



City Budget
2013

Shelter, Support and
Housing Admin
Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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PART I: RECOMMENDATIONS

**2013 Recommended Operating Budget
(In \$000s)**

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	\$	%	2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	792,711.7	782,147.5	664,291.5	784.8	665,076.3	(127,635.4)	-16.1%	(712.8)	5,938.1
REVENUE	518,492.2	508,430.5	446,795.1	136.2	446,931.3	(71,560.9)	-13.8%	(36,548.0)	(8,700.0)
NET EXP.	274,219.5	273,717.0	217,496.4	648.6	218,145.0	(56,074.5)	-20.4%	35,835.2	14,638.1
Approved Positions	739.2	739.2	729.9	1.0	730.9	(8.3)	-1.1%		

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

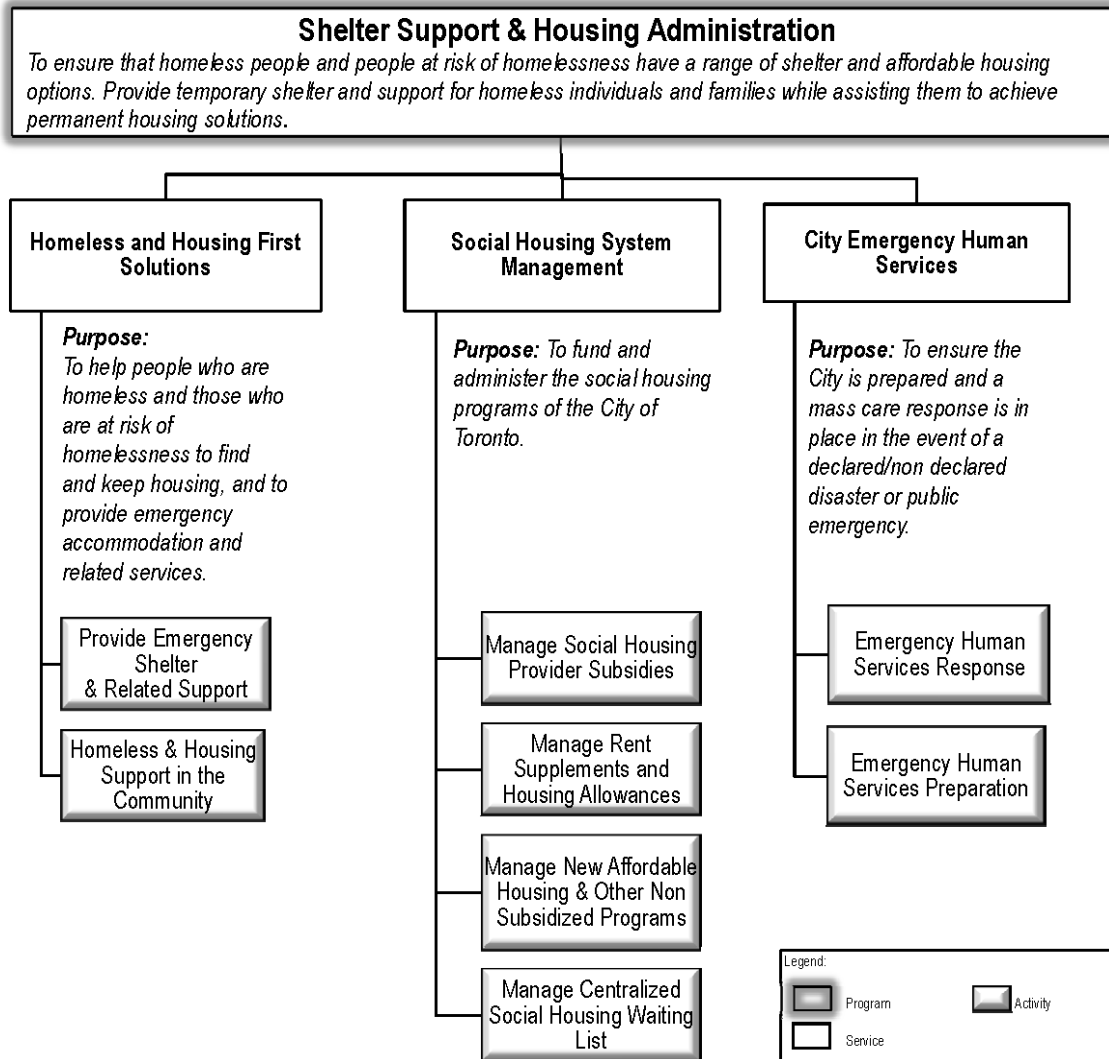
1. City Council approve the 2013 Recommended Operating Budget for Shelter, Support and Housing Administration of \$665.076 million gross and \$218.145 million net, comprised of the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Program Support	3,502.7	2,744.4
Social Housing	471,606.7	147,313.3
Affordable Housing Programs	24,278.9	0.0
Hostel Services	122,439.0	56,607.7
Housing and Homelessness Supports	42,072.1	10,302.7
Partnership Development & Support	287.1	287.1
Emergency Planning Services	889.8	889.8
Total Program Budget	<u>665,076.3</u>	<u>218,145.0</u>

