



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Provincial Funding for Social Housing Capital Repairs

Date:	June 18, 2008
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	1,2,3,4,5,7,8,9,10,11,12,13,14,15,17,20,23,24,26,27,28,30,31,32,33,34,35,36,37,38,39,40,42
Reason for Confidential Information:	This report is about a proposed or pending land acquisition by the City or one of its agencies, boards, and commissions.
Reference Number:	

SUMMARY

The Ministry of Municipal Affairs and Housing announced on March 17, 2008 that \$100 million will be provided to municipalities this year to assist with capital repairs to about 4,000 affordable housing units. The funding is a one time payment to all 47 municipal service managers. On March 31, the Minister of Municipal Affairs and Housing advised the City that Toronto is to receive \$36,459,240, based on Toronto's share of the downloaded social housing stock.

This report recommends that Council approve the acceptance of \$36.459 million from the Province as a capital allocation for repair of the social housing stock and that the funds be allocated to Toronto Community Housing Corporation and to specific projects in Attachment 1 – Confidential Information.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that:

1. Council approve the acceptance of \$36,459,240 from the Province, as a one time capital allocation for repair of the social housing stock.

2. Council approve the allocation to Toronto Community Housing Corporation of up to \$34,659,240 from the capital funding accepted from the Province, to be allocated to the following capital repair projects:
 - a. As listed in Appendix A, \$2,760,000 in capital repairs to be allocated to 138 vacant units.
 - b. As listed in Appendix B, \$31,899,240 in capital repairs to be allocated for refurbishment of 2,437 kitchens and 1,780 bathrooms.
3. Council approve the allocation of \$1,800,000 to specific projects in Attachment 1 – Confidential Information;
4. the 2008 Shelter, Support and Housing Administration approved budget be increased by \$36,459,240 gross and \$0 net; and
5. Council authorize the public release of the confidential information in Attachment 1, if Council approves the specific projects and they are completed to the satisfaction of the City Solicitor.

Financial Impact

Approval of the recommendations in this report will result in an increase of \$36,459,240 to the 2008 gross budget of the Social Housing program with zero net impact. This report recommends allocation of \$34,659,240 to TCHC state of good repair projects as detailed in the Appendices A and B. The remaining \$1,800,000 in Provincial revenues is allocated to specific projects in Attachment 1 - Confidential Information. As the City will be disbursing the provincial one time payment in year, there will be no future financial impact beyond this year.

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

DECISION HISTORY

Staff have outlined the need for additional capital repair funding in several reports to City Council, beginning with reports prior to the transfer of social housing from the Province to the City in 2001. The most recent reports approved by Council are referenced below.

November 2007

Tied In Knots: Unlocking the Potential of Social Housing Communities

<http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-8980.pdf>

Council approved a 3 part strategy for renewing Toronto's social housing.

July 2005

Building Condition Assessment and Analysis of Capital Reserve Funds in the Downloaded Non-Profit and Co-operative Social Housing Portfolio, not including

Toronto Community Housing Corporation

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/pof7rpt/cl043.pdf>

This report indicated that the annual contribution to social housing providers' capital reserve funds should be increased by \$34 million, to a total of \$47 million annually.

October 2005

Building Condition Assessment and Analysis of Required Capital Reserve Funds in the Toronto Community Housing Corporation's Downloaded Social Housing Portfolio

<http://www.toronto.ca/legdocs/2005/agendas/council/cc051026/pofcl045b.pdf>

This report indicated an immediate need for \$300 million in capital repairs to Toronto Community Housing Corporation's social housing portfolio.

ISSUE BACKGROUND

Social housing was transferred from the Province to the City of Toronto without the funds to carry out necessary capital repairs. As a result, the social housing stock has continued to deteriorate, particularly in the former Metro Toronto Housing Authority buildings that are now part of Toronto Community Housing Corporation.

Since 2001, the City has asked the Province repeatedly to acknowledge the funding shortfall and to provide additional funds to the City.

This announcement represents the first time since the *Social Housing Reform Act* was enacted in December 2000 that the Province has acknowledged their responsibility in providing capital funding for the repair of the downloaded social housing stock.

Since 2004, the City has lent funds to fifteen community non-profit and co-operative housing providers for capital repairs totaling approximately \$26.0 million. The loans are non-interest bearing and not repayable until the first mortgage on each property is paid off. After that the loans will bear interest at a rate established by the City and are amortized over a 15-year period. Housing providers can pre-pay the loan at any time without interest or penalty. The interest rate and repayment schedule are renegotiable, subject to further Council approval.

