

Toronto Community Housing Corporation

Submission to the 2015 Federal pre-budget consultations

Executive Summary

Toronto Community Housing is proposing that the Government of Canada provide approximately **\$100 million per year in infrastructure investment between 2015 and 2023, for a total of \$864 million**, to create tens of thousands of jobs, generate domestic economic stimulus in the billions of dollars, proactively reduce incremental health care and justice costs, and help prevent 58,500 housing units from reaching a critical state of disrepair.

Many of the city's most marginalized and vulnerable residents are living in Toronto Community Housing buildings that are in a state of chronic disrepair and reaching a critical state of decay as major building systems near the end of their useful life-cycle. Some buildings are already boarded up; without significant investment, more will suffer the same fate. We request your consideration to fund one-third of the capital investment required to bring these homes back to reasonable habitability.

This requested investment has been identified in a \$2.6-billion, 10-year capital financing plan unanimously approved by Toronto City Council in October 2013. Together, the City of Toronto and Toronto Community Housing have already taken actions to raise \$864-million through the sale of certain standalone properties and refinancing its mortgage portfolio at lower interest rates. The Province of Ontario is also being asked to match the \$864-million investment.

This investment in social housing infrastructure is aligned with three themes identified by the Government of Canada for its 2015 pre-budget consultations. As such, Toronto Community Housing is requesting an opportunity to appear before the Standing Committee on Finance to discuss and reinforce the collaboration needed to ensure that this valuable public resource is sustained for the benefit of current and future generations.

Background

The 58,500 households that live in Toronto Community Housing include low-income families, seniors, persons with disabilities, and some of the most vulnerable residents in this country. Toronto Community Housing strives to provide homes to our residents that offer security, stability and a reasonable quality of life.

Toronto Community Housing Corporation was created in 2001 without a stable, long-term source of funding to pay for capital repairs to its housing stock, which was built in significant part, with federal dollars. Today, as those buildings age, the consequences of this decision must be faced.

More than 1,000 of our buildings (half of our portfolio) are more than 50 years old. They will require significant repairs over the next 10 years as a large number of buildings “age out” at the same time. The cost of sustaining this valuable, publicly funded infrastructure—which supports better health, social, and economic outcomes—is \$2.6 billion over the next decade. These capital needs grow every year and, if left unfunded, there is an imminent risk that Toronto Community Housing will have to board up units, if not buildings, because their state of disrepair makes them unsafe to live in.

With the support of both the federal and provincial governments, Toronto Community Housing can fix those homes. We have already started this capital work using dollars raised with the City of Toronto through our 10-year capital financing plan. Our plan will secure one-third of the \$2.6 billion (or \$864 million) that is needed over 10 years to pay for capital repairs.

We are calling on both the federal and provincial governments to each match the City of Toronto’s investment to keep 58,500 homes from reaching a critical state of disrepair and habitability. For the Government of Canada, this amounts to \$864 million, or about \$100 million per year between 2015 and 2023, which is a small investment given the significant range of benefits this funding will achieve.

Key Themes

Investing in social housing infrastructure clearly supports three of the six key themes identified by the Government of Canada for its 2015 pre-budget consultations.

Theme: Ensuring prosperous and secure communities, including through support for infrastructure.

Canadian taxpayers have an investment in this housing infrastructure valued in excess of \$9 billion. Replacement costs could exceed \$12 billion. Neglecting to invest in maintaining this valuable built infrastructure will create additional economic costs, well in excess of this proposed investment. These homes also represent a cornerstone of social infrastructure in this country today, as Toronto Community Housing is Canada's largest social housing provider. Reducing the number of available homes in this sector, and particularly in the City of Toronto, would create significant economic challenges.

Social housing contributes to building prosperous and secure communities by providing safe and secure homes for families, seniors and individuals who often have nowhere else to turn. These investments can support revitalization of entire communities, helping to connect isolated neighbourhoods to their surroundings and potentially create new housing stock. We believe that community revitalization also has the benefit of reducing criminal activity levels over the long-term. Toronto Community Housing's revitalization of neighbourhoods such as Regent Park, Alexandra Park and Lawrence Heights have earned global recognition for their innovation and impact, and provide a working model for successful private sector partnerships to leverage land values in communities where the real estate market will support mixed use communities of private condominiums and subsidized rental housing.

Theme: Maximizing the number and types of jobs for Canadians.

Repairing and renewing our housing infrastructure is stimulating an unprecedented level of economic activity in the construction sector. Our capital plan will create jobs and economic opportunities for skilled workers and businesses in the Greater Toronto Area and beyond. In 2013, we spent \$60 million on capital repairs. In 2014, we are on track to spend \$128 million, which will increase to \$175 million in 2015. When combined with our revitalization partnerships, the economic effect of this work is significant: we believe it to be in the billions of dollars. We are quantifying the impact, assisted by external experts, to measure the economic impacts of repairing and renewing our housing infrastructure, and the economic cost to other sectors of not making these investments.

Toronto Community Housing also supports local economies by including skills development and training through procurement practices that encourage the hiring of residents of Toronto Community Housing as part of revitalization and other repair projects. The investment simultaneously repairs buildings while assisting and supporting residents and their families to achieve the economic stability that will enable them to move out of social housing altogether.

