

## **Social Housing Renovation and Retrofit Program – Allocation of Year Two Funds**

<b>Date:</b>	January 20, 2010
<b>To:</b>	Community Development and Recreation Committee
<b>From:</b>	General Manager, Shelter, Support and Housing Administration
<b>Wards:</b>	Ward 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44
<b>Reference Number:</b>	

### **SUMMARY**

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This report seeks Council authority for the General Manager, Shelter, Support and Housing Administration, to submit projects to the Province for Year Two funding in the amount of \$121,433,789 under the Social Housing Renovation and Retrofit Program (SHRRP). In both years of the program, requests for funding outstripped the availability of funds. In Year One, the dollar values of submissions by TCHC and other non-profit housing providers guided the proportion of total funding that was distributed to TCHC and other providers. Submissions were assessed against SHRRP eligibility criteria and priorities to determine lists of projects to be recommended for funding within these envelopes. A similar allocation model has been used to guide the recommended distribution of Year Two funding. The recommendations also take into account the opportunity to direct some SHRRP funding to strategic investments that will have a positive impact on the City of Toronto's social housing subsidy expenditures in future years.

SHRRP provides \$220 million in federal and provincial funding over two years for repairs and energy retrofits to existing social housing units in Toronto. There is no requirement for the City to cost share in this funding program, which helps to advance the strategies to preserve and repair rental housing under Council's 10 year affordable housing action plan, *Housing Opportunities Toronto*.

## RECOMMENDATIONS

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

1. authorize the General Manager, Shelter, Support and Housing Administration, to submit the following projects to the Province for funding in Year Two of the Social Housing Renovation and Retrofit Program:
  - a. Regeneration of Toronto Community Housing Corporation's building at 42 Hubbard Boulevard in Ward 32 in the amount of \$4,050,000 substantially as set out in Appendix A;
  - b. Regeneration of the Fred Victor Centre 147 Queen Street East/139 Jarvis Street in Ward 27 in the amount of \$7,950,000 substantially as set out in Appendix A;
  - c. Major mechanical retrofits to improve energy efficiency for 20 housing providers in the amount of \$15,000,000 as set out in Appendix B; and
  - d. Renovation and retrofit projects in the TCHC and non-TCHC portfolios in the amounts of \$50,595,205 and \$43,838,584 respectively as set out in Appendix C and D;
2. authorize the General Manager, Shelter, Support and Housing Administration, to reallocate funding from approved projects which do not proceed to new projects and to submit these on behalf of City Council and enter into any necessary agreements to give effect thereto;
3. authorize the General Manager, Shelter, Support and Housing Administration, to submit additional projects on behalf of City Council, accept and allocate additional federal/provincial funding to social housing providers, and enter into any necessary agreements to give effect thereto;
4. authorize the General Manager, Shelter, Support and Housing Administration, to submit projects on behalf of City Council for the Renewable Energy Initiative of the Ministry of Municipal Affairs and Housing and the Ministry of Energy and Infrastructure, accept and allocate additional federal/provincial funding to social housing providers, and enter into any necessary agreements to give effect thereto; and
5. request the General Manager, Shelter, Support and Housing Administration, to report back to the Community Development and Recreation Committee on the Year Two funding allocations approved by the Province.

## Financial Impact

All funding for the Social Housing Renovation and Retrofit Program is provided jointly by the federal government, as part of its Economic Action Plan for Canada stimulus initiatives, and the provincial government, as part of its Poverty Reduction Strategy. Therefore, participation by the City of Toronto in SHRRP has no net financial impact on the City's Operating Budget.

The provincial government has assigned notional SHRRP funding allocations to the City of Toronto of \$98,576,948 in 2009-10 and \$121,433,789 in 2010-11. In addition, the province provided the City with \$100,000 in each of the two fiscal years to offset the cost of administering SHRRP.

On October 26-27, 2009 Council increased the Shelter, Support and Housing Administration 2009 Approved Operating Budget by \$98,676,948 gross and \$0 net to reflect the Year 1 funding of the Social Housing Renovation and Retrofit Program (EX35.15). <http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-23783.pdf>

The Shelter, Support and Housing Administration 2010 Operating Budget estimates include an additional \$121,533,789 gross and \$0 net to reflect SHRRP Year Two funding.

On December 21, 2009 the Province advised the City that it has approved an additional \$2,420,000 to offset the City's cost of administering SHRRP and the Affordable Housing Program Extension. Appropriate adjustments will be made to the 2010 Operating Budget estimates once the Province provides details regarding the transfer and use of these funds.

