MITZIE HUNTER
FOR MAYOR

Affordable housing for Toronto.

TORONTO AFFORDABLE HOUSING CORPORATION

BACKGROUNDER & FAQ'S

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1. TAHC Organization

The **Toronto Affordable Housing Corporation** (TAHC) will be a share-based corporation incorporated under the Ontario Business Corporations Act and initially fully owned by the City of Toronto. The Corporation will have the authority to issue additional common equity offered to other Governments or public organizations identified in the initial TAHC charter as set by Toronto City Council.

As and when equity is offered to non-City of Toronto entities, provisions will be made to provide the City with a "Golden Share" ensuring veto power over subsequent changes to the TAHC charter.

The TAHC will be authorized to issue dividend-paying preferred shares to institutional private investors as may be deemed appropriate, as well as the ability to issue debt under its own credit.

2. TAHC Mandate

The mandate of the TAHC will be set in its initial charter as set by the Council of the City of Toronto.

Its mandate shall include the following elements:

- Identify and maintain an inventory of City owned property and work with the City of Toronto to identify development opportunities for its property portfolio.
- Accelerate the building of affordable developments incorporating rental housing units and affordable ownership units.
- Deliver community spaces for satellite branches of City delivered services such as Libraries, Public Health facilities & Child Care. At larger developments integrate space for Toronto Police, Toronto Fire and Toronto Paramedic services.
- Deliver more greenspace through co-located parks & parkettes.
- Manage operations to provide revenues sufficient to ensure state of good repair and the servicing and retirement of any debt.
- Centrally retain annual surpluses of individual projects and make same available for further affordable housing and the paying of dividends as determined annually by TAHC.
- Attract capital by offering high yield preferred shares and issue debt under its own credit.
- Offer equity positions to interested Government partners and public actors as identified in the charter set by the City of Toronto.

3. Approach to Project Delivery

The TAHC will maintain a permanent staff sufficient to execute its duties, including corporate governance and finance and project management and delivery. The TAHC may also partner with other providers such as Co-Ops and Non-Profit providers on projects. Organizations such as Options for Homes and Trillium Housing and others striving to create new models for viable affordable ownership will be welcome partners. It is also important to address the reality that housing is very racialized. The TAHC can help remedy this by working with organizations like the BlackNorth Initiative (BNI) and learning from their Homeownership Bridge Program. The same is true for First Nations people who often face housing discrimination. TAHC can work to remedy this systemic challenge by working with Ontario Aboriginal Housing Services.

Projects will be delivered using traditional procurement methods using suppliers and contractors pre-approved by TAHC or the City of Toronto. All construction will be performed by unionized labour.

Waitlists and other administrative measures used by the City of Toronto to match affordable units with tenants will be used by TAHC.

4. Housing Options: Purpose-Built Rentals & Shared Equity Purchases

Toronto needs more development driven by non-private sector actors. Across the OECD the average is 10% of development and the TAHC will join existing not-for profit actors to create a strong counterweight to the dominant position of private sector development.

The TAHC will deliver purpose-built rental buildings that include market rate units subject to rent control as well as units with affordable rents as determined annually by the city. These Average Market Rents (AMR) will be the rates set by the Canada Mortgage and Housing Corporation (CMHC). Affordable units will be provided at AMR, 80% of AMR and rent geared to income (RGI) units assumed to be 40% of AMR.

The TAHC will also include “shared equity” units in each development. These units will be offered at 50% of the fair market rate. Purchasers will be required to secure their own financing. The remaining 50% share of each unit will be retained by the TAHC.

Purchasers of shared equity units will pay monthly building maintenance fees as set by the TAHC and will also be liable for property tax or payments in lieu of property tax as determined by the TAHC in consultation with the City of Toronto.

5. Initial Development Mandate: Phase 1

The TAHC will work with City of Toronto departments and agencies especially the TTC, Toronto Water, and the Toronto Parking Authority to identify development sites including, but not limited to, the Housing Now pipeline sites.

To create economies of scale and lower development costs, the TAHC will develop three standard configurations for buildings appropriate for small, medium, and larger lot sizes. This will allow TAHC developments to fit seamlessly into most neighbourhoods and allow for in-fill development on lots as small as 150 feet by 110 feet.

It is expected that Phase 1 will begin in the second half of 2024.

In Phase 1 the TAHC will roll-out 108 projects as follows:

TABLE 1: Phase 1 Roll-Out		10 Storey	15 Storey	20 Storey	Total
Year 1	Starts	4	4	4	12
Year 2	Starts	8	8	8	24
Year 3	Starts	10	10	10	30
Year 4	Starts	18	12	12	42
	TOTAL	**40**	**34**	**34**	108

6. Phase 1 Builds 22,692 Units and adds 17 acres of Parkland

It is assumed that each development will take up to two years to be completed. This means Phase 1 projects that start in year 4 will be completed in year 6. Assuming Phase 1 starts in 2024 this would mean Phase 1 completion in 2029. To ensure TAHC communities are welcoming to families and children more than 55% of Phase 1 units will be 2- and 3-bedroom units. Of these, more than 25% will be offered below Average Market Rents.

