

KEY FACTS

Raising \$222 million to improve housing state of repair

Our capital repair challenge

Toronto Community Housing has \$751 million in unfunded capital repair needs in 2012. As a result, many of our 164,000 are living in substandard housing. Without new funding, the challenge will get worse: the repair backlog will grow by \$90 million over the next three years, reaching \$1 billion by 2015.

While a sustainable solution must involve the federal and provincial governments, neither Queen's Park nor Ottawa have indicated that they will provide this funding. Toronto Community Housing is tackling this problem on our own. Our proposal will do the greatest good for the greatest number of people, take care of tenants who are directly affected, and impose no extra costs on taxpayers.

What's happening?

On October 21, 2011, Toronto Community Housing's Board of Directors approved a [recommendation](#) to sell 706 stand-alone units that are all costly assets to maintain. The sales proceeds will go into a State of Good Repair Fund that will be used strictly to pay for capital repairs in our buildings.

On January 24, 2012, the City of Toronto's Executive Committee deferred a City of Toronto [staff report](#) that recommends the sale of more than 670 stand-alone units; so, Toronto using could provide more information on how it will:

- use sales proceeds to make critical repairs;
- replace rent-geared-to-income units that are sold, and
- accommodate the needs of affected tenants.

The Executive Committee will consider the report at a meeting scheduled for February 13, 2012.

How will the sale affect tenants?

For 164,000 existing tenants living in 58,500 units, who have been living in substandard housing, the sale will mean better quality housing and an improved quality of life. For 79,000 families on waiting lists for housing, it will mean getting into housing sooner. The proceeds from the sale of stand-alone units will enable Toronto Community Housing to complete repairs more effectively and shorten wait times or a suitable vacant unit.

There are 2,613 people living in the 675 stand-alone units who would have to move if our plan is approved. We will take care to consider the specific needs and circumstances of the tenants who are living in the stand-alone units we sell. We will work with each affected tenant to find a another suitable unit in our portfolio that is appropriate to their circumstances, including accommodation for the number of tenants in the unit, children, special needs and the elderly. We respect that tenants live in and are members of a community, and we will do our best to help them maintain these important ties. Tenants will receive adequate notice of moves. We will also pay for moving costs and other supports.

Location of the properties

The 675 stand-alone units are located throughout the city.

There are three lists available at www.torontohousing.ca.

- The first lists [675 stand-alone units](#) that the City of Toronto report is bringing forward to for approval to sell.
- The second lists [18 stand-alone units](#) currently used by social agencies to deliver services. The City report recommends that these units not be sold.
- The third lists [168 stand-alone units](#) that Toronto Community Housing is not planning to sell at this time but had put forward for administrative approval. The City report recommends that these 168 units not be approved for sale.

Proceeds from the sale

If approved, the sale of the 675 stand-alone units is expected to generate at least \$222 million in revenue. The figure is based on a careful review of the housing market and it reflects sales prices less sales commissions, closing costs, and mortgages. The proceeds from the sales will be kept in The State of Good Repair Fund.

What is the State of Good Repair Fund?

Toronto Community Housing has created the State of Good Repair Fund. Money in this fund is the result of asset sales or other business opportunities that enable the corporation to dedicate the profits specifically toward capital repairs, as opposed to operational costs. Below is an example of the monies that will go into the State of Good Repair Fund:

- \$10-million-a-year municipal property tax exemption
- Sale of five stand-alone units for \$3 million
- Sale of 22 more stand-alone units (10 awaiting provincial approval)
- Sale of non-core laundry asset for \$4.5 million

Benefits for the taxpayer

This is a solution that will put Toronto Community Housing on a more sustainable financial footing at no extra cost to taxpayers and strengthen our ongoing ability to deliver our core business of providing affordable housing.

Operational savings

Selling the stand-alone units recommended for sale would result in savings of more than \$9 million a year. This is the difference between operational, maintenance, repair and utility costs, less rental and subsidy income.

What's next?

We are seeking approval from the City of Toronto and, following that, the Government of Ontario; provincial approval usually can take up to six months or longer. Once we have approvals, we will bring properties to the market using a phased approach. In Phase I, we will start with 59 vacant stand-alone units. Phase II will be defined following consultations with tenants and a thorough review of the stand-alone units.

Frequently Asked Questions

1. When is the City's Executive Committee discussing this proposal?

At the upcoming Executive Committee meeting at City Hall, 100 Queen Street West, on Monday, February 13, 2012. The meeting will start at 9:30 a.m. in Committee Room 1.

2. How can people have their say on this proposal?

All citizens are welcome to speak to elected officials. To learn more about the process please visit <http://www.toronto.ca/legdocs/tmmis/have-your-say.htm>.

3. Will tenants in stand-alone units have to move out right away?

Not at all. It is still very early in the process. Our plan, if approved, would follow a phased approach. Approval could take up to six months; with approval, we will start in Phase I by selling 59 vacant stand-alone units, then proceed to Phase II which will be defined following consultations with tenants and a thorough review of the stand-alone units. The entire process will take several years.

4. Will tenants in stand-alone units lose their housing or subsidy?

No. Tenants who are eligible for a subsidy will keep their subsidy. We will find them alternate housing in another unit within our portfolio, and we will pay for moving costs and other tenant supports.

5. What's the difference between a rent-geared-to-income tenant and a market-rent tenant?

Rent-geared-to-income (RGI) tenants pay rent that is no more than 30 per-cent of their income. Market-rent tenants pay rents that are comparable to the private rental market.