Theme: Supporting families and helping vulnerable Canadians by focusing on health, education and training.

There are real and current risks of not maintaining our homes in good repair. The centralized waiting list for social housing in Toronto is already at a record level, having exceeded 90,000 households, and the number of people that apply to be on the waiting list increases every year. Closing more buildings translates to an even greater number of households on the waiting list, as well as increases in homelessness and associated costs related to crime and health care.

People living in safe, secure housing are better able to move forward with their lives. Investing in social housing is an investment in better health and education outcomes, particularly among vulnerable populations such as frail seniors, people experiencing homelessness, and those with serious mental illness and addictions. Investing in social housing therefore is an investment in better health and education outcomes, particularly among vulnerable populations.



Funding Needs and Impacts

Without matching federal and provincial government contributions starting in 2016, there will be insufficient capital funds to address Toronto Community Housing’s capital repair needs. The problem is simply too much for the City of Toronto—which is reliant on the property tax base to fund social housing repairs—to tackle alone.

We are doing everything we can to generate additional funds for capital repairs. Together with the City of Toronto, we are pursuing a range of innovative approaches to generate additional funds for capital repairs. These include selling standalone, high-value single family homes, refinancing mortgages through Infrastructure Ontario and other sources, and partnering with the private sector to leverage the value of our vacant or underutilized land holdings and sharing in the success of the sale of private condominiums, while limiting risk. This significantly offsets the cost of building replacement social housing and revitalizing entire communities. Moreover, our current strategic plan includes operational initiatives focused on better resource utilization, strategic procurement and cost-effective service delivery in order to optimize the value of every dollar budgeted for operations.

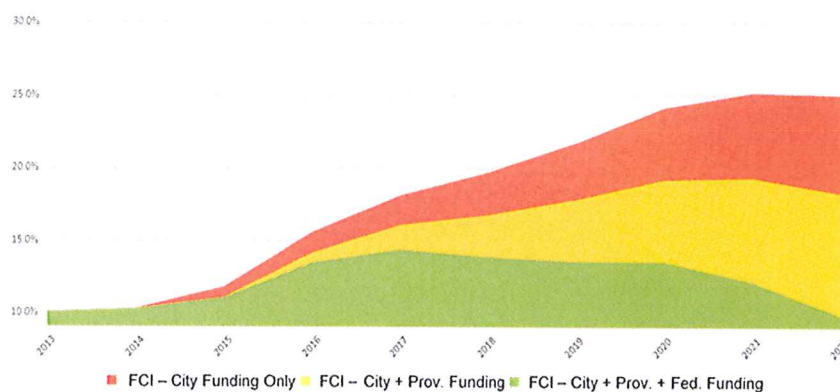


Fig. 1: Impact of funding on Facility Condition Index (FCI) levels

The Facility Condition Index (FCI) is a standard industry measure that evaluates the state of repair of each building. This chart shows that without funding from the Federal government or the Province, the condition of the buildings will soon become critical. An FCI beyond 15% starts to negatively affect habitability. As Fig. 1 demonstrates, this



Toronto
Community
Housing

problem is forecasted to grow to a dangerous degree over the coming years, threatening the safety levels of buildings we provide as homes for tens of thousands of Torontonians.

Request federal support for social housing infrastructure as it is a good investment

As federal contributions to social housing decline across the country, it means Service Managers under the *Housing Services Act* in Ontario, such as the City of Toronto, are receiving less and less to fund housing providers. In 2012, the City of Toronto received slightly more than \$161 million from Ottawa. However, by 2017, that will decline by \$44.5 million and reach zero by 2031, under current funding forecasts. Less money to Service Managers means less money to Toronto Community Housing, which requires a call to action now if we are to avoid this looming crisis.

We ask that the Government of Canada reconsider its position to withdraw money from social housing and instead reinvest these dollars back into this valuable infrastructure. This will avoid reductions in supply and consequent costly impacts to other areas of the public sector (i.e., more beds in hospitals, increased justice costs owing to higher criminal activity, etc.) and also will generate overall savings to the Canadian taxpayer, taking into account the costs of not providing adequate social housing. Most importantly, we are appealing on behalf of the residents of Toronto Community Housing, who deserve to live proudly in safe, healthy, affordable homes within communities that are financially and socially sustainable.



Toronto
Community
Housing

Moving Forward Together

Toronto Community Housing requests an opportunity to appear before the Standing Committee on Finance to discuss and reinforce these important issues. We thank the Government of Canada for its consideration and look forward to working together with you, along with the City of Toronto and the Province of Ontario, to achieve our shared goals.

The people of Toronto have done their part by committing one third of the funding. We now need our federal government to step in and step up with \$864 million over several years, as part of a fully-funded, long-term housing repair strategy in support of Canada's largest social housing provider.

Together, the people of Toronto, Ontario, and Canada own this housing. For years we have owned the social benefits it provides—benefits our society cannot afford to lose. We now stand poised to sustain this valuable social infrastructure and also generate profound economic benefits through a major re-investment in housing renewal. Let's work together to own the solution.

Sincerely,

Greg Spearn

President and Chief Executive Officer (Interim)

Toronto Community Housing

931 Yonge Street, 6th floor

Toronto, ON M4W 2H2

(416) 981-4338