

Loss of Toronto Pooling Compensation for Social Housing - Budget Strategy

Budget Committee Presentation
January 29, 2015



Social Housing - Ontario

Toronto provides 90% of the public housing in the GTA and 37% of the total social housing in the Province, but comprises only approximately 20% of the Province's population.

	Toronto	GTA	Ontario	Toronto %	
				GTA	Ontario
Population (2011)	2,615,060	6,054,191	12,851,191	43.2%	20.3%
Public Housing units	43,869	48,434	99,331	90.6%	44.2%
Other units (Non-Profits /Co-ops)	51,797	77,842	157,429	66.5%	32.9%
Total units	95,666	126,276	256,760	75.8%	37.3%

Provincial Funding (Toronto Pooling Compensation) Reduction

	2013	2014	2015	2016	2017	2018
Original/2008 TPC Commitment \$M	149.3	142.5	135.6	128.8	121.9	115.1
Revised Plan \$M	149.3	100.0	50.0	0.0	0.0	0.0
Cumulative Impact \$M	0	(42.5)	(85.6)	(128.8)	(121.9)	(115.1)
Cumulative Property tax impact %		1.8%	3.6%	5.4%		
Incremental Impact \$M		(42.5)	(43.1)	(43.2)		
Incremental Property Tax Impact (original 2013) %		1.8%	1.8%	1.8%		
Incremental Property Tax Impact (updated 2015) %		0.0%	3.4%	1.7%		

Proposed Strategy

- Defer/shift a portion of the funding loss to future years
 - Temporarily reduce capital from current in operating budget
 - Replace capital funding with new short term capital borrowing facility
 - Phase-in budgetary adjustments to replace terminated funding, restore CFC and repay borrowing

Provincial Offer

- Short term capital line of credit
 - four year borrowing facility
 - Six year repayment requirement
 - Commercial (market) rates
 - Secured by designated real estate assets, gas tax clawback
 - Early repayment from City surpluses
 - Regulatory changes required

City In-house Approach

- Use flexibility of bank loan (borrowing, repayment schedule flexibility, no collateral) to fund capital
- Limit budgetary phase-in period (4-6 years)
- Limit debt repayment term (up to 6 years)
- Target budget impacts to less than 2% each year
- Begin adjustments in 2015

Summary

- Following review of both options, staff propose the in-house approach, including:
 - Temporary reduction of capital from current
 - New short term capital financing mechanism (bank loan)
 - Budget phase-in options, and
 - Budgetary adjustments for the 2015 operating budget to eliminate any potential 2015 tax impact
- Report details to Feb. 13 Budget Committee

Thank You