2. Shelter, Support and Housing Administration's services and 2013 proposed service levels, as outlined on pages 5 through 7 and associated staff complement of 730.9 positions be approved, and,
3. City Council request that the Federal government reinvest the funds from expiring social housing agreements back into social housing to ensure the continued viability of the existing social housing stock.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

Homeless and Housing First Solutions

- Homeless and at-risk populations
- Residents
- Community Agencies (Tenant Association, Non Profit)
- Provincial and Federal Governments

Social Housing System Management

- Social Housing Tenants / Members
- Social Housing Owners
- Provincial and Federal Government

City Emergency Human Services

- Disaster victims/survivors
- Provincial and Federal Government

2013 Recommended Service Levels

The 2013 proposed service levels and activities for Shelter, Support and Housing Administration are summarized in the table below:

Service Types and Service Levels

Service	Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
City Emergency Human Services	Emergency Human Services Preparedness Plans	Declared Emergency Response Plan		Conducted review of "Declared Emergency" Emergency human Services response plans once per annum	Conducted review of "Declared Emergency" Emergency human Services response plans once per annum	
		Neighbourhood Emergency Response Plan		Conducted review of "Neighbourhood Emergency Response" Emergency human Services response plans once per annum	Conducted review of "Neighbourhood Emergency Response" Emergency human Services response plans once per annum	
		Humanitarian Requests Plan		Conducted review of "Humanitarian Requests" Emergency human Services response plans once per annum	Conducted review of "Humanitarian Requests" Emergency human Services response plans once per annum	
		Extreme Weather Response Plan	Cold Weather Response		Conduct review of Cold Weather Alert response plans once per annum	Conduct review of Cold Weather Alert response plans once per annum
			Heat Alert Response		Conduct review of Heat Alert response plans once per annum	Conduct review of Heat Alert response plans once per annum
		Emergency Human Services Training		Provided quarterly training sessions	Provided quarterly training sessions	
	Emergency Human Services Response	Declared Emergency Response		NA	NA	
		Neighbourhood Emergency Response		Responded to Neighbourhood Emergencies within 2 hours of notification 100% of the time	Responded to Neighbourhood Emergencies within 2 hours of notification 100% of the time	
		Humanitarian Requests		100% of individuals and families in need receive aide	100% of individuals and families in need receive aide	
		Extreme Weather Response	Cold Weather Response		Additional 162 Shelter beds available for duration of alert 100% of time	Additional 162 Shelter beds available for duration of alert 100% of time
			Extreme Heat Alert Response		Opened 7 Cooling Centres for the duration of Alert 100% of time	Opened 7 Cooling Centres for the duration of Alert 100% of time
		Homeless & Housing First Solutions	Homeless & Housing Support in the Community	Community Agencies	Capital funding	49 agencies funded with a total value of \$6.2 M
	Drop-in funding				29 agencies funded with a total value of \$3.1 M	29 agencies funded with a total value of \$3.4 M
	Housing Follow-up funding				13 agencies funded with a total value of \$2.1 M	13 agencies funded with a total value of \$2.6 M
Housing Help services funding	52 agencies funded with a total value of \$8.4				52 agencies funded with a total value of \$9.2M	
Pre-employment Supports funding	14 agencies funded with a total value of \$2.2 M				13 agencies funded with a total value of \$1.8 M	
Street Outreach funding	20 agencies funded with a total value of \$4.2M				20 agencies funded with a total value of \$4.7M	
Supports to Daily Living funding	11 agencies funded with a total value of \$3.9 M				11 agencies funded with a total value of \$3.8 M	

