *Open Door* developments, the General Manager, Shelter, Support and Housing Administration, is working with the Director, AHO, to deliver 500 housing benefits to qualifying households. The public will access housing opportunities created through *Open Door* using the City's affordable housing access system.

### **Affordable Home Ownership Housing**

The City has since 2008 delivered the federal/provincial home ownership component of the *Investment in Affordable Housing Program* and in 2010 complemented this work by providing loans from the *Development Charge Reserve Fund for Subsidized Housing* through the *Home Ownership Assistance Program*. Over the past eight years, more than 800 families, couples and individuals have been assisted.

The City will continue to use available *IAH* funding to support Council's approved target of 400 households annually. New Federal and Provincial affordable housing investments, initiated through the Federal Social Infrastructure Fund, are anticipated in 2016 and 2017. The Affordable Housing Office will release a proposal call this summer to solicit affordable home ownership development proposals.

The City will also continue to make available the *Home Ownership Assistance Program (HOAP)*, to provide loans to non-profit affordable/assisted home-ownership organizations and private-sector proponents building affordable ownership housing on public lands. The funding offsets City development charges, building permit and planning fees to a maximum of \$25,000 per home. The *HOAP* will be made available to support the City's target of 400 households assisted and further program refinements may be considered.

## **2. City Planning *Open Door Service* for Affordable Housing**

The City's Gold Star Service for Business program for industrial, office and institutional development projects is a case-management approach that shortens internal circulation timelines and helps businesses navigate the planning and building approval process. Modelled on this service, City Planning is implementing an *Open Door Service* for Affordable Housing development projects.

As proposed, the *Open Door Service* will facilitate the approval process for all non-profit and private-sector affordable rental housing development applications that meet eligibility criteria. Key eligibility criteria will be:

- Not-for-profit and private-sector corporations building affordable rental housing through *Open Door* incentives or funding which meet the following minimum requirements:
  - The affordable rental housing represents at least 20% of the residential gross floor area of the development;
  - Is provided for under the Official Plan or through a funding/contribution agreement with the Affordable Housing Office or secured in a Section 37 Agreement; and
  - Affordable rent at or below 100% Average Market Rent by Unit Type (as defined by CMHC) is provided for a minimum 20 years, with a transition to market rent beginning at year 21 and rental tenure is secured for a minimum 25 years.

The City is reviewing the Official Plan's affordable ownership definition, including setting out key implementation terms. Currently the definition sets a level of affordability that is different (lower) than the definition of 'assisted ownership' in the Municipal Housing Facility By-law (No. 124-2016).

The updated Official Plan definition and implementation terms will form the basis for eligibility for affordable ownership developments under the *Open Door Service*. In the interim, non-profit affordable ownership housing development applications where a minimum of 50% of the residential gross floor area of the development is affordable ownership housing, and which is provided for under the Official Plan, or secured in a Section 37 Agreement, or through a funding contribution agreement with the AHO, and which sale prices meet the definition of affordable ownership in the Official Plan, will be eligible for the *Open Door Service*.

In the case of developments that are subject to Official Plan or other planning requirements, but which will also be provided with program funding or incentives by the AHO, the funding/incentive-related housing benefits must be in excess of the planning requirements, such as additional affordable units, a longer period of affordability, or lower affordable rents or prices. The incentive and program-funded affordable housing must be distinguished to ensure accountability and transparency compared to any affordable housing secured through Official Plan policy or other regulatory requirements.

City Planning will act as Case Manager for the *Open Door Service* with staff assigned to coordinate and facilitate the service within the Division and each of the Community Planning Districts, with Toronto Building and development application commenting partners, and with the AHO. Additional information regarding implementation is provided at Section 5 of this report.

Applicants wishing to provide affordable units under the Open Door Program would identify this at the time of application and enter into an agreement with the AHO to determine the provisions for eligibility. Details such as the number and type of units, tenure and years of affordability will be secured through the development approval process through an agreement to be registered on title.

