

TCF Catalyst for Affordable Housing

It's been said that the wheels of government spin slowly. However, as the Toronto Community Foundation (TCF) has shown, a finely tuned engine speeds up the process.

That's what TCF officials learned when they decided to tackle the thorny issue of affordable housing in Canada's largest city and helped design the Strong Communities Housing Allowance Program, one of the most innovative housing programs in Canada.

In only ten months, TCF was able to pull together private sector landlords with social housing representatives and convince the provincial and municipal authorities to create, help fund and administer a unique pilot project that will provide hundreds of low-income families with access to more affordable housing.

Getting two levels of government to adopt a new program in that short space of time is like turning an elephant on a dime. It can be done, but it's a big challenge.

Under the program, landlords and the provincial government each commit the equivalent of \$3.6 million over the next five years to provide tenants with as much as a \$300 monthly allowance. The project presented such a compelling opportunity that it helped encourage federal and provincial officials to amend their original housing agreement to allow for many more opportunities as a way to bridge the gap between low-income tenants and available rental stock.

All the program cost the TCF was \$1,200 to fund analysis of Toronto's rental market with a research paper outlining the proposal - and the sweat equity of acting as a convener and catalyst to make the program happen.



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Toronto Mayor David Miller

Community partnership increases affordable housing

"This housing allowance program shows what can happen when governments work in partnership with groups like the Toronto Community Foundation to improve their community," said Toronto Mayor David Miller, who was instrumental in getting Toronto City Council to approve the program. "Affordable housing is a major issue in this city, and it takes creative solutions like this to ensure that every Torontonian has a safe, affordable place to call home."

TCF is a non-profit organization whose mission is to ensure the vitality of Toronto and make Canada's biggest city a better place to live, work, learn and grow.

In operation since 1981, the TCF achieves its goals by connecting philanthropy to community needs and opportunities. That includes making annual grants to charities from its \$140-million in assets. In 2004, TCF granted \$4.5 million to a wide range of community groups working to improve quality of life.

In this instance, TCF worked as a neutral convener – bringing together disparate parties, finding common ground, enabling them to work together to develop a solution that contributes to addressing Toronto's affordable housing needs.

The initiative's roots reach back to late 2003 and the *Toronto's Vital Signs*[®] report, which is TCF's annual check-up on quality of life in Toronto. The report examines a wide range of important trends and their impact on Toronto, everything from housing to employment, education, the arts and the environment.

The report informs the activities that TCF and its community of philanthropists undertake. Another key resource of the Foundation is its Council of 100, a group of leading citizens who have a passion for making Toronto a vibrant and thriving community. Their expertise and ideas provide the Foundation with insights on the best steps to take to advance positive change in the issues the *Vital Signs* report identifies. As indicated below, a number of TCF's Council of 100 played a critical role within this catalytic initiative.

Toronto's affordable housing crisis

In early 2004, Wayne Squibb, a member of TCF's Council of 100 and President and CEO of Realstar Group – a property company that is one of Canada's biggest landlords – pointed out a growing housing disconnect in Toronto to TCF Chairman Martin Connell. On one hand, he pointed to the indicator in *Toronto's Vital Signs*[®] showing 60,000 people languishing on a waiting list for affordable housing. On the other, Toronto landlords had at least 10,000 vacant apartments ready for occupancy. The *Vital Signs* report also showed that more than one-third of tenants spent over 30 per cent of their income on rent and the demand for subsidized housing was growing every month.

Yet governments' focus had been on looking at ways to build much-needed new, publicly-owned affordable housing in Toronto. There had been little progress made for some time. However, with a change in provincial government, there was a renewed interest in getting back into the housing field.

Squibb pointed out to Connell that it would be “less expensive to work out a deal with landlords to get them to utilize some of their vacancies.”

Squibb says that “Martin, in his role as head of the Toronto Community Foundation, was always looking for opportunities and he realized that one of the greatest challenges in Toronto was affordable housing.”

As one strategy to make affordable housing more accessible, the idea of tapping into existing rental vacancies was an opportunity that couldn't be ignored. Connell, a noted philanthropist and entrepreneur, and TCF President and CEO Anne Swarbrick, a former provincial cabinet minister, sprung into action in early 2004.

Squibb leveraged his industry contacts and put TCF in touch with a number of people in the housing business, including Brad Butt, Executive Director of the Greater Toronto Apartment Association, a group representing more than 200 property management companies operating over 160,000 units.

“Martin was certainly the driving force behind all the early discussions; the guy who ultimately put the puck into the net,” says Squibb.

Connell and May Wong, Vice President of Community Initiatives at TCF, met with Butt in February of 2004 to discuss the rising vacancy rate. Wong says “we wanted to better understand the barriers to existing apartments being accessed by those seeking housing.” They also wanted to gauge Butt's interest in working with TCF to explore bridging the gap between existing supply and current demand through partnership.

