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2022 BUDGET BRIEFING NOTE

Comparison of 2015 and 2022 Housing-Related Budgets

Issue/Background:

- The Budget Committee, at its meeting of January 20, 2022, requested the Chief Financial Officer and Treasurer to prepare a briefing note in consultation with the General Manager of Shelter, Support & Housing Administration, the Executive Director of the Housing Secretariat, and the CEO of Toronto Community Housing Corporation on:
 - a) Providing a comparison of those three divisions and agencies' 2015 operating budgets (gross and net) versus their proposed 2022 operating budgets, as well as detailing:
 1. The breakdown of funding sources as between the City, Provincial, and Federal governments; and
 2. A list of key initiatives introduced within that time span; and
 - b) Providing a comparison of those three divisions and agencies' 10-year capital plans for 2015-2024 versus their proposed 2022-2031 capital plans, as well as detailing:
 1. The breakdown of funding sources as between the City, Provincial, and Federal governments; and
 2. A list of the key capital investments and initiatives covered within those capital plans.

Key Points:

- The City of Toronto's housing-related services are primarily provided by the Shelter, Support and Housing Administration division (SSHA); the Housing Secretariat (formerly the Affordable Housing Office); and the Toronto and Community Housing Corporation (TCHC).
 - TCHC is a City corporation that is managed through its own separate Board of Directors. Each year TCHC receives subsidy payments from the City of Toronto, which are flowed through SSHA's annual budget.

- The City of Toronto invests a significant amount on an annual basis into operating and capital initiatives for housing-related services in partnership with, and as an extension of responsibilities of, the federal and provincial governments. These investments have a positive outcome for Toronto as well as Ontario and Canada, with an overall objective of ensuring everyone has a safe and affordable place to call home.
- The 2022 Recommended Budgets include investments in housing of \$1.0 billion and \$4.8 billion within the City's 2022 Operating Budget and 2022 – 2031 Capital Plan respectively. This includes added annual investments compared to 2015 budgets of:
 - \$378.1 million in added annual operating investments, with \$271.0 million directly funded by City sources such as property taxes; and
 - \$4.7 billion in increased 10-year capital funding considered as part of the City's annual budget process, with \$3.6 billion directly funded by the City. While TCHC did not participate in the City's budget process in 2015 and maintained their own capital plan, the majority of TCHC capital requirements including essential building repairs were unfunded prior to the added City and Federal investments detailed in this note.
 - Additionally, the City also supplements direct capital investments through \$4.7 billion in added financial incentives to enhance housing investments in Toronto through foregone revenue, land value contributions and other financial incentives.

Operating Budget:

Expenditures:

Table 1: Summary of Gross Expenditures by Program

| \$ Millions | 2015 | 2022** | \$ Inc. | % Inc. |
|--|--------------|----------------|----------------|---------------|
| Housing Secretariat | 2.8 | 72.3 | 69.5 | - |
| Shelter, Support & Housing Administration* | 429.3 | 686.2 | 256.9 | 59.8% |
| TCHC Subsidy & \$9.5 M in One-time Funding | 233.1 | 284.8 | 51.7 | 22.2% |
| Grand Total | 665.2 | 1,043.3 | 378.1 | 56.8% |

*Excludes TCHC Subsidy

** Excludes COVID-19 impacts of \$288 Million for SSHA and \$27 Million for TCHC

- The 2015 Operating Budget for Housing Secretariat and SSHA, including the subsidy to TCHC, was a combined total of \$665.2 million.
- Since 2015, the City's gross annual spending on the three housing entities has increased by \$378.1 million to \$1.0 billion in the 2022 Recommended Operating Budget, when excluding COVID-19 impacts. This represents a 56.8% increase in

housing-related annual spending over the 2015 budget.

- This increase excludes an additional \$315 million in COVID-19 related impacts including \$288 million for SSHA, to fund physical distancing measures in City shelters in adherence with the provincial public health guidelines.
- In addition, the 2022 Operating Budget requires \$27.6 million in provincial funding for the continuation of supportive housing initiatives committed to in 2021.
- All three entities have seen an increase in their annual operating budgets since 2015, including an annual increase of \$256.9 million for SSHA (59.8%); an increase of \$69.5 million for Housing Secretariat and an annual subsidy increase of \$51.7 million for TCHC (22%) inclusive of one-time costs of \$9.5 million.