6. What happens to market-rent tenants living in stand-alone units?

If they choose to continue living in Toronto Community Housing, they will get the same kind of support as subsidized tenants, like paying for moving costs.

7. Will reducing the number of market-rent units mean less income for Toronto Community Housing?

Yes, it will mean less revenue, but this decision has been considered when weighing the importance of completing critical repairs to benefit most tenants and in having better quality housing overall.

8. What relocation costs will be covered?

- Moving company services for moving belongings;
- Insurance for major furniture items during the move;
- Packing materials (such as boxes and tape);
- Packing and unpacking services if no adult in the household is physically capable of packing and unpacking belongings (subject to medical documentation);
- Reimbursement of costs relating to the disconnecting and reconnecting of telephone, cable television, internet, gas, water, and hydro (subject to receipts and documentation);
- Payment for six months of mail forwarding by Canada Post; and
- Reimbursement of up to \$50 for the cost of changing addresses on official documents (subject to receipts and documentation).

9. Can tenants move nearby?

Tenants living in stand-alone units that we plan to sell will be offered the choice of another unit within our portfolio. We respect that tenants live in and are members of a broader community, and we will do our best to help them maintain these important ties.

10. Are we selling apartment buildings, too?

No, the plan proposes the sale of 675 stand-alone units. It does not propose the sale of any apartment buildings. We will be communicating this information to the affected tenants directly.

11. How can people be sure the proceeds will go to repairs?

We have created a State of Good Repair Fund, to ensure that net proceeds from asset sales are used strictly for capital repairs.

12. How can we be sure these properties will be sold for a fair price?

Selling the properties will raise millions of dollars for much-needed capital repairs that will benefit tenants and those on housing waiting lists. Most recently, we sold five properties for \$3.45 million, or 109% of their assessed value.

13. Is it true these units make money?

No. In 2011, the stand-alone units portfolio cost \$6.5 million more to operate, maintain and repair than Toronto Community Housing collected in rents and subsidies.

14. Won't this mean less available housing for low-income families? How will you replace stand-alone units?

No. Toronto Community Housing will have the exact same number of rent-geared-to-income units after the sale as we do now. We will move tenants into multi-residential buildings, converting market units to rent-geared-to-income units, where necessary.

15. You recently said your proposal will improve housing for 94% of tenants does this mean all housing is substandard?

While the state of repair of Toronto Community Housing's buildings, on average, is not substandard, we are at the point where doing nothing is not an option. There are too many repairs needed to keep the quality rating of our housing at a "fair" level and, if more money isn't found soon to invest in capital repairs, the quality of our buildings (many of which are 40+ years old) will deteriorate quickly.

Most of the work that Toronto Community Housing would invest in has the greatest impact on the structure and essential components of our buildings and on safety, so that housing will not become a risk to tenants or a liability to the City and taxpayers.

16. Who are the 6% of tenants that won't benefit from the sale of stand-alone units?

About 6 per cent of tenants live in newer buildings (or in older buildings that we have already invested in) and communities. These buildings are well maintained and holding up well. However, funds will be needed in the future to ensure the capital repair concerns that do arise will be addressed in order to keep newer buildings in better shape.

17. How will the stand-alone units be sold? Will it be fair?

We plan to sell the stand-alone units on the open market, to the highest bidder. That way, we can raise as much money as we possibly can for capital repairs.

18. Will existing tenants get the first right of refusal?

No. We plan to sell the stand-alone units on the open market, to the highest bidder. Existing tenants are welcome to submit bids.

19. How will this affect the mixed community model?

Toronto Community Housing supports mixed income communities. It is a core value of our revitalization projects, notably Regent Park, and it's the day-to-day reality for most tenants living in our high-rises alongside condos and private rental buildings, and our townhomes next to single-family homes and low-rise apartments. We will sell properties in phases over a number of years, starting with the vacant properties. This will give us time to address every affected household's situation as best we can.

20. Can I buy the stand-alone units?

As this is still a proposal for consideration by the City of Toronto and then the Ontario government, the stand-alone units are not for sale at this time. We plan to sell the stand-alone units on the open market, to the highest bidder.

21. I'm a realtor: Can I list the stand-alone units?

This is still a proposal for consideration by the City of Toronto and then the Ontario government, and the 675 stand-alone units are not for sale at this time. When listing the stand-alone units, we will issue a request for proposals for realtor services, to ensure the selection process is fair, open and transparent.

22. What repairs cost \$751 million?

You can learn more about what repairs are needed here <http://www.torontohousing.ca/sogr>.

23. Last week your repair bill was \$650 million, this week it's \$751, why?

\$650-million is the cost of our unfunded capital repair needs in 2011; \$751 million is the cost of our unfunded needs in 2012.

Unfunded needs cover costs of repairs needed to bring the average rating for all the housing in our portfolio to “Fair” (as defined by industry standards), versus the money we actually have to pay for repairs. Both the current year's costs and all shortfalls from previous years are included in the backlog.

Without new funding for repairs, the backlog will grow by \$100 million annually due to the age and current condition of our housing stock.

24. What happens if you don't get approval to sell?

Our plan is the best option we have to raise the money we need to fix our buildings. If our plan is not approved, we will need to find another funding source from our shareholder, the City of Toronto, or the provincial or federal governments. We need this funding to provide all 164,000 Toronto Community Housing tenants with clean, affordable and well-maintained properties to live in.

25. How can I learn more?

You can get more information on the City of Toronto's staff proposal here:

<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-44381.pdf>.

More information about Toronto Community Housing's State of Good Repair plan is available at www.torontohousing.ca.