Service Types and Service Levels

Service	Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
		Directly Operated:	Housing Follow-up	200 Housing Follow-up Clients with an average length of support of 18 months	150 Housing Follow-up Clients with an average length of support of 18 months	
			Pre-employment Supports	350 pre-employment clients will be assisted	Projection: 280 pre-employment clients will be assisted	
			Rent Reduction Notices to Tenants and Landlords	220,000 notices estimated for 2012	Projection: 220,000 notices estimated for 2013	
			Shelter Referrals	Projection: 6,000 shelter referrals made from SHARC (not unique individuals)	Projection: 8,000 shelter referrals made from SHARC (not unique individuals)	
			Street Outreach	1,250 street outreach clients offered assistance	1,250 street outreach clients offered assistance	
			Street Respite	Projection: 1,460 clients using respite (not unique individuals)	Projection: 1,460 clients using respite (not unique individuals)	
			Transition to Housing Beds	Projection: 200 clients using 40 available Transition to Housing Beds at SHARC (unique individuals)	Projection: 200 clients using 40 available Transition to Housing Beds at SHARC (unique individuals)	
			Non-Emergency Shelter Service System Management	Community Engagement	100% Compliant with terms of reference for committee	100% Compliant with terms of reference for committee
				Grants Administration	100% Compliant with negotiated funding agreements	100% Compliant with negotiated funding agreements
	Provide Emergency Shelter & Related Support	A directly operated	Children's Supports	1,496 children supported	1698 children supported	
	Food Services		892,110 of meals/snacks provided totalling \$5.7 M 163,875 food allowances provided totalling \$0.656 M	862,401 of meals/snacks provided totalling \$5.5 M 153,375 food allowances provided totalling \$0.614 M		
	Nursing Care		An average of 407 individuals per day supported with on-site nursing/medical care	An average of 410 individuals per day supported with on-site nursing/medical care		
	Personal Needs Allowances		254,465 of allowances provided totalling \$1.1 M	N/A as per budget submission, SSHA will not be providing PNA's in 2013		
	Personal Supports (Counselling, Housing Help services, Employment Support, Crisis Support, Daily Living Supports)		6,684 clients provided with supports	7618 clients provided with supports		
Shelter Beds	1,643 Shelter Beds available at 10 locations		1591 Shelter Beds available at 10 locations			