### **Section 37 of the Planning Act**

The Official Plan identifies and supports a range of opportunities to secure affordable rental and ownership housing as a community benefit under Section 37 of the Planning Act. This includes purpose-built affordable rental housing, affordable ownership housing, land for affordable housing and/or cash-in-lieu. As part of the development application process, City Planning implements the Official Plan, which includes identifying affordable housing as a desired and priority Section 37 community benefit. As part of *Open Door*, City Planning will continue to reinforce affordable housing as a priority and the importance of this planning tool to achieving more affordable housing.

### **3. Activating Surplus Government Land**

Land is an essential ingredient to providing affordable housing. *Open Door* includes innovative approaches to providing land at costs that support the construction of affordable housing.

The AHO has activated surplus public land for affordable housing in partnership with Build Toronto, Toronto Community Housing, Real Estate Services, Toronto Parking Authority and Waterfront Toronto. These partnerships have variously provided land at no cost, leased at nominal rates, sold at market value with and without a subsequent subsidy, and with repayable home ownership down-payment assistance. The first two pilot *Open Door* rental developments at 200 Madison Avenue and Block 36 North in the Railway Lands are being delivered on City properties. *Open Door* also seeks to activate land on private and non-profit properties for affordable housing.

Consistent with its mandate and in keeping with City priorities, the AHO will continue to pursue the development of affordable housing on surplus City sites with its partners.

Concurrent with this report is a City Manager's report to Executive Committee on a *Consolidated City-Wide Real Estate Framework*. The report will address the potential consolidation of real estate operations and/or portfolios across City agencies, corporations and divisions. A key consideration in any decision on the management of the City's real estate holdings must be to continue recognizing the key role of public land in City building and the creation of affordable housing.

The Deputy City Manager, Cluster A, and the Director, Affordable Housing Office, were directed by Council to update the Affordable Housing Memorandum of Understanding (MOU) between the City and Build Toronto. Pending Council's decisions regarding the *Real Estate Framework*, staff will implement this direction and update the MOU to continue Build Toronto's role in supporting and partnering in the creation of affordable housing.

#### **4. Support from Other Governments**

*Open Door* aligns with recent federal and provincial affordable housing investments and policy changes. The Provincial Long-Term Affordable Housing Strategy Update and the 2016 Federal and Provincial Budgets contain significant contributions to creating affordable housing in the City. Additional Federal and Provincial affordable housing investments are anticipated in future budgets.

The provincial strategy included initiatives worth \$178 million over three years, including 1,500 new supportive homes province-wide and an intention to introduce inclusionary zoning legislation. This legislation would give municipalities the ability to require developers to include affordable units in their development proposals.

The Province has committed to consult with municipalities, developers and other stakeholders regarding the legislation and has released an Inclusionary Zoning Consultation Guide. The City's submission on the Province's Inclusionary Zoning Consultation will identify implementation and transition matters to support the City's housing objectives.

Passage of the enabling legislation is expected later this year. Staff will report at a future date on implementation issues, but based on the experience of other jurisdictions, this will be a complex undertaking requiring an appropriate amount of public and stakeholder consultation.

The federal budget announced social infrastructure spending, including more than \$2.3 billion nationally for affordable housing initiatives such as:

- Doubled federal funding for the Investment in Affordable Housing program, to be matched by provinces and territories;

- \$200.7 million in 2016 and 2017 for seniors' affordable housing (construction, repair and adaptation);
- \$208.3 million over five years for the Affordable Rental Housing Innovation Fund; and
- Up to \$500 million in loans annually to encourage private-sector affordable housing construction.

The City has also advised the federal and provincial governments of its interest in other surplus government lands which would be appropriate for affordable housing.

## **5. Proposed Open Door Implementation**

To facilitate access to *Open Door*, the Affordable Housing Office, in consultation with City Planning and Corporate Finance, will prepare *Guidelines* for interested non-profit and private sector proponents to be released following approval of the program. The *Guidelines* will provide information on the program's land, planning, and financial resources.

The *Guidelines* will include an application form and describe the new *Open Door* application review and approvals process. The process will streamline and simplify access to the City's affordable rental housing incentives and is anticipated to accelerate delivery of affordable homes. The *Guidelines* will be available in print and on the City's website, along with a sample pro forma to illustrate the impact of property tax, development charges and planning fees relief. The incentives information in the *Guidelines* will be updated as required, in consultation with the Deputy City Manager & Chief Financial Officer and the Chief Planner.