Industry skeptical at first

Butt says at first he was skeptical. “I thought, ‘Good luck to you.’ We, as an industry, had been after government to look at rent supplements and housing allowances as one of the options to house low-income families.” However, Butt says those pleas fell on deaf ears. “They tend to like to build and cut ribbons.”

As well, Butt notes that while he was aware of the TCF, “it was kind of out of the norm for them” to get involved in a project like this. He was unconvinced, but willing to test the waters and agreed to a further meeting involving both landlords and social housing officials that TCF was pulling together in April 2004.

Social housing is one of the most complex political subjects an organization can tackle. That's because every level of government has its hand in - from the federal and provincial governments, which are responsible for funding, to the municipal level, which administers and oversees the programs.

That made it critical to get the City of Toronto to buy into the concept and to secure the involvement of the Toronto Community Housing Corporation, the municipal agency that's in charge of social housing and waiting lists.

So Swarbrick approached Derek Ballantyne, CEO of Toronto Community Housing Corporation, and gained his interest. Ballantyne, along with Squibb and Butt, were asked to attend an April meeting to explore the gap between the growing need for affordable housing and the growing supply of vacant apartments. With their participation, TCF was able to craft the basics for the programme.

Program builds on other initiatives

Swarbrick then involved Sean Goetz-Gadon, the Mayor's Special Housing Advisor, with whom she had worked on housing issues in their earlier careers. Goetz-Gadon had been heavily involved in constructing the Emergency Homelessness Pilot Project (EHPP), an initiative aimed at the residents of Tent City, a squatter's camp that had been established in 1998 on land near Toronto's waterfront.

Tent City was comprised of shacks and lean-to's built by the residents that grew to a community of about 100 people. In 2002, security guards evicted them and the residents had no place else to go. The city established the EHPP to provide Tent City residents with rental supplements and help them find places to live. The program was delivered by the Toronto Community Housing Corporation.

Goetz-Gadon's experience with Tent City showed him that rent supplements "was an approach that deserved more attention."

The group worked together to map out their concept. Working in the TCF's favor was a mayor – Toronto's David Miller - who was keen on finding solutions to the affordable housing problem. The partners saw two hurdles that had to be addressed before the group could make any pitch – money and commitment. First, they needed to prepare the economic data that built a business case for such a program.

All parties recommended Will Dunning, a local specialist in housing issues, who had previously worked from all sides and for all parties in the housing field.

Dunning's financial analysis examined the growing vacancy rate and confirmed that Toronto's "goals with respect to low income housing are much more likely to be achieved if their housing is obtained in the existing market, rather than through the construction of new housing..."

The other ingredient needed was a commitment that this could actually be followed through. That meant firming up landlord support for a partnership that would see the private sector and public sector each contributing. The partners urged Butt to canvass his members and gauge their interest.

Landlord support key

Butt's biggest challenge was winning over landlords. He knew some would feel it is solely the government's responsibility to help low-income people with housing costs. He also knew there would be a number of buildings that wouldn't qualify, either because their market rents were too high or because their units wouldn't meet public standards.

Nonetheless, he was confident there were landlords who would be amenable and willing to kick in their share to fill vacancies. So he conducted a letter campaign, seeking landlords interested in participating in an allowance program where the landlord would be required to have a financial stake in the program. The proposal piqued the landlords' interest and within a few weeks Butt had firm commitments from more than a dozen major landlords offering as many as 1,000 units. The consensus of many was that it was better to have the place rented with nominally lower revenues than sit empty.

So a plan was developed for a Toronto-based pilot project that would see landlords contribute \$150 per unit and the partnership would seek an additional \$150 in funding from the provincial government for a possible \$300 monthly allowance to bridge the average gap between the cost of the apartment and what tenants could afford to pay. The pilot proposed 1,000 units for a five-year period.

The next challenge was confirming Ballantyne's belief that such a program could be administered. That's where the involvement of his staff was critical. Toronto Community Housing was the only organization in town with the expertise and infrastructure in place to oversee such a program, but Ballantyne was confident they could make it work.

Ballantyne says the housing allowance plan was "unusual," because it involved both private and public funding. Usually, rental supplements are confined to public funding. However, the support was there and it seemed doable.

Now to find the money.

Former Premier lends support

So in late spring 2004, Connell called former Premier David Peterson, Chairman of law firm Cassels Brock & Blackwell LLP in Toronto and another member of TCF's Council of 100, to feel him out on how best to approach the province.

Peterson contacted London MPP Deb Matthews, Parliamentary Assistant to Sandra Pupatello, Minister of Community and Social Services, whose ministry is responsible for issues involving homelessness.

He asked Matthews to contact Connell, who explained the proposal. "I thought it was a great idea," says Matthews. "Why didn't anyone think of this before?"

She says what was attractive was that "they totally had their ducks lined up and that was really important. It was not an idea they were floating, it was really a proposal. It makes it easier to deal with when you have got a problem and a solution and all you have to do is make a decision whether or not to support it."

She agreed to shop it around to her colleagues and look for support. "I saw my role as making sure the proposal was given serious consideration. They were looking for someone who could take it from the bottom of the pile to the top of the pile."

