

December 9, 2019

Deputy Mayor Ana Bailão (chair, PHC)
Planning & Housing Committee Members
Mayor John Tory and Members of Council

Dear Mayor Tory, Chair and Councillors:

re: PH11.5 – HousingTO 2020-2030 Action Plan

Wellesley Institute aims to improve health and health equity in Toronto through improved policy based on social determinants of health research. Housing is an important health issue.

Poorer quality housing increases the risk of physical and mental health problems, such as accidents, infestation, noise and mold. Providing housing of appropriate quality, that is affordable, and that offers access to supports if needed, promotes health, recovery and wellbeing.

Housing is also a health equity issue that most severely affects marginalized populations in Toronto. Toronto's housing crisis can lead to health crises for people who cannot afford the housing they need. Homelessness is associated with shorter life expectancy, poorer health, and increased health and social service costs. Access to adequate affordable housing can improve health equity.

The HousingTO 2020-2030 Action Plan is an opportunity for the City to move forward with stronger action on affordable housing. It is an opportunity to entrench housing as a right and, more importantly, to take active steps to realize and achieve these rights.

The City has taken significant steps, including adequate TCHC funding for repairs, delivering federal-provincial-city programs for new rental, more housing allowances, and City incentives and land for new rental. It is considering steps to sustain non-profit and co-op housing for the long term.

But Toronto's housing challenges have worsened. We need **to increase affordable rental housing supply, housing for people who are homeless or live with mental health issues, and good repair of private-sector apartments**. I will focus on these three areas in this letter.

Recommended actions

Achieving the HousingTO goals will depend on two kinds of steps by the City.

The first area is **enhanced funding**. The City has taken bold, important steps in TCHC funding and City land for affordable housing. To move toward the HousingTO goals, decisions must be made on resources to help cover the costs to develop housing and achieve affordable rents.

The second area is **implementation plans**. Moving forward in each area of HousingTO requires a time frame longer than a year, or than annual budgeting. But it requires something more focused than a broad ten-year plan. We suggest that City staff prepare three-year implementation plans for Council approval, with funding, action steps, and doable targets, for each of the three areas noted here: new affordable rental; new supportive housing; and repair and retrofit of private-sector rental.

The community-based sector is now initiating such a plan for supportive housing (with Wellesley Institute involvement). An active City partnership to develop and implement this plan will be essential to its success.

Goals, targets, and resources

The proposed HousingTO 2020-2030 Action Plan has ambitious ten-year goals which it describes as targets. These translate (average annual) to 4,000 new affordable rental units a year, including 1,600 with City support and 1,800 more supportive housing units each year. This is well beyond the scale of activity in Toronto 25–50 years ago when governments were more active in affordable housing.

The Plan looks to federal and provincial collaboration, and shared funding, to achieve these goal-targets. This shared responsibility is appropriate. But the City must make decisions on what resources it will contribute to move toward these goals, and what actions it will take. By way of precedent, adequate funding for TCHC repairs is being implemented by large ongoing allocations in the City capital budget, and a TCHC funding partnership with the federal government.

The funding and related resources described in the proposed Plan are not commensurate with the goal-targets. Current federal-provincial funding under the National Housing Strategy, and City resources described in the Plan, are not enough to make significant progress toward the goals.

Creating more affordable rental housing

It is challenging to create affordable rental. Development costs have escalated. Federal funding is mostly loans that need to be repaid – resulting in higher rents. Non-profits now have to apply separately for federal funding, putting an end to the unified City one-window funding application.

The HousingTO Plan reaffirms long-standing City tax-and-charges exemptions for new rental. It includes much more City land for housing, worth about \$80 million a year, and land partnerships with other players. Unfortunately, the *More Homes, More Choice Act* (‘Bill 108’) cuts Development Charges revenue to the City for affordable housing, and the staff report accompanying the Plan indicates (table 2) only an average \$20 million a year in City funding for new affordable rental.

The Plan notes housing advocates’ criticism of defining 80 percent or 100 percent of average market rent as “affordable” in new rental, and it points to a review of this definition. A revised definition of affordable could be useful in clarifying what income levels should be served and at what rent levels.

