

TAKING ACTION ON HOUSING

Toronto's Submission on a
National Housing Strategy

October 21, 2016

Taking Action on Housing

In the face of a growing housing crisis, the City of Toronto is pleased to participate in the federal government's "Let's Talk Housing" National Housing Strategy consultation. Access to affordable, safe and well-maintained housing is an urgent issue for far too many low- and moderate- income families, couples and single people in Toronto. Much more needs to be done to provide better housing outcomes for all. We urge the federal government to move quickly on the results of the consultation by "Taking Action on Housing"!

The City of Toronto's submission sets out six strategic recommendations and additional actions that a National Housing Strategy should address. These recommendations are informed by what is happening in the streets and homes and shelters of Toronto: tight vacancy rates, skyrocketing house prices, lack of new rental housing and persistent homelessness. It is guided by the many decisions and directions set by City Council on such issues as social and affordable housing, homelessness, poverty reduction, tower renewal, neighbourhood revitalization and economic development, as well as the directions established in the City's 10-year affordable housing action plan, Housing Opportunities Toronto.

The City hosted its own consultation on the National Housing Strategy through a Toronto Housing Summit on September 30th. The Summit involved some 250 participants, including the Federation of Canadian Municipalities' Big City Mayors' Caucus, elected officials from all governments, non-profit and private sector organizations and developers, and the public. The Summit confirmed the urgency for Canada to implement a permanent funded housing strategy that produces results for all Canadians. The outcome is reflected in this submission. Details will be released this November, and will be forwarded to the federal government.

Six Strategic Recommendations

Where does a National Housing Strategy start? To be truly effective, the City believes that it must be guided by strategic recommendations. Delivering on these recommendations through stable, long-term funding and flexibility for local solutions will provide the foundation for making real progress in delivering affordable housing choices for Canadians in the 21st century.

The City's six strategic recommendations are to:

1. Create a vision for a National Housing Strategy that provides all Canadians access to safe, stable and affordable housing. Housing is the cornerstone of building sustainable, inclusive communities and a strong Canadian economy where we can prosper and thrive.
2. Preserve social housing by maintaining current funding while providing additional funding to maintain a good state of repair and ensure affordability.
3. Support affordable and social housing opportunities for people through new developments and housing subsidies.
4. Provide affordable homeownership and rental housing opportunities by stimulating new affordable construction through financing, funding, regulatory changes and tax measures.
5. Support a “Housing First” approach to ending homelessness that is flexible to meet local needs and provide additional resources to achieve this goal.
6. Commit to working with municipalities to meet their current and future housing requirements by dedicating necessary funding and resources to address the strategic recommendations set out above, including a dedicated carve-out for housing from Phase 2 of the 10-year Social Infrastructure Fund.

1 – Vision

Recommendation: Create a vision for a National Housing Strategy that provides all Canadians access to safe, stable and affordable housing. Housing is the cornerstone of building sustainable, inclusive communities and a strong Canadian economy where we can prosper and thrive.

Toronto is fast becoming a city polarized between poor and rich, with a shrinking middle-class. Low- and moderate-income residents are trapped in a housing system that is broken and leaving them behind. Toronto faces substantial growth in population over the next 30 years and, with it, the real possibility that the city's affordable housing challenges will negatively impact the social and economic wellbeing of Canada's largest economic region.

In 2009, City Council approved the 10-year Housing Opportunities Toronto Action Plan 2010-2020. The Plan includes a “Toronto Housing Charter – Opportunity for All” which recognizes that fair access to a full range of housing is fundamental to strengthening our economy, environmental efforts, and the health and social well-being of residents and communities. The City recommends the federal government to make a similar commitment in developing the vision for the National Housing Strategy (NHS).

The prospect of a brighter housing future for Canadians starts with getting the vision for the NHS right. The proposed vision that “all Canadians have access to housing that meets their needs and they can afford”, is a good start but the City recommends that it be more ambitious.

The vision must speak to the fundamental right of people to live in housing which is safe and in a good state of repair. It should recognize the desire of Canadians to achieve housing security and stability and provide the supports necessary for those who face additional challenges to accessing housing in the private market.

The NHS must be rooted in a vision that provides Canadians opportunity – opportunity to improve their housing conditions beyond simply a roof over their head. As families grow, as households change, so should the housing opportunities available to them grow and change. The vision should establish the role of the federal government as “the national housing leader” which fosters close collaboration with provinces, territories and municipalities. It should define a strong federal role in supporting and enabling well-functioning housing markets and systems, which respond to the current and future housing needs of all Canadians.