Matthews raised it with Pupatello, who discussed it with her Executive Assistant Christine Bome. "Housing is the biggest challenge," Bome says, noting that "most of the working poor are one paycheque away from getting booted out of their apartment. We can't do enough to get people into cheaper housing."

Matthews also contacted Judy Pfeifer, Executive Assistant to John Gerretsen, Minister of Municipal Affairs and Housing. Pfeifer says, "I thought it was a great idea."

Wong and Goetz-Gadon met with Bome and Pfeifer in August 2004 to explain their concept, armed with letters of support from landlords and Miller. The provincial aides described the plan as a "gift," since it came with private sector backing and addressed the government's plan to create 35,000 housing allowances during its mandate.

Program jumps funding hurdle

The Ontario government, however, was facing a funding crisis of its own with a multi-billion dollar deficit and no money budgeted for such a program. The plan for 1,000 units over five years at \$150 a month would require \$9 million, a significant sum for a government that was facing fiscal restraint.

Fortunately, the concept was attractive to a recently-elected provincial government that had housing high on its agenda and had as Housing Minister Gerretsen, a former Chair of the Ontario Housing Corporation who quickly grasped the opportunity.

Pfeifer says one of the attractions to the plan was that it was a partnership among social housing advocates and the private sector that "a neutral body" (the TCF) had brokered.

With the full support of her Minister she set out to find some money. The partnership's formal request was to meet with the Minister to discuss the project. But in the meantime, Pfeifer and Wong kept working on the project, hoping to give it better definition before the Minister and the TCF group met. As Pfeifer noted, "We didn't want to have a meeting and say 'what a great idea'. We wanted to have a meeting that said 'yes and let's sign'."

Well into October, the partnership was still waiting for its meeting with the Minister, with Swarbrick and Matthews continuing to promote the political will. Pfeifer says it wasn't that the government didn't want the meeting. On the contrary, she was hoping to set it up and present good news that the funding had been secured.

She worked with bureaucrats in her ministry and they were able to identify \$3.6 million in unallocated funds which, combined with the \$3.6 million in rent relief provided by landlords, was enough to fund a pilot project involving 400 units. "If we had had more money, we would have put more money into it," says Pfeifer. Following a rapid series of meetings involving TCF and its partners and a larger group of city and provincial housing officials to discuss implementation, the money was allocated to the TCF-led project and Cabinet gave its blessing in November 2004.

On Nov. 24, 2004, ten months after Connell and Squibb had their first chat about the Vital Signs findings, Gerretsen, Swarbrick, Butt and Miller announced the Strong Communities Housing Allowance Program.

Gerretsen says TCF's initiative was "an excellent example of how affordable housing strategies are developed through partnerships between governments, communities and the private sector. Together we are building strong communities with a quality of life that is second to none."

Ripple effects

Of course announcing the program is only the beginning. It has to be implemented. That's now in the hands of Ballantyne and his colleague Michelle Haney-Kileeg, General Manager, Housing Connections, the organization that maintains the centralized waiting list for people seeking affordable housing.

"It's been a great learning experience," says Ballantyne, who notes his organization is used to implementing sophisticated, rules-based programs. "We wanted to keep this as simple as possible."

Even then, there are sure to be challenges and growing pains as TCHC forms new relationships with landlords, incorporates private-sector cost sharing and juggles the locations of available units with eligible applicants.

"We thought we could have moved faster," says Haney-Kileeg. While the first tenants were selected for the program in June 2005, the majority will move in over the first six months of 2006.

While the processes to enable the pilot continue to be implemented, the partnership that TCF convened and the case it made for a better use of existing resources helped to get other wheels turning. Just four months after the pilot was announced, Joe Fontana, Federal Minister of Labour and Housing announced in Toronto that rent supplement programs would become eligible for funding. He noted that this decision “responds to those provinces who have communities with high vacancy rates.”

Shortly after, the Governments of Canada and Ontario brought forth the new Canada-Ontario Affordable Housing Program that enables the provision of more rent subsidies for low-income households.

And in August 2005, the Governments of Canada and Ontario announced an allocation of \$80 million to create up to 5,000 housing allowances/rent supplements across the province. As Gerretsen noted in announcing this new allocation, “housing allowances/rent supplements will enable municipalities to respond immediately to requests for affordable housing in their communities by working with both private and non-profit landlords to take advantage of the current high vacancy rate in the rental market.”

This project highlights what can happen to a grassroots, community initiative when the stars – and the players - are properly aligned. It can bring together motivated people who don’t usually work together, but have similar interests. Having a group like the TCF act as a neutral convener, not only to consider a problem from different perspectives, but to create a solution that integrates diverse needs, proves that community foundations can affect positive social change, move government policy and improve quality of life for many people.

Observes Matthews, “I think the key to the success of this was that it was a really solid, well-thought-out proposal and TCF was persistent. It’s a good textbook example of how to make something happen and it brought together some unusual alliances.”

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