Highlights in green: 12,660 units = 55.8% of 22,692 total units
Highlights in blue: 3,468 units = 27.4% of 12,660 2 and 3-bedroom units

TABLE 2: Phase 1 Build	Total	Shared Equity	Rent-Controlled	AMR	AMR - 80%	AMR - 40%
3-bedroom	3,828		1,308	1,228	816	476
2-bedroom	8,832	2,284	2,260	2,112	1,292	884
1-bedroom	5,928	1,988	1,080	1,500	952	408
Studio	4,104	1,864	672	820	408	340
	22,692	**6,136**	**5,320**	**5,660**	**3,468**	**2,108**
		27%	**23%**	**25%**	**15%**	**9%**

Assuming single occupancy in Studio units and double occupancy in the first bedroom of other units and 1 child or other person per 2nd and 3rd bedroom the Phase 1 build can provide housing for approximately 53,664 people.

New public parks and parkettes will figure prominently in TAHC developments accounting for 25% of each 15-storey site and 50% of each 20-storey site. Phase 1 will see the development of 68 such sites cumulatively adding 17 acres of new public greenspace.

TABLE 3: Phase 1 Units by Affordability Status	10 Storey	15 Storey	20 Storey	TOTAL
Number of projects	40	34	34	108
Shared Equity	1,920	1,836	2,380	6,136
Market Rent (Rent controlled)	1,920	1,496	1,904	5,320
AMR	1,920	1,836	1,904	5,660

AMR – 80%		1,564	1,904	3,468
AMR – 40%		544	1,564	2,108

77% of all Phase 1 units will be offered at or below Average Market Rent or as Shared Equity units.

7. Phase 1 Capital Costs

TABLE 4: Phase 1 Capital Costs	10 Storey	15 Storey	20 Storey	TOTAL
Number of projects	40	34	34	108
Capital per project ($million)	$4.33	$6.30	$8.27	
Contingency per project ($million)	$2.17	$3.15	$4.13	
From TAHC per project ($million)	$6.50	$9.45	$12.40	
INITIAL BUDGET	**$259.87**	**$321.30**	**$421.71**	**$ 1,002.88**

Estimated building capital or hard costs are based on an analysis of infill development costs undertaken in 2020 by N. Barry Lyon Consultants (NBLC) for CMHC as shown below.[1]

TABLE 5: Hard Costs	Assumed Input
Above Ground Construction ($/sf)	$ 238.00
Underground & Parking Construction ($/sf)	$ 148.00
Service Connection per unit	$ 500.00
Landscape/Hardscape per unit	$ 1,000.00
Demolition & Site Prep ($/sf)	$ 15.00

Applying these costs to the 3 standard development configurations resulted in per square foot costs of between $308.24 and $313.55 allowing for 15% inflation escalation since 2020. The TAHC model assumes $300 per square foot plus 5% contingency which works out to $315 per square foot.[2]

In the pro forma the capital cost of a 10-storey building is estimated to be $45.478 Million, the cost of a 15 storey building is $66.15 Million and the cost of a 20 storey building is $86.82 Million.[3]

8. Phase 1 Financing

It is assumed that TAHC will provide 10% of the capital cost required for each project. The balance of financing is assumed to be provided through the Canada Mortgage and Housing Corporation using programs designed to support affordable housing development.

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[1] http://towerrenewal.com/wp-content/uploads/2020/08/20200528_Enabling-Complete-Communities.pdf

[2] This rate is also consistent with the 2023 Altus Group Canadian Cost Guide for construction which reported residential construction costs per square foot for apartment buildings of $275 to $380 for buildings up to 12 storeys and $285 to $370 for buildings of 13 to 39 storeys. These prices include an allowance for profit which can be assumed to be approximately 5% to 10% of the total.
https://storage.pardot.com/575253/16830512340wWdIqa1/Altus_Group_Canadian_Cost_Guide_2023.pdf

[3] It is assumed that development charges, property taxes, planning fees, and parkland fees will be waived.

The 5% contingency amount will also be provided at the outset of each project to provide for administrative and other costs as they may arise during the pre-construction and construction phases including project management. The required Phase 1 outlay is just over $1 Billion as detailed in Table 6.

TABLE 6: Four Year Capital Outlay	**10 Storey**		**15 Storey**		**20 Storey**		**TOTAL**
($000)	**Capital**	**Contingency**	**Capital**	**Contingency**	**Capital**	**Contingency**	
Per Building	4,331	2,166	6,300	3,150	8,269	4,134	
Year 1	17,325	8,663	25,200	12,600	33,075	16,538	113,400
Year 2	34,650	17,325	50,400	25,200	66,150	33,075	226,800
Year 3	43,313	21,656	63,000	31,500	82,688	41,344	283,500
Year 4	77,963	38,981	75,600	37,800	99,225	49,613	379,181
	173,250	**86,625**	**214,200**	**107,100**	**281,138**	**140,569**	**1,002,881**

City of Toronto funding for TAHC will be 50% from the annual operating budget and 50% from City reserve funds including parkland acquisition reserves, section 37 reserves[4] , and corporate reserves including the Capital Financing, City Building, Vacant Home Tax, Strategic Infrastructure Partnerships, Land Acquisition and Affordable Housing Capital Revolving Fund Reserves.[5]

TABLE 7: City Funding Sources	**Operating**	**Reserves**
Year 1	50.00	63.40
Year 2	100.00	126.80
Year 3	150.00	133.50
Year 4	200.00	179.18
	500.00	**502.88**

Projects will be eligible for CMHC financing provided under the Rental Construction Financing Initiative. [6]

This financing defers payment of interest during the building phase and allows for interest only payments in the first year that a building is available. The pro forma assumes a 3.5% rate and a 50-year amortization for a 10-year term.[7]

[4] If requested by a local councillor seeking to use local Section 37 funds for affordable housing

[5] At the outset of 2023 these reserves held balances of $2.45 Billion.