Service Types and Service Levels

Service	Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
		Community Agencies	Emergency Shelter funding	Funding for 2,572 beds to 47 providers for a total value of \$47.6 M	Funding for 2,650 beds to 46 providers for a total value of \$49.0 million	
			Housing Help services inside shelters funding	Funding for 26 agencies provided for a total value of \$4.8 M	Funding for 26 agencies provided for a total value of \$4.8 M	
			Out of the Cold program funding	Funding for an average of 89 spots nightly or 598 unique spots at 16 locations for a total value of \$1.0 M	Funding for an average of 89 spots nightly or 598 unique spots at 16 locations for a total value of \$1.0 M	
			Rooming/Boarding House funding	Funding for 931 beds for a total value of \$8.7 M	Funding for 931 beds for a total value of \$9.4 M	
		Emergency Shelter Service System Management	Central Intake	42,703 calls with 8,537 intakes	42,513 calls with 7,770 intakes	
			Complaints Management	286 complaints handled	250 complaints handled	
			Contract Administration	31 contracts administered for 2,572 beds at 47 sites	31 contracts administered for 2,638 beds at 47 sites	
			Quality Assurance	57 quality assurance visits	57 quality assurance visits	
			Training	275 Service Providers Quality Training Session provided to 3,890 participants	235 Service Providers Quality Training Session provided to 3,540 participants	
Social Housing System Management	Manage Centralized Social Housing Waiting List			80,955 people	83,681 Households	
	Manage New Affordable Housing & Other Non Subsidized Programs	Privately Owned		15 Contracts administered totalling 1,910 units	16 Contracts administered totalling 1,891 units	
		Non-Profit Owned		45 Contracts administered totalling 2,253 units	48 Contracts administered totalling 1,000 units	
		Affordable Home Ownership		5 Contracts administered totalling 572 units	5 Contracts administered totalling 582 units	
	Manage Rent Supplements and Housing Allowances	Rent Supplements	Non-Profit Housing		funding for 951 units for a total value of \$8.7 M	funding for 976 units for a total value of \$8.7 M
			Private Landlords		funding for 2,771 units for a total value of \$24.0 M	funding for 2,685 units for a total value of \$24.0 M
		Housing Allowances	Non-Profit Housing		funding for 146 units for a total value of \$0.354 M * STRSP allowances are provided to market households in units already counted under Non-Profit units of administration.	funding for 141 units for a total value of \$0.07 M. * STRSP allowances are provided to market households in units already counted under Non-Profit units of administration.
			Private Landlords		funding for 1,087 units for a total value of \$4.3 M	funding for 868 units for a total value of \$.72 M

Service Types and Service Levels

Service	Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
	Manage Social Housing Provider Subsidies	Co-op Housing Subsidy		funding for 7,448 units in 68 providers for a total value of \$56.3 M	funding for 7,448 units in 68 providers for a total value of \$57.7 M
		Non-Profit Housing Subsidy		funding for 19,756 units in 157 providers for a total value of \$117.8 M	funding for 20,833 units in 156 providers for a total value of \$117.6 M
		Municipal Corporation Housing Subsidy (TCH)		funding for 58,138 units in 1 provider for a total value of \$311.5 M	funding for 59,753 units in 1 provider for a total value of \$312.9 M

2013 Service Deliverables

The 2013 Recommended Operating Budget for Shelter, Support and Housing Administration of \$665.076 million gross, with 730.9 Approved Positions, supports the provision of a wide range of services, which include:

- Providing 1.366 million bed nights of emergency shelter (3,741 per night, 365 days a year) to homeless individuals (a decrease of 2.9% compared to 2012), including the provision of meals and supports;
- Providing 322,295 bed nights of boarding home service to adults with psychiatric disabilities;
- Providing funding to more than 240 housing providers, (including the Toronto Community Housing Corporation), with over 94,000 units of social housing;
- Administering the Homelessness Partnering Strategy and other Federal and Provincial grants to over 120 community agencies;
- Assisting homeless individuals on the street to move into housing through the Streets to Homes Program, with over 3,300 individuals assisted into permanent housing since 2005, with the vast majority remaining in their new homes; and
- Developing and managing the Emergency Human Services response of the City's Emergency Plan.

PART III: RECOMMENDED BASE BUDGET

**2013 Recommended Base Budget
(In \$000s)**

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change		FY Incremental Outlook	
			2013 Recommended Base vs. 2012 Appvd. Budget		2014	2015
	\$	\$	\$	%	\$	\$
GROSS EXP.	792,711.7	664,291.5	(128,420.2)	(16.2%)	(712.8)	5,938.1
REVENUE	518,492.2	446,795.1	(71,697.1)	(13.8%)	(36,548.0)	(8,700.0)
NET EXP.	274,219.5	217,496.4	(56,723.1)	(20.7%)	35,835.2	14,638.1
Approved Positions	739.2	729.9	(9.3)	(1.3%)		

2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$664.292 million gross and \$217.496 million net is \$56.723 million, or 20.7% below the 2012 Approved Budget of \$274.220 million net.