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

## DECISION HISTORY

At its meeting on May 25-27, 2009, Council adopted Executive Committee Report EX32.12, *Economic Stimulus Funding Investments in Social Housing Renovation and Retrofit*. The recommendations responded to a request by the Province, prior to confirmation of program guidelines and funding levels, for a preliminary list of construction ready projects that could be eligible for SHRRP funding. <http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/ex32.12c.pdf>

The Province released SHRRP guidelines and eligibility criteria and advised the City of Toronto of its notional SHRRP funding allocations for the two years of the program in June 2009.

At its meeting on November 30, December 1, 2, 4 and 7, 2009, City Council adopted Community Development and Recreation Committee report CD28.2, *Update on the Social Housing Renovation and Retrofit Program*. This report confirmed the allocation of

Year One funds under the Program, as well as administrative arrangements.  
<http://www.toronto.ca/legdocs/mmis/2009/cd/bgrd/backgroundfile-24902.pdf>  
<http://www.toronto.ca/legdocs/mmis/2009/cd/bgrd/backgroundfile-24903.pdf>

Council directed the General Manager, Shelter, Support and Housing Administration to submit a report to the Community Development and Recreation Committee upon completion of analysis and review of submissions for Year Two funding under the Social Housing Renovation and Retrofit Program. This report responds to Council's direction and recommends approval of proposed projects for Year Two funding.

## ISSUE BACKGROUND

At its meeting on August 5-6, 2009 Council adopted *Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020* (EX33.47 <http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21571.pdf>). The preservation and repair of Toronto's existing stock of social and private rental dwellings is identified as a critical component of the 10 year Plan. The availability of provincial and federal funds under SHRRP, with no requirement for matching City funds, provides a significant opportunity to make progress on this important aspect of Council's Plan.

## COMMENTS

### Demand for Funding

Demand for SHRRP funding has far outstripped available funds in both Year One and Year Two of the program.

### Recap – Year One Allocations

One hundred and thirty-nine social housing providers in Toronto were approved by Council for funding in Year One of SHRRP. Project proposals submitted by Toronto Community Housing Corporation (TCHC) accounted for 70 percent of the total value of requests received for Year One SHRRP funding. Accordingly, 70 percent of the City's notional allocation for Year One was allocated to TCHC projects; the remaining 30 percent was allocated to projects submitted by 138 other non-profit and co-operative housing providers (Table 1).

Table 1

<u>Approved Year One SHRRP Allocation</u>		% of Year One Allocation
TCHC	\$ 68,300,000	70%
Non-TCHC	<u>29,880,198</u>	30%
Total	<u>\$ 98,180,198</u>	

## Year Two Demand

Toronto's Year Two notional allocation of SHRRP funds is \$121,433,789. Consideration of allocation of Year Two funding includes three elements.

### 1. Submission of Housing Provider Proposals for Repair Projects:

All housing providers were invited to submit requests for Year Two by August 28, 2009. To make best use of the funding, they were advised that the focus of Year Two spending is on major capital replacements, for example, roof work, boiler replacements and balcony repairs that meet provincial priorities for the program (health and safety, energy efficiency and accessibility). Funding requests for repairs totalling \$316,027,241 were received from 178 housing providers. TCHC submissions accounted for 45 percent of this total with other providers' submissions making up the other 55 percent (Table 2).

Table 2

<u>Year Two SHRRP Total Requests</u>		
TCHC	\$ 142,655,200	45%
Non-TCHC	<u>173,372,041</u>	55%
Total	<u>\$ 316,027,241</u>	

### 2. Regeneration Projects - \$12 million

The City is permitted to use up to 10 percent of its total two year SHRRP allocation to fund regeneration projects. These are projects that entail fundamental change in existing buildings through reconfiguration or complete reconstruction. Regeneration projects will be approved by the province based on submission of business cases. The City has received and is recommending two regeneration funding requests totalling \$12 million from Toronto Community Housing Corporation (\$4,050,000) and Fred Victor Centre (\$7,950,000). The two proposed regeneration projects are summarised in Appendix A.

It is recommended that Council authorise the General Manager, Shelter, Support and Housing Administration to submit the TCHC and Fred Victor Centre regeneration projects substantially as outlined in Appendix A to the Province for funding in Year Two of SHRRP.

### 3. Mechanical systems replacement and energy efficiency improvements – \$15,000,000

It is in the City's interest to guide strategic investments that can help to contain the costs of operating buildings, which in turn have an impact on the City's subsidies to social housing providers. To take advantage of the strategic investment opportunities presented by SHRRP funds, an engineering review was conducted of the mechanical systems of twenty non TCHC non-profit and cooperative social housing providers that are amongst the highest (per unit) consumers of natural gas. The age and condition of their existing

heating, cooling and air handling systems were reviewed and cost effective changes that can be made were identified. These changes, to the value of approximately \$15 million, are set out in Appendix B. They have the potential to lower operating costs over the longer term.