[6] https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rental-construction-financing-initiative

[7] The Pro Forma can accommodate CMHC rates as high as 6% without compromising the model's viability.

CMHC financing ends after 10 years at which time lump sum payment against debt owing (largely from the proceeds of shared equity unit sales) will be made and any remaining debt refinanced by the TAHC. A 20-year amortization and 4% renewal rate is assumed in the ProForma.

Funds for debt refinancing may also be secured through TAHC issuing regular or preferred equity.

Upon completion and realization of full occupancy TAHC projects will become self-sustaining buildings. The pro formas in Tables 28 to 30 show revenues exceed expenses including financing expenses. Retained surpluses are consolidated into TAHC. Table 31 shows retained earnings exceed the City's capital investment as of Year 4.

9. Phase 1 Revenues & Expenses

Standard rental rates and the shared equity amounts used for the TAHC Phase 1 pro forma are:

TABLE 8: Purchase Prices and Rents			Monthly Rent			
	Sq Ft	Purchase Price (50% payable)	Market	AMR	AMR - 80%	AMR 40%
3-bedroom	950		$ 3,000.00	$2,096.00	$ 1,676.80	$ 838.40
2-bedroom	750	$ 900,000	$ 2,700.00	$1,811.00	$ 1,448.80	$ 724.40
1-bedroom	550	$ 700,000	$ 2,400.00	$1,538.00	$ 1,230.40	$ 615.20
Studio	400	$ 550,000	$ 2,200.00	$1,317.00	$ 1,053.60	$ 526.80

Purchasers of shared equity units will pay monthly building maintenance fees as set by the TAHC which are assumed for the pro forma to be $0.65 per square foot per month.

Retail rent is assumed to be $46 per square foot per year.

Operating expenses are assumed to be 30% of gross rent calculated on full market rates. This means the rent per building if all units, including shared equity units, were rented at prevailing market rents. This is close to $10,000 per unit per year. Administrative costs of $400,000 per building per year are assumed.

All non-financing expenses and revenues are assumed to increase each year by 2%.

It is assumed that TAHC will not be subject to Provincial or Federal corporate taxation. In the event that it is subject to such tax it is further assumed that negotiation between the City and those governments will secure funding to off-set any amounts collected.

It is assumed that shared equity units appreciate at a rate of 4% per year and it is assumed that 5% of all shared equity units will turn over each year starting 2 years after their initial purchase.

10. Standard Configuration – 10 Storey Development

Height:	30 metres	Retail Space (sq. ft)	10,500
Floors including basement:	11	Retail rent/sq ft/year	$46.00
Building footprint (sq. ft)	13,125	Community Space (sq. ft)	5,250
Minimum Lot size (sq. ft)	16,500	Units	144
Efficiency ratio	80%	Shared Equity Units	48
Gross Floor Area (sq. ft)	144,375	Building Fee/sq ft/month	$0.65

TABLE 9: 10 Storey Build Size & Number of Units	Sq Ft	Number of Units
3-bedroom	950	26
2-bedroom	750	44
1-bedroom	550	36
Studio	400	38

TABLE 10: 10 Storey Build Units by Affordability Status	Number of Units
Total Residential Units	**144**
Market Rent with Rent Control	48
Affordable Units	**96**
AMR	48
AMR 80%	0
AMR 40%	0
Affordable ownership	48
Affordable	**67%**

TABLE 11: 10 Storey Build Rent Controlled Market Rate Units*	Rent/month	Number of Units
3 bedrooms	$ 3,000	14
2 bedrooms	$ 2,700	14
1 bedroom	$ 2,400	10
Studio	$ 2,200	10
		48

* Subject to annual increase being the greater of 2% or the provincially set rate.

TABLE 12: 10 Storey Build Average Market Rent (AMR) units	Rent/month	Number of Units
3 bedrooms	$ 2,096.00	12
2 bedrooms	$ 1,811.00	12
1 bedroom	$ 1,538.00	12
Studio	$ 1,317.00	12
		48

TABLE 13: 10 Storey Build Number of Shared Equity Units	Price (Purchaser pays 50%)	Number of Units
2 bedrooms	$ 900,000	18
1 bedroom	$ 700,000	14
Studio	$ 550,000	16

11. Standard Configuration – 15 Storey Development

Height:	45 metres	Retail Space (sq. ft)	10,500
Floors including basement:	16	Retail rent/sq ft/year	$46.00
Building footprint (sq. ft)	13,125	Community Space (sq. ft)	5,250
Minimum Lot size (sq. ft)	22,000	Units	214
Efficiency ratio	80%	Shared Equity Units	54
Gross Floor Area (sq. ft)	210,000	Building Fee/sq ft/month	$0.65