Funding:

Table 2: Summary of Revenues by City Housing Entities and Funding Source

| | City | | Provincial | | Federal | | Total |
|--|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | \$ | % of Total | \$ | % of Total | \$ | % of Total | \$ |
| 2015 | | | | | | | |
| Housing Secretariat | 1.7 | 62.2% | 1.0 | 37.8% | | | 2.8 |
| Shelter, Support & Housing Admin* | 124.7 | 29.0% | 147.3 | 34.3% | 157.3 | 36.6% | 429.3 |
| TCHC Subsidy | 233.1 | | | | | | 233.1 |
| 2015 Total | 359.5 | 54.0% | 148.4 | 22.3% | 157.3 | 23.7% | 665.2 |
| 2022** | | | | | | | |
| Housing Secretariat | 44.2 | 61.1% | 28.1 | 38.9% | | | 72.3 |
| Shelter, Support & Housing Admin* | 301.6 | 43.9% | 201.4 | 29.3% | 183.3 | 26.7% | 686.2 |
| TCHC Subsidy & \$9.5 M in One-time Funding | 284.8 | | | | | | 284.8 |
| 2022 Total | 630.5 | 60.4% | 229.5 | 22.0% | 183.3 | 17.6% | 1,043.3 |
| Overall Increases | | | | | | | |
| Total Inc (\$) | 271.0 | | 81.1 | | 26.0 | | 378.1 |
| Total Inc (%) | 75.4% | | 54.7% | | 16.5% | | 56.8% |

*Excludes TCHC Subsidy

** Excludes COVID-19 impacts of \$288 Million for SSHA and \$27 Million for TCHC

- In 2015, the \$665.2 million annual operating budgets were funded as follows:
 - \$359.5 million in City funding (54.0%);
 - \$148.4 million in provincial funding (22.3%); and
 - \$157.3 million in federal funding (23.7%).
- Since 2015, the City's share of total annual funding for housing-related services has increased from 54.0% to 60.4% reflecting an increase of \$271.0 million in City

funding to \$630.5 million in 2022; the provincial share has decreased to 22.0% (\$229.5 million); and the federal share has decreased to 17.6% (\$183.3 million).

- As Table 2 above displays, of the overall increase of \$378.1 million in annual funding:
 - The City has increased its annual funding from \$359.5 million in 2015 to \$630.5 million in 2022, an increase of \$271.0 million, a 75.4% increase.
 - Provincial and federal funding have increased by \$81.1 million and \$26.0 million respectively, representing a 54.7% increase by the province and 16.5% by the federal government.

Key Operating Initiatives (2015 – 2022):

The following are a few examples of key initiatives implemented during the time period of 2015- 2022, representing the City's enhanced investments in housing with the objective of achieving positive outcomes for Torontonians, the region and the country:

- **Housing Secretariat:**
 - **Implementation of HousingTO 2020-2030 Action Plan:** a blueprint for action across the full housing spectrum - from homelessness to rental and ownership housing; to long-term care for seniors; and to prioritized populations with specific needs including women, Black, Indigenous and LGBTQ2SAI+ residents. Part of the Plan is the delivery of 40,000 new affordable rental approvals.
 - **Open Door Affordable Rental Program:** Incentivizes the development of affordable rental homes on land owned by the non-profit and private sectors with the goal of creating 10,000 affordable rental units as part of the HousingTO 2020-2030 Action Plan.
 - **Laneway Suites Program:** Incentivizes property owners to develop a laneway suites program to increase housing opportunities.
 - **Toronto Renovates Program:** Offers federal/provincial funding for lower-income seniors and persons with disabilities who own a home in the City of Toronto and wish to make health or safety repairs or accessibility modifications to their homes.
 - **Rental Construction Financing Initiative (RCFI):** The federal government provided financing to the City and community partners to create new affordable and supportive housing for vulnerable and marginalized people, including those experiencing homelessness.
- **Shelter, Support & Housing Administration:**
 - **Street Outreach and Respite Services:** Street outreach programs work with clients experiencing outdoor homelessness to access shelter and permanent