It is recommended that Council authorise the General Manager, Shelter, Support and Housing Administration to submit projects for major mechanical retrofits to improve energy efficiency for 20 housing providers, as outlined in Appendix B, to the Province for funding in Year Two of SHRRP.

### **Proposed Allocation of Year Two SHRRP Funding**

Consistent with the allocation model used in Year One, calculation of the overall allocation of Year Two SHRRP funds between TCHC and Non-TCHC social housing providers is proportionally based on the dollar amount of submissions from each group.

TCHC's submissions accounted for 45 percent of the total amount of Year Two SHRRP requests. The non-TCHC portfolio submissions comprise the remaining 55 percent. When these percentages are applied to the Year Two available amount of \$121,433,789, the allocation envelopes are:

TCHC	\$ 54,645,205	45%
Non-TCHC	<u>66,788,584</u>	55%
Total	<u>\$121,433,789</u>	

As previously noted, this report recommends support for strategic investments in two regeneration projects and replacement of 20 housing providers' mechanical systems. Once the costs of regeneration projects and mechanical system replacement projects are deducted from the TCHC and non TCHC envelopes, the following amounts are available for general allocation to other renovation and retrofit projects (Table 3):

Table 3

	TCHC	Non-TCHC
Gross Allocation	\$ 54,645,205	\$ 66,788,584
Less: Regeneration	(4,050,000)	(7,950,000)
Mechanical Systems	<u>N/A</u>	<u>(15,000,000)</u>
Total for General Allocation	<u>\$ 50,595,205</u>	<u>\$ 43,838,584</u>

Appendices C and D list TCHC projects totalling \$50,595,205 and non TCHC projects totalling \$43,838,584, respectively, which have been assessed to be most closely aligned with the provincial priorities and eligibility criteria, including start and finish dates.

It is recommended that the General Manager, Shelter, Support and Housing Administration be authorised to submit renovation and retrofit projects in the TCHC and

non-TCHC portfolio in the amounts of \$50,595,205 and \$43,838,584 respectively, as outlined in Attachments 3 and 4, to the Province for funding in Year Two of SHRRP.

On the basis of the recommendations in this report, the allocation of both Year One and Two SHRRP funds is as follows (Table 4):

Table 4

	Year 1 SHRRP Allocation	Year 2 SHRRP Recommendation	Total \$	%
TCHC	\$68,300,000	\$54,645,205	\$122,945,205	56.0
Non-TCHC	\$29,880,198	\$66,788,584	\$ 96,668,782	44.0

SHRRP funding is allocated on a “use it or lose it” basis and the Province retains the right to reallocate unspent funds from one service manager to another. To ensure that the City is in a position to use all available SHRRP funding, it is further recommended that Council authorize the General Manager, Shelter, Support and Housing Administration to submit additional projects to the province, should approved projects not proceed for any reason or should the province decide to reallocate any unspent SHRRP funds from other service managers to the City of Toronto.

## Renewable Energy Initiative

The Ministry of Municipal Affairs and Housing (MMAH) is also developing a \$70 million Renewable Energy Initiative with the Ministry of Energy and Infrastructure. Funding will be additional to the Year One and Two SHRRP allocations. This initiative aims to reduce energy costs for social housing projects by installing renewable energy technologies for heating, cooling and/or generating electricity.

Staff are exploring the use of renewable energy application opportunities within Toronto’s social housing portfolio. These include solar photovoltaic, solar thermal, solar air, geothermal and micro-wind applications.

The Province has not yet released final Guidelines for this program. In anticipation of the release of the program details, it is recommended that the General Manager, Shelter, Support and Housing Administration, be authorized to submit projects on behalf of City Council for the Renewable Energy Initiative, accept additional federal/provincial funding and enter into any necessary agreements to give effect thereto.

## CONCLUSION

While SHRRP is a complex program to administer, it represents a significant and welcome contribution to social housing investment by the federal and provincial governments. It demonstrates the role that other orders of government need to play in protecting the availability of social housing. It also shows the value of partnerships and collaboration between governments and community housing providers. Above all, SHRRP provides a tremendous opportunity for the City to move forward in the

implementation of Housing Opportunities Toronto, the City's Ten Year Action Plan for Affordable Housing.

## **CONTACT**

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## **SIGNATURE**

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Phil Brown  
General Manager  
Shelter, Support and Housing Administration

## **ATTACHMENTS**

Appendix A: Proposed SHRRP Regeneration Projects  
Appendix B: Proposed SHRRP Year Two Mechanical Systems Replacement Projects  
Appendix C: Proposed SHRRP Year Two Renovation Projects (TCHC Portfolio)  
Appendix D: Proposed SHRRP Year Two Renovation Projects (non-TCHC Portfolio)