TABLE 14: 15 Storey Build Size & Number of Units	Sq Ft	Number of Units
3-bedroom	950	36
2-bedroom	750	84
1-bedroom	550	56
Studio	400	38

TABLE 15: 15 Storey Build Units by Affordability Status	Number of Units
Total Residential Units	**214**
Market Rent with Rent Control	44
Affordable Units	**170**
AMR	54
AMR 80%	46
AMR 40%	16
Affordable ownership	54
Affordable	**79%**

TABLE 16: 15 Storey Build Rent Controlled Market Rate Units*	Rent/month	Number of Units
3 bedrooms	$ 3,000	12
2 bedrooms	$ 2,700	20
1 bedroom	$ 2,400	8
Studio	$ 2,200	4
		44

* Subject to annual increase being the greater of 2% or the provincially set rate.

TABLE 17: 15 Storey Build Average Market Rent (AMR) units	**Rent/month**	**Number of Units**
3 bedrooms	$ 2,096.00	10
2 bedrooms	$ 1,811.00	28
1 bedroom	$ 1,538.00	10
Studio	$ 1,317.00	6
		54

TABLE 18: 15 Storey Build 80% of AMR units	**Rent/month**	**Number of Units**
3 bedrooms	$ 1,676.80	10
2 bedrooms	$ 1,448.80	14
1 bedroom	$ 1,230.40	16
Studio	$ 1,053.60	6
		46

TABLE 19: 15 Storey Build 40% of AMR units	**Rent/month**	**Number of Units**
3 bedrooms	$ 1,676.80	4
2 bedrooms	$ 1,448.80	4
1 bedroom	$ 1,230.40	4
Studio	$ 1,053.60	4
		16

TABLE 20: 15 Storey Build Number of Shared Equity Units	**Price (Purchaser pays 50%)**	**Number of Units**
2 bedrooms	$ 900,000	18
1 bedroom	$ 700,000	18
Studio	$ 550,000	18

12. Standard Configuration – 20 Storey Development

Height: 60 metres
Floors including basement: 21
Building footprint (sq. ft) 13,125
Minimum Lot size (sq. ft) 32,813
Efficiency ratio 80%
Gross Floor Area (sq. ft) 275,625

Retail Space (sq. ft) 10,500
Retail rent/sq ft/year $46.00
Community Space (sq. ft) 5,250
Units 284
Shared Equity Units 70
Building Fee/sq ft/month $0.65

TABLE 21: 20 Storey Build Size & Number of Units	**Sq Ft**	**Number of Units**
3-bedroom	950	46

2-bedroom	750	124
1-bedroom	550	76
Studio	400	38

TABLE 22: 20 Storey Build Units by Affordability Status	Number of Units
Total Residential Units	**284**
Market Rent with Rent Control	56
Affordable Units	**228**
AMR	56
AMR 80%	56
AMR 40%	46
Affordable ownership	70
Affordable	**80%**

TABLE 23: 20 Storey Build Rent Controlled Market Rate Units*	Rent/month	Number of Units
3 bedrooms	$ 3,000	10
2 bedrooms	$ 2,700	30
1 bedroom	$ 2,400	12
Studio	$ 2,200	4
		56

* Subject to annual increase being the greater of 2% or the provincially set rate.

TABLE 24: 20 Storey Build Average Market Rent (AMR) units	Rent/month	Number of Units
3 bedrooms	$ 2,096.00	12
2 bedrooms	$ 1,811.00	20
1 bedroom	$ 1,538.00	20
Studio	$ 1,317.00	4
		56

TABLE 25: 20 Storey Build 80% of AMR units	Rent/month	Number of Units
3 bedrooms	$ 1,676.80	14
2 bedrooms	$ 1,448.80	24
1 bedroom	$ 1,230.40	12
Studio	$ 1,053.60	6
		56

TABLE 26: 20 Storey Build 40% of AMR units	Rent/month	Number of Units
3 bedrooms	$ 1,676.80	10
2 bedrooms	$ 1,448.80	22

1 bedroom	$ 1,230.40	8
Studio	$ 1,053.60	6
		46

TABLE 27: 20 Storey Build Shared Equity Units	(Purchaser pays 50%)	Number of Units
2 bedrooms	$ 900,000	28
1 bedroom	$ 700,000	24
Studio	$ 550,000	18

13. Phase 1: 10 Storey Development – 30 Year Pro Forma

TABLE 28: 10 Storey Development – 30 Year Pro Forma ($000). Note: Payment of $17 million against principal in year 10 shown in blue.