- The 2013 Recommended Operating Budget gross expenditures of \$664.292 million includes a reduction of \$128.420 million, or 16.2% from 2012, including a \$55.600 million reduction in subsidy funding to TCHC that was provided for property tax payments; a reduction of \$35.282 million in grants for capital upgrades through the Social Housing Renovation and Retrofit Program (SHRRP); a reduction of \$24.526 million in grants for the construction of Affordable Housing projects; and, \$9.938 million in other Federal and Provincial transfers.
- The 2013 Recommended Base Revenue of \$446.795 million includes a \$71.697 million reduction, or 13.8% from 2012, comprised of a decrease of \$35.282 million in SHRRP funding; a reduction of \$24.526 million in Affordable Housing funding; reduced funding of \$9.938 million in other Federal and Provincial grants; and, the Federal subsidy loss of \$4.729 million to fund social housing providers. These revenue reductions are somewhat offset by an increase in revenues of \$4.916 million, as the 2013 reserve draw of \$26.058 million is higher than the reversal of the 2012 reserve contribution of \$21.142 million.
- As noted in the following table, excluding the reduction to TCHC subsidy of \$55.600 million gross and net resulting from exempting TCHC properties from having to pay municipal property tax payments, the 2013 Recommended Operating Budget is \$719.892 million gross and \$273.096 net, which is \$1.123 million or 0.4% below the 2012 Approved Operating Budget of \$274.220 million net as detailed below.

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget	
	\$	\$	\$	%
GROSS EXP.	792,711.7	719,891.5	(72,820.2)	(9.2%)
REVENUE	518,492.2	446,795.1	(71,697.1)	(13.8%)
NET EXP.	274,219.5	273,096.4	(1,123.1)	(0.4%)

- Changes to the 2012 Approved Operating Budget include net increases of \$1.650 million in the base, which has been offset by \$2.773 million in recommended service changes, bringing the Program's 2013 Recommended Base Budget to \$1.123 million or 0.4 % under the budget target of a 0% increase.
 - The recommended service changes of \$2.773 million net are comprised of savings in the Social Housing of \$1.134 million and \$1.639 million, primarily in Hostel Services.
- Approval of the 2013 Recommended Base Budget will result in the reduction of 9.3 temporary positions to the Program's approved complement resulting in a change from 739.2 to 729.9 positions as highlighted in the table below:

**2013 Recommended Staff Complement
Base Budget Summary**

Changes	Staff Complement
2012 Approved Complement	739.2
- 2012 In-year Adjustments	(9.3)
2012 Approved Staff Complement	729.9
2013 Recommended Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	1.0
Total 2013 Recommended Complement	730.9

The 2013 Recommended Operating Budget complement for SSHA is 730.9, which includes a reduction of 9.3 positions, due to the wind-down of a Federal/Provincial funded social housing grant, the completion of a capital project, and the addition of 1 position, which is included as a new Service Level Priority. These changes include:

- Deletion of 5.3 temporary positions with the completion of the Social Housing Renovation and Retrofit Program (SHRRP), fully funded from the Federal/Provincial SHRRP grant;
- Deletion of 4 temporary positions with the completion of the Social Housing Administration System, fully funded from the capital program; and,
- Addition of 1 temporary capital position to help deliver the Shelter Development/Redevelopment project and the 2013 Streets Needs Assessment; funded 50% from capital and 50% from the Homelessness Partnering Strategy (HPI) grant.