- housing. Respite services (including warming centres) provide emergency shelter and support clients to access permanent housing. Both programs offer case management, mental health and harm reduction supports and services.
- **Eviction Prevention in the Community (EPIC) Program:** EPIC is an early intervention program that supports individuals at risk of homelessness to retain their housing. Since inception in 2018, the EPIC program has supported over 3,000 people to remain housed and avoid accessing emergency shelter.
 - **Expanded Shelter Capacity:** New sites and a total of 1,341 beds opened, as part of Housing and Shelter Infrastructure Development capital project approved in 2018 for creation of new shelters in response to sustained and growing occupancy pressures in the emergency shelter system.
- **Toronto Community Housing Corporation:**
- **Implementation of the TCHC permanent funding model:** which provides a predictable and adequate level of baseline funding for TCHC on an annual basis.
 - **Decentralized Operations:** enables front-line staff to address tenant and building needs more quickly.
 - **Integrated Seniors Model:** implementation of an integrated service delivery model for senior tenants to help build relationships and housing service delivery.
 - **Violence Reduction Program:** increases community policing, relationship-building, listening to tenants, crime prevention and partnerships in high-risk communities across the City.
 - **Integrated Housing Management System:** replacing TCHC’s end-of-life information technology infrastructure to enable TCHC staff to quickly and easily access information to do their jobs and to serve tenants.

Capital Budget

Expenditures:

Table 3: Summary of Total Expenditures in the 10 Year Capital Plan

| Total 10 Year Capital Plan | Housing Secretariat | SSHA | TCHC* | Total |
|----------------------------|---------------------|--------------|----------------|----------------|
| \$ Millions | \$ | \$ | \$ | \$ |
| 2015-2024 | | 96.0 | | 96.0 |
| 2022-2031* | 970.8 | 739.9 | 3,049.8 | 4,760.5 |
| Difference Total | 970.8 | 643.9 | 3,049.8 | 4,664.5 |

*Excludes \$211 million in unfunded TCHC development projects. TCHC’s capital repair plan (SOGR) is fully funded.

- The 2015-2024 Capital Plan for housing-related entities was \$96.0 million, which was dedicated to service improvements and growth-related capital costs for SSHA.
- Today, the 2022-2031 Recommended Capital Plan for Housing Secretariat; SSHA and TCHC total a combined \$4.8 billion with significant investments to advance the City's Housing Now program and to address the state of good repair (SOGR) backlog of TCHC buildings, enabling TCHC to continue to focus on delivering clean, well-maintained buildings where tenants have opportunities to engage with their community.
- In addition to the 10 Year Capital Plan, the City provides significant financial incentives to enhance housing investments in Toronto. This includes an estimated \$4.7 billion in the next ten years through foregone revenue in the form of land value and other financial incentives, to encourage investments in housing.
- Table 3 above displays the increase in the 10 Year Capital Plan from 2015:
 - In 2015, SSHA was the only housing division to have a capital plan considered as part of the City's annual budget process. The 10 Year Capital Plan for SSHA has increased from \$96 million to \$739.9 million in 2022-2031, representing an increase of \$643.9 million.
 - The 2022-2031 Capital Plan for the Housing Secretariat is \$970.8 million, and the Capital Plan for TCHC is \$3.0 billion.
 - In 2015, TCHC did not participate in the City's annual budget process and therefore did not report its 10 Year Capital Plan to the City at that time. The majority of TCHC's capital requirements including essential building repairs were unfunded prior to the added City investments since.

Funding:

Table 4: Summary of Capital Funding

| Total 10 Year Capital Plan \$ Millions | City | | Provincial Government | | Federal Government | | Total |
|---|----------------|---------------|-----------------------|-------------|--------------------|--------------|----------------|
| | \$ | % | \$ | % | \$ | % | \$ |
| 2015-2024 | | | | | | | |
| Shelter, Support & Housing Administration | 96.0 | 100.0% | | | | | 96.0 |
| 2015-2024 Total | 96.0 | 100.0% | | | | | 96.0 |
| 2022-2031 | | | | | | | |
| Housing Secretariat | 810.0 | 83.4% | 3.0 | 0.3% | 158.0 | 16.3% | 971.0 |
| Shelter, Support & Housing Administration | 736.8 | 99.6% | 0.6 | 0.1% | 2.5 | 0.3% | 739.9 |
| Toronto Community Housing Corporation* | 2,092.4 | 68.6% | | | 957.4 | 31.4% | 3,049.8 |
| 2022-2031 Total | 3,639.2 | 76.4% | 3.6 | 0.1% | 1,117.9 | 23.5% | 4,760.7 |

*City funding includes \$492M raised directly by TCHC and excludes \$211 million in unfunded TCHC development projects. TCHC’s capital repair plan (SOGR) is fully funded.