	Debt			Shared Equity	Operations			Retained
	A. Interest	B. Payment	C. Due	D. Sales	E. Rent/Fees	F. Admin	G. Opex/ Mtce	(B+D+E+F+G)
Year 1	485	-	14,345		-	2,166	-	2,166
Year 2	1,457	-	43,089		-	-	-	2,166
Year 3	1,508	-1,508	43,089	17,400	3,182	-400	-1,465	19,374
Year 4	1,508	-1,837	42,760	-	3,245	-408	-1,495	18,879
Year 5	1,497	-1,837	42,420	941	3,310	-416	-1,525	19,353
Year 6	1,485	-1,837	42,067	979	3,376	-424	-1,555	19,891
Year 7	1,472	-1,837	41,703	1,018	3,444	-433	-1,586	20,496
Year 8	1,460	-1,837	41,325	1,058	3,513	-442	-1,618	21,171
Year 9	1,446	-1,837	40,935	1,101	3,583	-450	-1,650	21,917
Year 10	1,433	-1,837	23,530	1,145	3,655	-459	-1,683	5,737
Year 11	941	-1,731	22,740	1,191	3,728	-469	-1,717	6,738
Year 12	910	-1,731	21,918	1,238	3,802	-478	-1,751	7,818
Year 13	877	-1,731	21,064	1,288	3,878	-488	-1,786	8,979
Year 14	843	-1,731	20,175	1,339	3,956	-497	-1,822	10,224
Year 15	807	-1,731	19,250	1,393	4,035	-507	-1,858	11,554
Year 16	770	-1,731	18,289	1,449	4,116	-517	-1,896	12,974
Year 17	732	-1,731	17,289	1,507	4,198	-528	-1,934	14,486
Year 18	692	-1,731	16,249	1,567	4,282	-538	-1,972	16,093
Year 19	650	-1,731	15,168	1,629	4,368	-549	-2,012	17,798
Year 20	607	-1,731	14,043	1,695	4,455	-560	-2,052	19,604
Year 21	562	-1,731	12,873	1,762	4,544	-571	-2,093	21,515
Year 22	515	-1,731	11,657	1,833	4,635	-583	-2,135	23,534
Year 23	466	-1,731	10,392	1,906	4,728	-594	-2,177	25,665
Year 24	416	-1,731	9,076	1,983	4,822	-606	-2,221	27,911
Year 25	363	-1,731	7,708	2,062	4,919	-618	-2,265	30,277
Year 26	308	-1,731	6,285	2,144	5,017	-631	-2,311	32,765
Year 27	251	-1,731	4,805		5,117	-643	-2,357	33,151
Year 28	192	-1,731	3,266		5,220	-656	-2,404	33,579
Year 29	131	-1,731	1,665		5,324	-669	-2,452	34,050
Year 30	67	-1,731	-0		5,431	-683	-2,501	34,565

14. Phase 1: 15 Storey Development – 30 Year Pro Forma

TABLE 29: 15 Storey Development – 30 Year Pro Forma ($000). Note: Payment of $20 million against principal in year 10 shown in blue.

	Debt			Shared Equity	Operations			Retained
	A. Interest	B. Payment	C. Due	D. Sales	E. Rent/Fees	F. Admin	G. Opex/ Mtce	(B+D+E+F+G)
Year 1	706	-	20,866		-	3,150	-	3,150
Year 2	2,119	-	62,675		-	-	-	3,150
Year 3	2,194	-2,194	62,675	19,350	4,164	-400	-2,135	21,935
Year 4	2,194	-2,672	62,197	-	4,247	-408	-2,178	20,924
Year 5	2,177	-2,672	61,701	1,046	4,332	-416	-2,221	20,993
Year 6	2,160	-2,672	61,189	1,088	4,418	-424	-2,266	21,138
Year 7	2,142	-2,672	60,658	1,132	4,507	-433	-2,311	21,360
Year 8	2,123	-2,672	60,109	1,177	4,597	-442	-2,357	21,663
Year 9	2,104	-2,672	59,541	1,224	4,689	-450	-2,404	**22,050**
Year 10	2,084	-2,672	38,953	1,273	4,783	-459	-2,452	**2,522**
Year 11	1,558	-2,866	37,645	1,324	4,878	-469	-2,501	2,888
Year 12	1,506	-2,866	36,284	1,377	4,976	-478	-2,551	3,345
Year 13	1,451	-2,866	34,870	1,432	5,075	-488	-2,603	3,896
Year 14	1,395	-2,866	33,398	1,489	5,177	-497	-2,655	4,544
Year 15	1,336	-2,866	31,868	1,549	5,280	-507	-2,708	5,292
Year 16	1,275	-2,866	30,276	1,611	5,386	-517	-2,762	6,144
Year 17	1,211	-2,866	28,621	1,675	5,494	-528	-2,817	7,102
Year 18	1,145	-2,866	26,900	1,742	5,604	-538	-2,873	8,170
Year 19	1,076	-2,866	25,110	1,812	5,716	-549	-2,931	9,352
Year 20	1,004	-2,866	23,248	1,885	5,830	-560	-2,989	10,651
Year 21	930	-2,866	21,311	1,960	5,947	-571	-3,049	12,071
Year 22	852	-2,866	19,298	2,038	6,066	-583	-3,110	13,615
Year 23	772	-2,866	17,203	2,120	6,187	-571	-4,494	13,991
Year 24	688	-2,866	15,025	2,205	6,311	-583	-4,584	14,473
Year 25	601	-2,866	12,760	2,293	6,437	-594	-4,676	15,066
Year 26	510	-2,866	10,404	2,385	6,566	-606	-4,769	15,775
Year 27	416	-2,866	7,954	-	6,697	-618	-4,865	14,123
Year 28	318	-2,866	5,406	-	6,831	-631	-4,962	12,495
Year 29	216	-2,866	2,756	-	6,967	-643	-5,061	10,891
Year 30	110	-2,866	-0	-	7,107	-656	-5,162	9,313

15. Phase 1: 20 Storey Development – 30 Year Pro Forma

TABLE 30: 20 Storey Development – 30 Year Pro Forma ($000). Note: Payment of $25 million against principal in year 10 shown in blue.