2013 Recommended Service Change Summary
(In \$000s)

Description	2013 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% Change over 2012 Budget	2014		2015	
					Net Expenditure	Position Change	Net Expenditure	Position Change
Base Changes:								
Base Expenditure Changes								
Absorb Non-Labour Economic Factor Increase		(1,085.0)	(1,085.0)	(0.4%)				
Line-by Line Review		(554.0)	(554.0)	(0.2%)				
Reduce Garbage Levy		(1,134.0)	(1,134.0)	(0.4%)				
Sub-Total Base Budget Changes		(2,773.0)	(2,773.0)	(1.0%)				
Total Service Changes		(2,773.0)	(2,773.0)	(1.0%)				

2013 Recommended Service Changes

The 2013 recommended service changes consist of base savings of \$2.773 million net or 1% decrease from the 2012 Approved Operating Budget. When combined with incremental base budget pressures of \$1.650 million or 0.6%, the 2013 Recommended Base Budget for the Shelter, Support and Housing Administration is \$2.773 million or 1.0% below the 2012 Approved Budget of \$274.200 million net.

Base Expenditure Changes: (\$2.773 million gross, savings of \$2.773 million net)

Absorption of Non-labour Economic Factor Increase:

- SSHA will absorb \$1.085 million gross and net by reducing the inflationary adjustments for City operated and purchased service shelter providers. By absorbing the inflationary adjustments, the increase in the cost of providing shelter services in 2013 will be minimized.

Reduction to Expenditures to Reflect Actual Experience:

- After a detailed review of actual expenditure trends, reductions of \$0.554 million gross and net are recommended, with savings to be realized primarily in hostel services, including \$0.288 million in materials supplies and equipment; and, \$0.266 million in services, rents and contributions.

Reduction in Garbage Levy to reflect Actual Experience:

- A reduction of \$1.134 million in the Social Housing garbage levy funding is recommended for housing providers, based on historical spending of \$5.500 million in 2010 and \$5.680 million in 2011. This reduction reduces the 2013 garbage levy budget to \$5.480 million from \$6.614 million in 2012.

**2014 and 2015 Outlook
(In \$000s)**

Description	2014 - Incremental Increase					2015 - Incremental Increase					Net % Change from 2013
	Gross Expense	Revenue	Net Expense	Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	Change from 2014	# Positions	
Known Impacts											
Salaries and Benefits, (Progression Pay, Step, COLA)	852.6		852.6	0.4%		1,008.0		1,008.0	0.4%		0.9%
Social Housing Subsidy											
Federal Stimulus Program	(5,000.0)	(5,000.0)	0.0								
Provincial Programming	(790.3)	(790.3)	0.0								
Rent-Geared to Income	3,120.0		3,120.0	1.4%		3,198.0		3,198.0	1.3%		2.9%
Cost Factor Increases	2,766.4		2,766.4	1.3%		2,821.7		2,821.7	1.1%		2.6%
Loss of Federal Subsidy		(4,700.0)	4,700.0	2.2%			(8,700.0)	8,700.0	3.4%		6.1%
Mortgage Renewals	(1,661.5)		(1,661.5)	(0.8%)		(1,089.6)		(1,089.6)	(0.4%)		(1.3%)
Sub-Total Known Impacts	(712.8)	(10,490.3)	9,777.5	4.5%		5,938.1	(8,700.0)	14,638.1	5.8%		11.2%
Anticipated Impacts											
Depletion of Social Housing Reserve Funds		(26,057.7)	26,057.7	11.9%							
Sub-Total - Anticipated Additional Impacts		(26,057.7)	26,057.7	11.9%							
Total Incremental Impacts	(712.8)	(36,548.0)	35,835.2	16.4%		5,938.1	(8,700.0)	14,638.1	5.8%		23.1%

Approval of the 2013 Recommended Base Budget for Shelter Support and Housing Administration will result in a 2014 incremental cost increase of \$35.835 million and a 2015 incremental cost increase of \$14.638 million to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

2014 Outlook

Known Impacts:

- Salary and benefits increase of \$0.853 million gross and net are comprised of COLA, progression pay, step increases, and increased cost of fringe benefits;
- Social Housing subsidy reduction of \$5.790 million gross \$0 net with the conclusion of the Federal stimulus infrastructure grant and Provincial STRS rent supplement funding; and,
- Social Housing net increase of \$8.925 million, comprised of the following cost drivers that will require an increase in subsidy to Social Housing providers: rent geared to income of \$3.120 million; cost factor increase of \$2.767 million; loss of Federal subsidy of \$4.700 million; and, savings of \$1.662 million in mortgage renewals.