- In 2015, the \$96.0 million 10 Year Capital Plan for SSHA only was 100% City funded.
- As shown in Table 4 above, the 2022-2031 Recommended Capital Plan now totalling \$4.8 billion includes a total of \$3.6 billion in City funding (76%); \$1.1 billion in federal funding (24%) and \$3.6 million in provincial funding (0.1%).
 - As noted, the City further invests \$4.7 billion in housing outside of the Capital Plan through incentives to encourage investments in housing in the form of foregone city revenue (i.e. land value, fee waivers and other financial incentives)
- The 2022-2031 Capital Plan for the three entities include a combined increase of \$3.6 billion in City funding, an increase of 369% over the 2015 10 Year Capital Plan.

Key Capital Initiatives (2015 – 2022):

- The funding in the 10 Year Capital Plan will be used to support the development of 20,000 affordable homes, with the City’s direct commitment now fully funded, and will move the City towards the goal of supporting 40,000 new affordable homes under the HousingTO Action Plan.

Since 2015, significant capital investments have been made in housing initiatives including a few key capital projects below:

- **Housing Secretariat:**
 - **Implementation of HousingTO 2020-2030 Action Plan:** a blueprint for action across the full housing spectrum - from homelessness to rental and

ownership housing; to long-term care for seniors; and to prioritized populations with specific needs including women, Black, Indigenous and LGBTQ2SAI+ residents. Below are specific capital programs to contribute to delivery of 40,000 new affordable rental approvals as a part of the Plan

- **Housing Now Initiative:** An initiative to activate City-owned sites for the development of 10,000 units of affordable housing within mixed-income, mixed-use, transit-oriented communities
 - **Supportive Housing:** the City aims to approve 18,000 new supportive homes, to be delivered through partnerships with the federal (Rapid Housing Initiative) and provincial governments. This target includes 1,000 modular supportive homes.
 - **City-led Rental Development:** This program aims to support delivery of 1,500 new affordable rental homes using smaller City-owned, underutilized sites.
 - **Strategic City Acquisitions:** The City aims to acquire 500 at-risk market rental homes by 2030 and convert them to permanently affordable rental homes.
 - **Tower Renewal:** A program to deliver holistic retrofit investments at older apartment buildings in Neighbourhood Improvement Areas, low-income census tracts and areas with low socio-economic indicators across Toronto.
- **Shelter, Support & Housing Administration:**
 - **George Street Revitalization Phase 2:** project management, transition and redevelopment costs for the delivery of a 600,000 sq. ft. multi-purpose facility envisioned to include an emergency shelter program, long-term care home facility, transitional assisted living, affordable housing and a community service hub.
 - **State of Good Repair funding for existing shelter locations:** to help avoid potential loss of beds in a shelter system that is already at capacity. It will also lead to improved living conditions, improved safety, energy efficiency, and improved comfort for clients, staff and visitors.
 - **Expanded Shelter Capacity:** new sites and a total of 1,341 beds opened as part of Housing and Shelter Infrastructure Development capital project approved in 2018 for creation of new shelters in response to sustained and growing occupancy pressures in the emergency shelter system.
 - **Toronto Community Housing Corporation:**
 - Completed more than 1,700 rental replacement and affordable units since 2015.
 - With a fully funded capital repair plan, TCHC has accelerated building repairs and is on-track to reach a 10% Facilities Condition Index target by 2026 and has ensured no permanent unit closures.

Conclusion:

- The City of Toronto has significantly increased its annual investments in housing-related services and initiatives since 2015. This briefing note includes the annual operating and capital investments in housing on behalf of SSHA, the Housing Secretariat and TCHC.
- In addition to these, a number of other City Divisions and Agencies invest in enhancing positive outcomes for Toronto's residents and providing support to housing-related initiatives.
- Investments in housing requires a whole of government approach. Since 2015, the City's share of annual operating funding has increased from 54% to 60%, and the City is responsible for 76% of the capital costs in the current 10 Year Capital Plan. These investments provide benefits to both Toronto residents, and Ontario and Canada.

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