2 – Existing Social Housing

Recommendation: Preserve social housing by maintaining current funding while providing additional funding to maintain a good state of repair and ensure affordability.

Social housing provides a vital role by providing subsidized and low-end-of-market housing for low-income households. Many social housing providers also deliver additional support and community services to help residents maintain housing stability.

In Toronto, more than 100,000 families, couples and singles live in social housing owned and operated by more than 250 non-profit and co-operative housing organizations. Toronto Community Housing (TCH), the largest social housing provider in Canada, provides homes for some 60,000 households in 2,200 properties.

However, social housing in Toronto and across the country is in crisis. As operating agreements expire, providers are losing the capacity to maintain affordable rents and make necessary capital repairs. TCH is overwhelmed and underfunded as it tries to maintain and revitalize a building portfolio with an average age of more than 50 years.

In 2013, City Council passed a \$2.6-billion, 10-year TCH capital repair plan and requested the Province of Ontario and the Government of Canada to provide one-third of that or \$864 million each. Since 2014, Toronto has invested more than \$900 million in the TCH capital repair program. However, \$1.7 billion in new funding is needed to continue the program. Without these funds TCH will be required to close up to 7,500 homes by 2023.

With the full \$2.6 billion of capital repair funding, TCH will be able to deliver several social, economic and environmental dividends, including 14,000 jobs annually over the first 10 years, \$4.5 billion in tax revenue for the federal and provincial governments and \$3.8 billion in avoided healthcare costs. Energy retrofit programs will lower utility costs for low-and moderate-income earners while increasing the asset value for the landlord and improving environmental benefits.

TCH is well positioned to contribute to the federal government's greenhouse gas emission objectives by participating in energy retrofit pilot projects and adopting innovative "green financing" approaches. TCH, which owns 12% of the 1,200 tower apartment buildings in Toronto, will be able to reduce emissions by up to 30% with funding from all governments to its capital repair backlog.

The City also supports homeowners and landlords of existing properties in reducing their annual operating costs through energy efficiency retrofits. The City's key initiatives include the Home Energy Loan Program (HELP) and the High-rise Retrofit Improvement Support (HiRIS) that provide single family and the multi-residential housing sectors low cost, long-term loans towards implementation of energy efficiency retrofits and access to financial grants.

TCH has also pioneered public housing revitalization by partnering with the private sector and leveraging the value of public land. Seven separate public housing revitalizations are underway, with Regent Park now in Phase Three of development. The NHS is an opportunity for the federal government to partner with Toronto and invest in TCH's existing and future revitalizations.

The NHS also provides an opportunity for the federal government to support the modernization and transformation of social housing into more integrated and mixed-income communities. The positive

outcomes and increased revenue from social housing transformation through a "social mix" in TCH communities are outlined in the January 2016 report from the Mayor's Task Force on Toronto Community Housing.

Recommended Actions

The City recommends the federal government establish a long-term program of investment in existing social housing and a budget commitment of \$864 million to support the TCH capital repair program over the next 10 years.

The federal government should also commit to working with provinces to provide a more flexible legislative framework to make local decisions about social housing and unlock the potential of existing social housing assets. This would enable the City to pursue the innovative initiatives outlined in the Mayor's Task Force on Toronto Community Housing and the broader strategy to transform social housing by renewing partnerships with the City's social housing providers.

The City recommends the federal government maintain and reinvest Canada mortgage and Housing Corporations' (CMHC) current mortgage and rent subsidies of \$1.5 billion in the repair and affordability of Canada's 550,000 social housing homes.

The City also recommends the federal government provide additional funds to assist social housing providers to renegotiate mortgages at current rates with no penalties.

In addition, the NHS should provide Social Housing Improvement Program funding on an annual basis through the 2016-2026 Social Infrastructure Fund.

To support Canada's climate change goals, the federal government should also increase accessibility to homeowners and landlords seeking to participate in energy retrofit programs by amending the Insurable Housing Loan Regulations to provide an exception for CMHC insurance high-ratio loan holders.

3 – New Affordable and Social Housing Opportunities

Recommendation: Support affordable and social housing opportunities for people through new developments and housing subsidies.

Toronto has some 200,000 households in core housing need, struggling to pay the rent, living in under-repaired homes or in crowded or dangerous conditions. Meanwhile, close to 100,000 households have applied for, and are waiting sometimes up to 10 years, to live in subsidized housing. The rental housing vacancy rate is 1.6% and the average rent for a one-bedroom apartment is more than \$1,100 a month.