Anticipated Pressures:

- Depletion of Social Housing Reserve Fund of \$26.058 million.

2015 Outlook*Known Impacts*

- Salary and benefit costs will increase by \$1.008 million gross and net due to COLA, progression pay, step increases, and cost of fringe benefits.
- Social Housing costs will increase by \$13.630 million net, comprised of the following cost drivers that will require an increase in subsidy to Social Housing providers: rent geared to income of \$3.198 million; cost factor increase of \$2.822 million; loss of Federal subsidy of \$8.700 million; and, offset by savings of \$1.090 million in mortgage renewals.

PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

**2013 Recommended New/Enhanced Service Priority Actions
(In \$000s)**

Description	2013 Recommended			Net Incremental Impact			
	Gross Expense	Net Expenditures	New Positions	2014		2015	
				Net Expenditures	# Positions	Net Expenditures	# Positions
Enhanced Service Priorities							
Policy Planning and Project Consultant - Temporary Position	136.2		1.0				
Sub-Total - Enhanced Service Priorities	136.2		1.0				
New Service Priority Actions							
Gapping Adjustment	648.6	648.6					
Sub-Total New Service Priorities	648.6	648.6					
Total New / Enhanced Service Priorities	784.8	648.6	1.0				

2013 Recommended New/Enhanced Service Priority Actions

Enhanced Service Priorities

Addition of Policy Planning Project Consultant:

- The addition of 1 temporary position is recommended at a cost of \$0.136 million \$0 net is recommended, funded 50% from the Homelessness Partnering Strategy (HPI) Federal grant, and 50% from the Capital Budget. This position is required to co-coordinate the delivery of the 2013 Street Needs Assessment Survey and redevelopment of Seaton House. This position is included in the 2013-2022 Recommended Capital Budget and Plan.

New Service Priorities

Gapping Adjustment:

- An increase of \$0.649 million gross and net is recommended to reduce SSHA's 2013 gapping level from \$2.866 million, or 4.3% to \$2.217 million, or 3.4% to better align the budgeted gapping to the Program's actual experience, and allow the Program to better manage its workforce, with less reliance on temporary or part-time staff.
- SSHA's 2011 actual gapping savings was \$1.391 million or a rate of 2.1% compared to a budgeted gapping of \$2.870 million or 4.3%, which resulted in an unfavourable variance of \$1.479 million; for 2012, SSHA is projecting actual gapping savings of \$2.130 million or 3.3%, which will result in an unfavourable variance of \$0.736 million.
- The recommended funding will reduce the Program's gapping rate to 3.4%, which is closer to its actual experience.

Part V: ISSUES FOR DISCUSSION

2013 and Future Year Issues**2013 Issues****2013 Social Housing Pressures:**

- As noted in the following table, the 2013 Recommended Operating Budget for SSHA reflects a decrease in pressures of \$56.579 million net for Social Housing (from \$199.128 million net in 2012 to \$142.549 million). The following table summarizes the 2013 cost drivers:

