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Alternatives urged as community housing board votes on selloff plan

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It's a decision almost any Toronto homeowner will recognize instantly: Sell while the market is hot, or hold out for a better return down the road.

But as Toronto Community Housing's board convenes Friday to vote on a staff plan to sell 706 standalone homes and raise a projected $270-million, some housing experts say the agency is ignoring other solutions that could deliver on both the city's social and financial goals.

The board's decision is hardly the last word: Council must vet the recommendation, possibly in late November. Ontario's Minister of Municipal Affairs and Housing must also approve the proposal, which could take months. Mayor Rob Ford has been pressing for privatization since the spring. The agency will be seeking permission to sell 874 units in all.

Critics charge that a rushed sale of the so-called "scattered units" won't make much of a dent in the agency's extensive capital repair backlog, estimated to be $650-million and growing. "This is an act of desperation," said Michael Shapcott, director of affordable housing and social innovation at the Wellesley Institute.

Selling the single-family homes "is not managing a portfolio for its intended purpose," added University of Toronto sociologist J. David Hulchanski, who is the author of the "Three Cities" report on long-term income polarization trends in Toronto. "We do need money for rehabilitation, but this isn't the way to get it."

Michel Labbé, president of Options for Homes, a non-profit developer of affordable condos, said TCHC will forgo future financial flexibility by removing potentially accruing assets from its portfolio in a period of rising house prices. Indeed, Mr. Labbé, whose organization has sold 2,300 units across the city, and other housing advocates want TCHC to consider alternative strategies, such as:

Homesteading in a hot real estate market

During the 1970s and 80s, U.S. anti-poverty groups like ACORN pushed "homesteading" – using federal loans to acquire derelict homes in declining neighbourhoods for poor families who would live in them and fix them up.

According to veteran Toronto affordable housing consultant Joy Connelly, TCHC should be looking at an updated variation on homesteading as it ponders the fate of the scattered units. Her proposal: Allow low-income families to buy the units for a modest price – e.g., $40,000, or the balance on the mortgage – on the condition that they live in the house and renovate it within a prescribed period.

The sale, however, would be subject to an agreement stipulating that when the new tenant-owner sells the improved home, the bulk of the realized gains in market value flow back into TCHC coffers. Under her plan, the tenant-owners receive a modest share of the capital gain as incentive, but that figure would be set at a level low enough to discourage speculators.

"For TCHC, it's an opportunity to eat their cake and have it," said Ms. Connelly. Mr. Labbé, of Options for Homes, agreed. "You're probably achieving 30 to 40 per cent more benefit by using Joy's idea than by just selling [them] off."

Preferential prices to housing co-ops or other social agencies

According to Michael Shapcott, director of affordable housing and social innovation at the Wellesley Institute, there are a number of downtown or east-end co-ops that consist of scattered units, including DACHI, Instead Co-op and the Toronto Christian Resource Centre. These groups assembled decaying single-family homes in gentrifying neighbourhoods like Cabbagetown in the 1980s using federal financing.

While most of those programs are gone, a few still exist, including the Residential Rehabilitation Assistance Program, which is administered by the Canada Mortgage and Housing Corp. RRAP loans are not available to municipal housing agencies. However, not-for-profits can access these funds.

Tapping into Infrastructure Ontario's affordable-housing loan fund

The fund – established by the Liberal government in 2008 with $500-million in seed capital – provides low-cost loans to non-profits, and has financed large-scale projects such as the new YWCA women's housing facility on Elm Street.

With $200-million still in the fund, Mr. Shapcott said TCHC and the city should seek to access those loans to help defray the cost of the some of the agency's most pressing renovation problems, found mostly in the former Ontario Housing Corp. units downloaded to the city in the late 1990s.

This approach would give TCHC some breathing space if council opts to step up pressure on Ottawa and Queen's Park to help deal with the agency's massive repair backlog. "It's only a matter of time before we see the federal and provincial governments shouldering their responsibilities in a more serious way," Mr. Shapcott said.

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