Indigenous people are over represented among the homeless. Ensuring indigenous people are able to access stable, affordable housing with culturally appropriate supports is critical to addressing homelessness across Canada, and in urban centres like Toronto. With 1,000 indigenous households on the waiting list for indigenous affordable housing there are fewer and fewer affordable housing options available.

To address the significant and increasing need for affordable rental housing, Toronto has established an annual target of 1,000 new homes. However, without new federal and provincial investments, by 2020 Toronto will likely miss that target by some 5,735 homes. Through the Open Door Program, Toronto foregoes development-related revenues to provide financial incentives and fee waivers while also fast-track planning approvals for eligible affordable rental and ownership projects to address this shortfall.

To accelerate construction of new rental and ownership homes, Toronto is making surplus residential land available for affordable housing developments and recommends that the federal government take a similar approach. City agencies and corporations such as Build Toronto, the Toronto Parking Authority, Toronto Transit Commission and the Toronto Community Housing, and our partnered corporation, Waterfront Toronto, are applying an “affordable housing lens” to the land portfolios they manage.

Recognizing the unsustainability of tenants paying more than 30% of their income on rent, the City has a target of providing 7,000 new housing allowances or other portable housing benefits annually to households with high rent burdens. Federal and provincial assistance to support these households has fallen significantly short.

Recommended Actions

The City recommends the federal government provide ongoing permanent investments in new affordable housing and housing subsidies to assist Toronto in meeting its housing targets. The NHS should also free-up federal surplus land for affordable housing projects.

The City recommends the federal government provide new investments to assist Canadians living in poverty with high rent burdens, such as expanding housing allowances or other portable housing benefits. Affordable housing programs should be designed to better reach households requiring levels of affordability deeper than 80% of the local average rent.

The NHS should also create a National Urban Indigenous Housing Initiative to build the operational and financial capacity so the Indigenous community can provide homelessness services, affordable housing and supports that meet the distinct needs of Indigenous people.

4 – Boosting New Affordable Rental and Ownership Construction

Recommendation: Provide affordable homeownership and rental housing opportunities by stimulating new affordable construction through financing, funding, regulatory changes and tax measures.

Toronto continues to see unprecedented growth with construction starts of some 18,000 rental and ownership homes annually. However, little of that is affordable, particularly for people with low incomes.

In addition to contributing to growth and the city's vibrancy, strong economic activity in the residential sector boosts government revenues. The Canadian Home Builders' Association reported that the Canadian and Ontario governments receive some \$2.1 billion annually from Toronto's residential construction boom.

The City's 2012 Private Sector Roundtable report "Housing Makes Economic Sense" noted that "purpose built rental housing, whether market or affordable, plays an important role in Toronto's housing market and economy. The construction of new rental housing supports the renewal of neighbourhoods, provides a mix of housing choices and helps to meet housing demand in a growing city."

Through its planning approval process, Toronto has some 225,000 residential housing units in the pipeline over the next 25 years. The City recognizes there is a unique opportunity to partner with the private sector to include affordable housing within new developments.

Along with the shortage of new rental housing, many moderate-income households are living in rental housing and unable to afford to buy a home. The affordability of ownership housing in Toronto and the Greater Toronto Area is increasingly out of reach for many. As a consequence, there is less opportunity to free up much needed rental housing.

Homeownership is a proven way for Canadians to build equity and secure future financial stability. Toronto actively supports a range of affordable homeownership opportunities through down-payment assistance programs. The City has also established a target of assisting 400 families annually move from renting to owning. But much more needs to be done to provide Toronto residents access to affordable home ownership.

Recommended Actions

The City recommends the federal government send a strong positive signal to the residential building industry that it is serious about supporting construction of new affordable rental housing. The time has come to rebalance the tax environment to encourage and support rental housing production.

As recommended by the Private Sector Roundtable, the federal government should introduce a full suite of private-sector tax incentives to spur new affordable rental housing:

- Removing the GST from the cost of developing affordable rental housing
- Providing relief from corporate taxes when a developer of affordable rental housing reinvests previous rental housing profits

- Creating an investment tax credit so affordable rental housing developers qualify for a refund of Canada Pension Plan and Employment Insurance contributions during the construction phase
- Creating an accelerated rate of depreciation for purpose-built rental housing

The City recommends the federal government encourage and support both private sector and social housing tower renewal projects by making them eligible for social infrastructure funding and financing.