	Debt			Shared Equity	Operations			Retained
	A. Interest	B. Payment	C. Due	D. Sales	E. Rent/Fees	F. Admin	G. Opex/ Mtce	(B+D+E+F+G)
Year 1	926	-	27,386		-	4,134	-	4,134
Year 2	2,782	-	82,261		-	-	-	4,134
Year 3	2,879	-2,879	82,261	25,950	5,099	-400	-2,805	29,099
Year 4	2,879	-3,507	81,633	-	5,201	-408	-2,861	27,524
Year 5	2,857	-3,507	80,983	1,403	5,305	-416	-2,918	27,391
Year 6	2,834	-3,507	80,310	1,460	5,411	-424	-2,976	27,354
Year 7	2,811	-3,507	79,614	1,518	5,519	-433	-3,036	27,415
Year 8	2,786	-3,507	78,894	1,579	5,629	-442	-3,096	27,578
Year 9	2,761	-3,507	78,148	1,642	5,742	-450	-3,158	**27,846**
Year 10	2,735	-3,507	52,376	1,707	5,857	-459	-3,222	3,222
Year 11	2,095	-3,854	50,617	1,776	5,974	-469	-3,286	3,363
Year 12	2,025	-3,854	48,788	1,847	6,093	-478	-3,352	3,619
Year 13	1,952	-3,854	46,885	1,921	6,215	-488	-3,419	3,995
Year 14	1,875	-3,854	44,907	1,997	6,340	-497	-3,487	4,494
Year 15	1,796	-3,854	42,849	2,077	6,466	-507	-3,557	5,120
Year 16	1,714	-3,854	40,709	2,160	6,596	-517	-3,628	5,876
Year 17	1,628	-3,854	38,484	2,247	6,728	-528	-3,701	6,769
Year 18	1,539	-3,854	36,169	2,337	6,862	-538	-3,775	7,801
Year 19	1,447	-3,854	33,762	2,430	6,999	-549	-3,850	8,977
Year 20	1,350	-3,854	31,259	2,527	7,139	-560	-3,927	10,303
Year 21	1,250	-3,854	28,655	2,628	7,282	-571	-4,006	11,783
Year 22	1,146	-3,854	25,947	2,734	7,428	-583	-4,086	13,422
Year 23	1,038	-3,854	23,131	2,843	7,576	-571	-4,494	14,922
Year 24	925	-3,854	20,203	2,957	7,728	-583	-4,584	16,586
Year 25	808	-3,854	17,157	3,075	7,883	-594	-4,676	18,420
Year 26	686	-3,854	13,989	3,198	8,040	-606	-4,769	20,429
Year 27	560	-3,854	10,695	-	8,201	-618	-4,865	19,293
Year 28	428	-3,854	7,269	-	8,365	-631	-4,962	18,211
Year 29	291	-3,854	3,706	-	8,532	-643	-5,061	17,185
Year 30	148	-3,854	-0	-	8,703	-656	-5,162	16,216

16. Phase 1: Consolidated TAHC 30 Year Pro Forma

As below, at the end of year 4 the total retained earnings of TAHC exceed the total initial 4 year outlay by the City from Reserve and Operating Budget Funding.

TABLE 31: Consolidated TAHC – 30 Year Pro Forma Retained Revenues ($million)						5%	
Year	**Year 1 Starts**	**Year 2 Starts**	**Year 3 Starts**	**Year 4 Starts**	**Retained**	**ROI**	**TAHC Total**
Year 1	$38	$0	$0	$0	$38	$0	$38
Year 2	$38	$76	$0	$0	$113	$2	$115
Year 3	$282	$76	$95	$0	$452	$6	$457
Year 4	$269	$563	$95	$126	$1,053	$23	$1,076
Year 5	$271	$539	$704	$126	$1,640	$54	$1,694
Year 6	$274	$542	$673	$961	$2,450	$85	$2,535
Year 7	$277	$547	$677	$921	$2,423	$127	$2,549
Year 8	$282	$554	$684	$929	$2,449	$127	$2,576
Year 9	$287	$563	$693	$940	$2,483	$129	$2,612
Year 10	$46	$574	$704	$954	$2,279	$131	$2,409
Year 11	$52	$92	$718	$972	$1,834	$120	$1,954
Year 12	$59	$104	$115	$993	$1,271	$98	$1,369
Year 13	$67	$118	$130	$172	$488	$68	$556
Year 14	$77	$135	$148	$196	$556	$28	$584
Year 15	$88	$154	$169	$224	$635	$29	$664
Year 16	$100	$176	$193	$256	$725	$33	$758
Year 17	$113	$200	$220	$292	$826	$38	$863
Year 18	$128	$227	$250	$333	$938	$43	$981
Year 19	$145	$257	$284	$378	$1,062	$49	$1,111
Year 20	$162	$289	$321	$427	$1,199	$56	$1,255
Year 21	$181	$324	$361	$481	$1,349	$63	$1,411
Year 22	$202	$363	$406	$540	$1,511	$71	$1,582
Year 23	$218	$405	$454	$604	$1,681	$79	$1,760
Year 24	$236	$437	$506	$674	$1,852	$88	$1,940
Year 25	$255	$472	$546	$748	$2,021	$97	$2,118
Year 26	$276	$510	$590	$809	$2,185	$106	$2,290
Year 27	$266	$552	$638	$875	$2,331	$115	$2,445
Year 28	$257	$533	$690	$947	$2,426	$122	$2,548
Year 29	$249	$514	$666	$1,024	$2,453	$127	$2,580
Year 30	$256	$497	$643	$998	$2,393	$129	$2,522

