

Raising money for much-needed capital repairs

TORONTO, June 9, 2011 – Toronto Community Housing Managing Director Case Ootes is proposing changes that would help the company tackle its \$650-million capital repair crisis and improve the quality of life for tenants.

The proposed changes are:

- Selling as many as 900 houses worth an estimated \$400 million on the open market to the highest bidder and investing the proceeds into capital repairs that will benefit tenants living in the company's more than 57,000 other units.
- Reviewing options for outdated and under-used buildings like 389 Church St., an apartment building that is two-thirds empty and losing money.
- Changing city and provincial rules to give affordable housing landlords more freedom to leverage their assets to do the greatest amount of good for those in need.

The scattered houses cost more to repair per unit than any other segment of the company's portfolio. They will require \$62,400 per unit in repairs over the next 10 years to reach our goal of bringing them up to a fair condition as defined by industry standards. Some require as much as \$175,000. Apartment units only require about half that, \$32,400 per unit.

Some 190 of 274 units at 389 Church St. are vacant. There is insufficient public demand for the pod-style, shared accommodation the building offers, where tenants get a private room as small as 100 square feet and share the kitchen and bathroom with up to four other residents. Every dollar lost is a dollar not going to other tenant priorities, including capital repairs.

Government of Ontario housing rules limit affordable housing landlords' ability to quickly serve as many tenants as possible. Because of additional cumbersome legislations, houses like Toronto Community Housing's property at 13 Trefann Ave., which requires \$175,000 in capital repairs, sit empty because housing rules require that the unit be fixed, no matter the cost, or sold and replaced. The end result is less housing available for people in need.

Mr. Ootes's recommendations will be presented to the new Board of Directors for consideration. The Board will review the proposals and decide the company's response.

The sale of housing requires approval from the Board of Directors, City of Toronto and Government of Ontario. Toronto Community Housing finds alternate housing for rent-geared-to-income tenants affected by asset sales and works with market renters to identify other housing. Documented pre-existing agreements with tenants are honoured. Changes to city and provincial housing rules are the responsibility of those levels of government.

Quotes

“My mandate as Managing Director has two key areas of focus. The first is to oversee the company as it fixes problems identified by the Auditor General. Those issues are being addressed and corrected by the company and the corporation is getting back on the right track.

“The second area of focus has been to identify and bring to the attention of the incoming Board of Directors what needs to be done to address the company’s most-pressing challenges going forward. That includes what has become, in my view, a crisis situation in maintaining the existing housing stock in a good state of repair.

“Selling houses that cost the most to repair and applying the proceeds to the \$650-million capital repair backlog is the best way to raise the money necessary to ensure Toronto Community Housing can continue to provide quality affordable housing for those in need.

“Senior levels of government aren’t riding to the rescue. Toronto Community Housing needs to address this challenge head-on. Selling houses and applying the proceeds to the repair backlog is a better option than raising taxes, raising rents which cannot legally be done, diverting money from other city programs or doing nothing.

“Provincial and city housing rules need to change. Affordable housing landlords need more freedom to maximize taxpayer-paid-for assets to benefit the greatest number of people that need subsidized housing. Landlords shouldn’t have to trip over red tape to do the right thing for taxpayers and tenants.

-- Case Ootes, Managing Director, Toronto Community Housing

Quick Facts

- Toronto Community Housing is a city-owned landlord that provides affordable housing to 165,000 low-income tenants living in more than 58,000 units.
- The company operates 900 single-family houses
 - The current assessed value: \$400 million
 - Average value per home: \$445,000
 - Number of houses worth \$1 million or more: 16
 - 10-year capital needs: \$89.5 million
 - Cost per unit: \$62,400 (vs. \$32,400 for the company’s apartment building units)
 - Total vacant: 81
- 77,000 households are on waiting lists for housing in the City of Toronto.

Capital repair crisis

- The company's current capital repair needs total \$650 million. This is how much money the company needs to invest to reach the goal of bringing housing up to a fair condition as defined by industry standards.
- Despite record capital investments supported by special one-time government funding, Toronto Community Housing's capital repair needs have increased because new repair needs are outpacing the company's ability to invest:

	2007	2008	2009	2010	2011
Capital Needs at Opening (in \$M)	283.7	321.8	486.8	612.1	647.3
Investment (in \$M)	121.4	122.6	174.4	164.8	120.3
Special (Government) Funding	0.0	32.7	81.3	78.5	40.0
TCHC Capital Spending	121.4	89.9	93.1	86.3	80.3
Deferred Capital Needs (\$M)	162.3	199.2	312.4	447.3	527
New Needs in next year (\$M)	159.5	287.6	299.7	200	175.9
Opening Need for following Year	321.8	486.8	612.1	647.3	702.9

For more information:

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