Funds for all loans have been taken from the City's two Social Housing Reserve Funds according to approved withdrawal policies. Community non-profit and co-operative housing providers represent approximately 32% of the 92,200 social housing units in Toronto. By contrast, Toronto Community Housing Corporation, whose portfolio includes approximately 64% of all social housing units in Toronto has received only \$5 million in additional funding from the Social Housing Reserve Funds.

Toronto Community Housing Corporation presented Council with its 2007-2009 Community Management Plan in early 2007. The Plan highlights all of the activities, programs and initiatives that are being implemented to meet various commitments to its tenants and to the City. Issues surrounding the capital repair deficit have been discussed in the Plan since 2004.

Toronto Community Housing Corporation reported in 2006 that its immediate capital repair needs were more than \$300 million. Toronto Community Housing Corporation also notes that “failure to make these (*capital repair*) investments will result in the withdrawal from service of housing units due to the failure to meet an appropriate standard for occupancy”.

COMMENTS

This is a welcome announcement that will provide only limited funds to deal with a very large capital repair backlog.

The Province has issued draft guidelines, specifying the acceptable uses of the funds, timelines for use and reporting requirements. Funds are to be used to address high priority capital repair needs. They may not be deposited into reserve funds. The City is permitted to either grant or loan the funds to housing providers. Capital projects are expected to be completed within the next two calendar years. The City must submit a capital repair plan by September 30, 2008.

Funds may be used for the renewal of the existing stock. Eligible costs include repairs, rehabilitation and renovation that extend the life of the units and maintain them in a habitable, safe condition. Soft costs, such as those for preparation of building condition audits or reserve fund studies, tendering costs or permit fees, etc., may account for up to 10% of the funds. The City will be required to provide an annual report and a final report on the disposition of the capital allocation.

The provincial announcement of the capital contribution included a plan to extend the use of Ontario Strategic Infrastructure Financing Authority (OSIFA) funds to permit up to \$500 million in borrowing for social housing capital repairs. As the City is able to borrow at rates that are more favourable than those charged by OSIFA, the City will not likely be using OSIFA funds for social housing repairs.

Toronto Community Housing Corporation has confirmed that they will use the provincial funding allocation to refurbish 138 units that are being held vacant awaiting major capital repairs, at a cost of approximately \$2,760,000. These units require such major capital repairs that they cannot be rented at present. The units require an average of \$20,000 in refurbishment costs. This number includes all units held vacant except those that require more extensive repair with significantly higher costs which are part of the Asset Strategy Review. Depending on the outcome of the Asset Strategy Review, Toronto Community Housing Corporation will include a provision in their planned capital program to address the deficiencies in these units. However, funding for additional units will not come from the provincial allocation. Refurbishment of these units will increase the stock of housing available to geared-to-income applicants on the centralized waiting list.

Toronto Community Housing Corporation has confirmed that they will use \$31,899,240 from the provincial allocation to accelerate their program of planned unit refurbishment.

This program is providing complete unit refurbishment, including new kitchens and bathrooms and other in-suite related items such as make up air units, roofs, flooring, venting, shut off valves, asbestos and mold removal, risers, etc. Where required, Toronto Community Housing Corporation may also replace electrical system components (distribution panel and wiring, etc) and upgrade plumbing (behind the wall, riser, etc).

Toronto Community Housing Corporation has completed building condition assessments for two thirds of the stock and the remaining third will be complete by the end of the third quarter. Building condition assessments enable Toronto Community Housing Corporation to plan the unit refurbishments in concert with other planned capital repairs in these buildings.

Not all units in a building will be refurbished. Toronto Community Housing Corporation continues to repair units through partial or complete renovation as required on move-out. Recently renovated units are not included in the unit refurbishment program.

Toronto Community Housing Corporation's unit refurbishment plans fall within the capital project parameters provided by the Province in their draft guidelines.

It is recommended that funds be provided as a grant to Toronto Community Housing Corporation for unit refurbishment. This would be a grant and not a loan, in recognition that the buildings that were part of the former MTHA portfolio did not receive capital reserve funding prior to transfer.

Details of the proposed use of funds are included in Appendices A and B, attached to this report.

It is also recommended that the balance of the provincial funding allocation, in the amount of \$1.8 million, be allocated to specific projects in Attachment 1 – Confidential Information.

CONTACT

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SIGNATURE

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ATTACHMENTS

Appendix A – Toronto Community Housing Corporation – Planned Capital Expenditures of \$2.76 Million for Vacant Unit Refurbishment

Appendix B – Toronto Community Housing Corporation – Planned Capital Expenditures of \$31.899 Million for Kitchens and Bathroom Refurbishment

Attachment 1 – Confidential Information