The federal government through the CMHC should work closely with municipalities to ensure the successful roll-out of the \$208 million Affordable Rental Housing Innovation Fund and the \$2.3 billion Affordable Rental Housing Financing Initiative included in Budget 2016.

The NHS should support investment in affordable ownership for moderate-income families through down-payment assistance programs delivered by non-profit and private-sector partners.

5 – Ending Homelessness

Recommendation: Support a “Housing First” approach to ending addressing homelessness that is flexible to meet local needs and provide additional resources required to achieving this goal.

There are significant consequences to a broken housing system. It is not only bad for the economy, the environment and our communities, it is devastating for families and individuals without stable homes.

Certain populations, such as Indigenous people, newcomers, youth, seniors, LGBTQ2S people, people affected by violence, people with mental health and/or substance use issues, and people with chronic illnesses and/or physical disabilities are more likely to experience social and economic inequities and, as a result, may be at greater risk of homelessness and housing instability. These unique populations require comprehensive strategies to ensure that services are responsive to their needs and enable them to exit homelessness quickly.

On any night in Toronto some 4,200 men, women and children are homeless and sleep in emergency shelters. Shelters which are at full capacity almost every night. At the same time, an estimated 500 individuals are living outdoors on the street, in parks or alleys.

In response to the crisis in homelessness, Toronto has adopted a Housing First approach since 2006. "Housing First" is an approach to addressing homelessness that focuses on helping people to find permanent housing as quickly as possible, with the supports they need to maintain it. The underlying philosophy of Housing First is that people are more successful in moving forward with their lives if they have housing first.

The City has implemented a number of innovative Housing First programs, including Streets to Homes, and a more recent Hostels to Homes pilot focussed on people who have been in the emergency shelter system for long periods of time. These programs have been highly successful in providing individual "wrap around" housing supports to ensure people are able to find and maintain their housing.

However, the lack of new affordable and supportive housing limits the City's ability to help people to end their homelessness. Demand for a range of housing supports far exceeds supply and the gap is growing.

Recommended Actions

Through the NHS, the federal government should end homelessness by supporting a Housing First approach that is flexible to meet local needs, and provide increased, long-term funding to achieve this goal.

New funding announced for the Homelessness Partnering Strategy (HPS) in the 2016 budget was welcome. However, the program requires more flexible and long-term funding and planning for municipalities to achieve more effective housing outcomes for people who are homeless. Through the NHS, the federal government should make the (HPS) permanent and commit to doubling the federal investment to \$350 million annually from \$175 million.

Investment from the HPS should be targeted to large urban cities and communities where the need is greatest.

6 – Implementation

Recommendation: Commit to working with municipalities to meet their current and future housing requirements by dedicating the necessary funding and resources to address the strategic recommendations as set out in this submission, including a dedicated carve-out for housing from Phase 2 of the 10-year Social Infrastructure Fund.

Toronto has taken a comprehensive approach in addressing the full spectrum of housing need through a range of policies and programs. From poverty reduction to economic development, everyone benefits from the availability of safe and stable social and affordable housing.

The City of Toronto's 10-year Housing Action Plan provides the data and evidence upon which housing goals and targets are set.

Federal, provincial and municipal investments are hard at work and some progress on meeting City goals and targets is being made. The 2016 budget made important initial funding commitments of \$2.3 billion over two years to boost new housing and homelessness initiatives (Phase 1 of the Social Infrastructure Fund). However, further permanent, predictable funding is required to address the need for affordable housing across the country.

Recommended Actions

In implementing the National Housing Strategy, the federal government should take the lead in tracking the evidence to inform ongoing policies and programs. Such evidence should also inform the federal and provincial allocation of housing and homeless funding to communities with the greatest need which are also best positioned to maximize impact and deliver on federal objectives.

The federal government should engage all relevant ministries and agencies that have the ability to improve and expand the national housing system and tackle homelessness and its structural causes such as unemployment and mental health issues. This includes partnership with provincial governments. Municipalities and local housing stakeholders should also be at the center of implementation, recognizing that the best housing solutions are often found in neighbourhoods and communities.

Through the strategy, the federal government should review and strengthen the public policy mandate of CMHC so that it becomes the federal vehicle to lead Canada's housing strategy through the 21st century. A new CMHC would facilitate and support the work of municipalities and local stakeholders in creating new affordable housing and delivering the NHS.

To activate the NHS, and as recommended by the Federation of Canadian Municipalities' Big City Mayors' Caucus, the federal government should commit \$12.6 billion of the remaining \$17.7 billion in the Social Infrastructure Program over the period 2018-2026 to housing initiatives.