Frequently Asked Questions

Q1. How will TAHC be created and operated?

TAHC will be a share-based corporation owned by the City. It will most likely be initially staffed by transferring current City staff and staff from Build Toronto and CreateTO already engaged in activities to build affordable housing. It will have a Board with public members and be accountable like all corporations.

Over time, it can raise more money for affordable developments by offering equity stakes to other governments that may want to join and preferred shares to private sector actors like insurance companies and pension funds that invest in long term assets.

Q2. Why would private sector actors invest in a non-profit?

TAHC is not a non-profit.

It is a public company that operates so that revenues are greater than expenses. If TAHC was a private company, its retained earnings would be its profit. TAHC will be attractive to insurance companies and pension funds that seek long term predictable returns. TAHC will create predictable on-going revenues from rent and other operations. These may be attractive to private institutional investors.

Q3. How is this plan different from Build Toronto and CreateTo?

The new TAHC will assume some functions now performed by Build Toronto and CreateTO.

The TAHC mandate is different. It can issue shares and diversify its ownership to include other governments for example. It can issue preferred shares to attract institutional investors. It has a mandate to build shared equity homes. It also will manage projects on an on-going basis.

Q4. How is this plan different from Housing Now?

Every serious candidate knows the importance of housing and especially affordable housing.

There are some current and former councillors who want to set targets and hold meetings, but the bottom line is they want to continue the failed status quo approach built on Housing Now. This model basically gives public land to developers in exchange for the promise of some affordable units being created. But not a single home has been built. This must change.

There are four main parts to the current approach favoured by current and former councillors:

1. Major profits for private developers,
2. Most of what gets built is not affordable and if the units are rented, they are not subject to rent control,
3. There are no affordable units available for purchase, and
4. The City no longer owns the properties.

The Toronto Affordable Housing Corporation is the exact opposite of this.

1. All projects cover their costs and the small profit created is returned to TAHC to be used to support more housing,
2. All units are subject to rent control and 2/3 are offered at affordable and deeply affordable rents,
3. More than 25% of our units are shared equity purchases meaning families can actually reach the first step in owning, and
4. the City continues to own the properties.

Q5. This sounds a lot like the Public Build idea.

I once was the CAO of Toronto Community Housing Corporation, and the reality is that public building of affordable housing is not a NEW idea. It is actually a very old and well proven idea. It is the fastest and least expensive way to provide affordable housing. CMHC, every co-op in the country and almost every advocate for affordable housing knows this.

Building on City land that is available is also not a new idea. It is done in major cities everywhere. The key questions are who profits, how much gets built, and is it affordable?

Models that rely on the private sector like Housing Now have created photo ops and announcements but you can't live in either of those.

Other progressive candidates will also understand this and propose public models. The question is which model delivers the most and who has the executive experience to deliver?

Candidates backed by developers' lobbyists and candidates from the private development sector will understandably have different interests in mind when they present their plans.

Q6. What are the main ways your plan is different from Public Build?

All ideas to build affordable housing share certain things like the elimination of development charges, property taxes, planning application fees, and parkland dedication fees.

My plan shares all these ideas.

It also partners with CMHC for financing and can work with co-operative or other non-profit partners.

The biggest differences are that the TAHC doesn't just build more housing, it also builds communities:

1. My plan builds homes that can fit everywhere in the City with 10, 15 and 20 story buildings which are communities of 144 to 284 households.
2. My plan will create retail opportunities including room for grocery stores in every building so we don't create food deserts.
3. Every building will have community space for city services like Public Health nurses, Library satellite branches and child care.
4. In Phase 1 we will also create more than 17 acres of new greenspace.

Q7. Who decides who gets the affordable units that are developed?

The City has existing processes and wait lists which will be used. TAHC is all about creating the supply that is needed.

Q8. What does shared equity mean?

My plan's biggest difference from any other idea out there is that we provide affordable homes that real people can afford to buy.

From studio to 2 bedroom, we will offer units for 50% of their market value. When someone decides to sell, half of the sale price will go to TAHC and it shares in the appreciation since the original purchase. Our ProForma assumes 4% annual property value increases which is well below what has been the case for the past 10 years so I am confident our model is very conservative in its estimates.