The AHO will accept and review *Open Door* applications. Successful applicants will be provided with fees relief to facilitate the advancement of Planning approvals and the AHO will co-ordinate with City Planning staff to synchronize participation in Planning's new *Open Door Service* for affordable housing. The Director, AHO will bring forward project-specific reports to City Council for approval. Legal agreements will be executed to secure the City's contributions and ensure affordability for a minimum of 20 years.

The AHO will also hold proposal calls for available federal/provincial and City funding. These funding sources will add to the effectiveness of the City's incentives by delivering deeper affordability or affordable homes in higher cost areas.

The AHO will continue to work with Build Toronto to determine the amount and type of affordable housing to be delivered on its residential lands, as well as the financial contributions to be provided by Build Toronto and the City. With clear and transparent affordable housing contributions and requirements in place, the Build Toronto lands can be sold in a competitive bid process to developers who meet the sale criteria, including affordable housing requirements.

The Director, Affordable Housing Office, will continue to bring forward project-specific reports identifying incentives and other funding sources for Council approval to meet the City's approved housing targets.

## **6. *Open Door* Annual Reports**

The delivery of *Open Door* encompasses many components, including planning, budgeting and forecasting, monitoring and tracking actuals and regular reporting. To ensure responsible stewardship of Federal, Provincial and City investments and incentives, contributions from all sources will be forecasted, monitored and reported, including those from non-profit and private sector proponents.

An interdivisional committee, chaired by Deputy City Manager, Cluster A was formed to establish an administration framework for the Program to ensure sufficient accountability, transparency and predictability to City council and general public. The interdivisional committee was comprised of senior representatives from Corporate Finance, Financial Planning, City Planning, Real Estate Services, Shelter, Support and Housing Administration, Toronto Community Housing, Build Toronto and the Affordable Housing Office.

This report recommends the Director, Affordable Housing Office, in collaboration with the City Manager's Office, coordinate an annual report on the forecasted and actual financial commitments & contributions, and physical achievements toward the *Open Door* affordable housing targets. The number of affordable homes delivered every year is expected to fluctuate based on housing market conditions and demand/interest in the program. The annual reports will catalogue developments supported by *Open Door* and provide updates to the investment plan, tracking actual results against City targets, as well as providing an opportunity to:

- update Council on funding allocations, incentives and investments provided to date as well as affordable housing funding sources and their adequacy in addressing the City's targets;
- detail affordable housing contributions from Build Toronto or other City Agencies, Boards or Corporations, including the value of any land contributions;
- address risk management; and
- recommend policy changes and program implementation modifications.

As directed by City Council in December 2015, future reports will detail the results of the various program components, refinements to the *HOAP*, and the industry reception of the *Open Door Program Guidelines* and menu of contributions for development proponents. The first *Open Door* annual report for the 2016 calendar year is recommended for City Council consideration in the second quarter of 2017.

## CONCLUSION

*Open Door* will accelerate the construction of affordable housing by making more surplus public land and incentives available, by implementing the *Open Door* planning service and by seeking greater contributions from the federal and provincial governments and the public and private sectors.

There are social and economic imperatives to implementing *Open Door*: to reduce poverty and provide housing opportunities to lower-income Torontonians, and support the local economy through construction-related employment and activity.

The program's success is premised on ongoing federal/provincial housing investments and the scaling up of the capacity of the housing sector to participate and produce affordable housing. It also recognizes the challenges to creating affordable housing where land and construction costs are high and the private rental and ownership markets are very competitive.

*Open Door* aligns with recent federal and provincial affordable housing investments and policy changes. Both the Provincial Long-Term Affordable Housing Strategy Update and Federal budget contain significant initiatives to create affordable housing in Toronto. Further investments are anticipated in federal and provincial budgets through to 2020.

To facilitate access to *Open Door* by non-profit and private sector development proponents, the Affordable Housing Office is preparing *Guidelines* to be released following approval of the program.

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