

# Waterfront Toronto Affordable Housing

December 16, 2008



**WATERFRONT**Toronto

# Waterfront Plan

- Goal is that 20% of housing units comprise *affordable rental housing* and 5% *low end of market housing*
- The greatest proportion is to be affordable rental with at least 25% to be 2 bedrooms or larger
- *Affordable rental*—total shelter cost is at or below CMHC average rents
- *Low end of market*—smaller than average unit sizes



# EBF and WDL Precinct Plans

- These plans commit Waterfront Toronto to provide land at no cost for 20 % of the units for *affordable rental housing* and to achieve 5 % of the units as *low end of market housing*
- EBF zoning Bylaw also commits private owners to contribute land or cash equivalent for 20 % of their units as affordable rental housing and to provide 5% of the units as smaller than the average size (and therefore generally less expensive) of various unit types

# The Cost of Providing Affordable Housing

- Based on current experience in the West Don lands, there is a gap of \$150,000 in the capital cost of a 800 sq ft unit to meet the target of 100% of CMHC average rent
- The City of Toronto provides tax rebates, exemptions from DC's and permit fees amounting to a capitalized value of approximately \$45,000
- Waterfront Toronto provides land for no cost at a value of approximately \$25,000
- The remaining funding gap is just over \$80,000 (assumes availability of financing at reasonable rates)

# The Cost of Providing Affordable Housing

	@ 100% of CMHC rents	@ 80% of CMHC rents
Capital Cost (per unit)	260,000	260,000
LESS:		
Land Value (WT)	24,000	24,000
Development Fees (City)	8,000	8,000
Property tax rebate (City)	39,000	39,000
Mortgage Financing	107,000	71,000
Funding Gap	82,000	118,000

# The Cost of Providing Affordable Housing

- The funding gap of \$80,000 per unit represents a funding requirement of approximately \$210 million to meet the 20% target for East Bayfront and West Don Lands
- The City has expressed their preference for a more aggressive affordability target of 80% of CMHC average rent
- The incremental capital subsidy required to meet this lower rent threshold is approximately \$35,000 per unit (\$185,000 in total)
- This represents an incremental funding gap of approximately \$90 million for East Bayfront and West Don Lands (bringing the total gap to \$300 million)



# Federal Provincial Programs

- Currently there are no senior government funding programs for affordable housing
- Previous programs provided an average capital grant in Toronto of about \$70,000 for affordable rental housing—all the money allocated for this program has been spent
- The program also provided grants of up to 5% of the cost of a unit to be used as 2<sup>nd</sup> mortgages for affordable home ownership



# Affordable Home Ownership

- There have been a few affordable ownership models delivered over the past few years:
  - Rent to own
  - Habitat for Humanity
  - 2<sup>nd</sup> mortgage program
  - Federal Provincial 2nd Mortgage Assistance
  - Issue is ability to maintain affordability in perpetuity





# What is WT doing to date to secure affordable housing?

- Working with TCHC to develop approximately 130 units of affordable rental housing in the West Don Lands
- Proposing a pilot project in East Bayfront to integrate affordable rental with market condominium units in one building
- Working with Miziwe Biik to develop a pilot affordable ownership housing development for the Aboriginal community in the West Don Lands



# Issues

- WT is responsible for providing land for affordable housing
- Affordable rental housing needs senior government assistance—how to get this?
- Affordable ownership also may need assistance and will target households with higher incomes than affordable rental (therefore not considered by the City to completely replace the need for affordable rental housing)

# How can WT Deliver its Affordable Housing Commitment?

- There is some evidence that previous affordable rental housing programs may be extended—statements made during election campaign and in Throne Speech
- WT needs Board support to approach senior governments for affordable rental housing allocations
- WT need support from City on affordable ownership pilot projects to get as close to affordable rental as possible.