> *So as an example, a 750 square feet 2 bedroom can become a home with room for children for a family making about $100,000 per year.*
>
> *A large 1 bedroom can be afforded by most early to mid-career professionals like teachers & nurses and couples in the skilled trades.*
>
> *And a starter Studio is a realistic first step for many people who find themselves priced out of the current housing market.*

Q9. Bottom line, how do you compare in terms of what you promise to build?

All plans can scale up or down but my phase 1 plan builds 22,692 new homes over 6 years.

Councillor Matlow promised 15,000 if City Council agrees to stop the Gardiner eastern rebuild.

My plan has 5,576 homes offered at 80% or 40% of the average market rent and Councillor Matlow's plan has 2,250.

Former Councillor Bailao promised to set targets on developer pledges.

Councillor Bradford wants to build things and wants 1/3 of them to be affordable.

It seems both want to continue trying to make Housing Now work and produce housing even though that approach has so far been unsuccessful.

Olivia Chow's plan or Mark Saunders' plan are currently unclear.

Q10. Are your units rent controlled?

Yes, all units sold or rented will be subject to the annual rental increase guidelines as set by the Province even though they will be exempt from the Provincial legislation. Our model assumes annual 2% increases in rents, fees and expenses. The greater of the provincial rate or 2% will be used annually.

Q11. How do you pay for all of this?

A study for the CMHC Housing Lab in 2020 identified the major hard and soft costs in building affordable housing. Applied to our plan these came out to between $308.24 and $313.55 per square foot allowing for inflation so our model assumes $315 per square foot.

Our phase 1 plan will build 108 projects over 6 years at a cost of about $1 billion. About 1/3 of this is contingency costs.

Over the first 4 years funds from development charge and other reserves totalling $500 million will be matched by $500 million from the annual operating budget. So $1 billion over four years.

Other plans out there rely upon cancelling projects like the Gardiner for their funding. We do not.

But the key thing is because TAHC retains on-going ownership when buildings are built and rented and shared equity units are purchased all of the one time and on-going proceeds are kept by TAHC.

At the end of year 4, the retained earnings from rental operations and sales of shared equity units will be just over the initial $1 billion investment and the retained earnings grow each year while normal operations pay off all the debt. So every penny of the $1 billion invested is earned back and available to meet City goals.

We will use the CMHC Rental Construction Financing Initiative for the first 10 years of each project and renew financing after year 10 either internally or with partners.

Q12. How will rising interest rates impact your plan?

Higher rates will have a small impact on TAHC as its financing is from reserves we already have, funds from the operating budget and CMHC which has very low rates.

It should be noted though that high rates WILL impact private developers. Plans that rely on private financing like those of other candidates will see significant impact from higher interest rates.

It is important for all of us to get real about our finances.

Higher interest rates <u>will</u> have a big impact on the City's operating budget over the next two years as recently estimated in the City's Financial Update and Outlook report prepared by Ernst and Young. Over the next two years, higher rates will mean $460 million more in City costs.

I will soon release a Fully Costed multi-year platform that addresses this and the more than $1 billion hole in our budget that does not go away.

I am the only candidate who is prepared to deal with these financial realities head on while others pretend they are not there or want you to believe that they alone can find the perfect words or write the perfect stern letter that will make the Federal and Provincial governments do what they have never done which is deliver a bail out for Toronto and nobody else.

Q13. Some building trades are supporting other candidates, what do you have to say to them?

First of all it is important to not confuse Union leadership with the membership at large. And yes it is true that some in leadership roles are supporting other candidates probably because they believe those candidates will be able to deliver the projects that their members will build.

And to that I say give my plan a look. I will build more and I will deliver. Others who want you to believe that Housing Now is the model for going forward want the men and women of the building trades to believe something that has not worked for 5 years will magically work now.

My approach has worked everywhere it has ever been done including here in Canada and Toronto a generation or so ago. Let's build together. Let's get going.

Q14. Is there any role for private developers in TAHC?

Absolutely. Many of our developers are among the best builders in our country. They bring expertise, skilled staff and established relationships with the building trades.

The actual building of TAHC projects will be contracted to qualified contractors, suppliers and builders as has always been the case with traditional procurements. There is no reason to believe that some developers will not want to bid on these projects and if they have the best bid they will get the work.

Q15. Is there any role for organizations like Options for Homes and Trillium Housing?

Absolutely. Options for Homes and Trillium Housing are trailblazers in making homeownership affordable and would be ideal partners for TAHC. The same is true for other innovators in the sector like Home Opportunities, and many in the Co-Op sector. It is also important to address the reality that housing is very racialized. The TAHC can help remedy this by working with organizations like the BlackNorth Initiative (BNI) and learning from their Homeownership Bridge Program. The same is true for our First Nations people. TAHC can absolutely work with Ontario Aboriginal Housing Services.

Q16. Is there really that much City land available?

The property holdings of the City and its Agencies are enormous. The TTC, the Toronto Parking Authority and Toronto Water are enormous land owners. The City has also adopted a strategy of reducing its use of office space which frees up more City site. We will have no difficulty finding locations and TAHC can use lots as small as 1/3 of an acre.

MITZIE
HUNTER
FOR MAYOR

Affordable housing for Toronto.