But deeper funding is needed if the City wants to achieve ambitious goals, create deeper affordability, or implement a stronger definition. This would include more capital funding so that projects have small mortgages; and ongoing rent subsidies so low-income tenants can pay low rents.

By way of precedent, the City's main definition of affordability (Rent Geared to Income – RGI) is achieved by through almost \$400 million annually in housing subsidies in the City operating budget.

If City Council wishes to take serious steps toward this, it could consider enhanced capital funding for new affordable rental as well as ongoing rent subsidies. For example, the City could consider budgeting \$50–\$100 million annually toward capital costs of new affordable rental. It could consider adding an extra \$7 million each year, to fund \$600-a-month rent subsidies for 1,000 more households each year. The City no longer faces big fiscal pressures in its housing envelope as it did in the 2010s with federal-provincial funding phase-out, and could now consider such options.

Two other steps will help ensure efficient delivery and long-term cost-effectiveness. To ensure a process that has more transparent funding and is easier for non-profits to access, the City could seek an active delivery partnership with Canada Mortgage and Housing Corporation which administers the federal funding. For cost-effectiveness, the City should give priority to non-profit housing providers. They, unlike private firms, will sign agreements for long-term 50–99 year affordability.

Supportive housing for people who are homeless or live with mental health issues

The proposed HousingTO Plan acknowledges Toronto's homelessness crisis. It identifies the vital role of supportive housing – with deeply affordable rents and support staff, enabling people with mental health issues or in chronic/episodic homelessness to leave the streets and shelters. Supportive housing helps several thousand people live stable lives today in Toronto – but more is needed.

The City has a larger role in supportive housing than the HousingTO document indicates. Although the Ministry of Health has the larger responsibility, about half of Toronto's housing serving people living with mental health issues or chronic/episodic homelessness is City-funded, or has combined City/Ministry funding. The City is active in Streets to Homes, Home for Good, and other programs.

The Ontario government has committed to increased housing-related supports for people with mental health issues, and is rolling out more federal-provincial funding for this. Some of this can house people in private rental, but we also need more permanent non-profit supportive housing.

The Plan reiterates the 18,000-unit goal adopted by Council. More active City steps are needed.

Creating supportive housing should be an integral part of City activity to create affordable rental housing. Several of the highest-capacity community non-profits are supportive housing providers. At least one-third of the new affordable rental that the City funds should be supportive housing.

Creating this housing requires an active partnership. The City can support community-based providers to develop the housing. Ministry of Health programs can provide rent supplement and fund the support staff. The City should seek an active delivery partnership with the Ministry of Health and related health agencies, creating a coordinated program to fund new supportive housing.

Good repair and retrofit of older private-sector rental

Ensuring the good repair and energy/climate retrofit of older private-sector rental buildings is a huge issue for Toronto, affecting the majority of the city's low- and moderate-income residents. Recent high-profile building failures have put rental disrepair squarely on the Toronto housing agenda.

Sustaining this housing is one of three main priorities in the City's Resilience Strategy. The City has taken steps with RentSafeTO, and learned much from a dozen years of Tower Renewal pilots. Repair and retrofit is the main National Housing Strategy priority with significantly more funding.

These issues will require a more active and specific strategy than it was feasible for staff to develop within the HousingTO time frame of 2019. The proposed Plan does call for federal funding and tax-related measures. At the City level, a more comprehensive approach will need to be formulated.

Conclusion

Quality, affordable housing is key to equity in health and wellbeing. Toronto's housing crisis matters for health and social well-being. Although the City has taken significant steps, Toronto's housing challenges have worsened. The HousingTO 2020-2030 Action Plan is an opportunity for the City to take active steps to realize the right to housing.

Moving toward achieving the HousingTO goals will depend on enhanced funding and focused implementation plans. This will move Toronto forwards in developing more affordable rental housing; creating more supportive housing for people who are homeless or live with mental health issues; and ensuring good repair and retrofit of older private-sector rental.

Yours truly,



Dr Kwame McKenzie, CEO