	2013 Recommended		
	Gross	Revenue	Net
2012 Approved Budget	563,194.9	364,067.4	199,127.5
Reversal of One-Time Funding	0.0	(21,015.9)	21,015.9
Provincial Programming *	(35,000.0)	(35,000.0)	0.0
Section 37/45	(306.0)	(306.0)	
2013 Adjusted Budget	527,888.9	307,745.5	220,143.4
Provincial Programming **	(3,990.6)	(3,990.6)	0.0
Mortgage Renewals	(656.9)		(656.9)
RGI Subsidy Increases	325.5		325.5
Cost Factor Increases	3,123.5		3,123.5
Property Tax Increases	(1,548.4)		(1,548.4)
Property Tax Decrease (Municipal Capital Facility Agreement)	(55,600.0)		(55,600.0)
Garbage Levy	(1,134.0)		(1,134.0)
Federal Subsidy		(4,729.4)	4,729.4
Debentures	(1,195.0)	(1,195.0)	
Settlements	(775.3)		(775.3)
Changes for 2013	(61,451.2)	(9,915.0)	(51,536.2)
Contribution from Reserve Funds		26,057.7	(26,057.7)
2013 Recommended Budget	466,437.7	323,888.2	142,549.5
TCHC	281,308.2	164,823.3	116,484.8
Non -TCHC	185,129.5	159,064.8	26,064.7
Total 2013 Recommended	466,437.7	323,888.2	142,549.5
Total Change \$	(96,757.2)	(40,179.2)	(56,578.0)

Notes:

Program costs, excluding SSHA administration

* SSHRP (Federal Stimulus program)

** Housing Allowance, and Affordable Housing Program & STRSP

- Excluding the \$55.600 million reduction in TCHC subsidy for property taxes adjustment for the Municipal Capital Facilities Agreement the Social Housing cost drivers have increased by \$4.064 million net between 2012 and 2013 and are offset by the following savings:
 - Savings of \$0.657 million for mortgage renewal reductions are based on principal renewals of \$177.0 million at a blended rate of 4.0%.
 - The Rent-Geared-to-Income (RGI) subsidy has increased by \$0.325 million net. This subsidy pays social housing providers and commercial landlords the difference between market rent and a prescribed percentage of tenants' gross income. This increase is prescribed by the Housing Services Act, with an annual increase tied to the Consumer Price Index (CPI) provided by the Province.
 - The Cost Factor Index increases of \$3.124 million results from of a combination of index increases associated with market-rent adjustments and changes to CPI. The Province determines cost factor increases, which are beyond the City's control.
 - Property taxes have decreased by \$1.548 million, primarily due to the reduction attributed to non-TCHC properties, based on the 2012 property tax Current Value Assessment (CVA).
 - The Garbage Levy (the provision to fund solid waste disposal fees) has decreased by \$1.134 million to \$5.480 million, based on the historical spending trends.
 - Annually, the City reconciles the actual expenses of approximately 240 housing providers to the subsidy provided throughout the year. The incremental reduction of \$0.775 million for settlements is based on actual experience.
 - In 2013, the City will lose \$4.729 million in Federal funding, representing a reduction in the Federal contribution to the City's cost of maintaining social housing. This change in funding reduces the Federal subsidy to approximately \$155.361 million, a reduction of \$18.882 million in funding since 2007.
 - The 2013 Recommended Operating Base Budget includes a withdrawal from the Social Housing Reserve Fund of \$26.058 million that offsets the reversal of the 2012 reserve contribution of \$21.016 million, which reduces the Social Housing net budget by \$5.042 million.

Loss in Federal Funding:

- A significant portion of the City's social housing funding comes from the Federal government under the Social Housing Agreement between the Federal and Provincial governments. The Federal government currently makes a financial contribution of approximately 28.6% to the City's social housing costs, representing Federal transfer of the cost of mortgages held by private mortgage holders or by Canada Mortgage and Housing Corporation, and other operational costs. The City uses this funding for mortgage subsidies distributed to the Social Housing providers, as well as to offset a portion of the operating subsidy based on benchmarked revenues and expenses, including rent geared to income (RGI) and rent supplement subsidies.

- As noted in the following table, in 2013, the City will receive \$155.362 million in Federal funding, representing a loss of \$5.924 million since 2012, and a loss of \$19.140 million since 2006 when the subsidy was \$174.502 million.

Summary of Loss of Federal Subsidy								
Year	2007	2008	2009	2010	2011	2012	2013	Total
Federal Subsidy	174,502.0	174,253.8	173,673.0	172,590.6	168,833.6	162,476.1	161,286.1	174,502.0
Loss of Federal Subsidy	(248.2)	(580.8)	(1,082.4)	(3,757.0)	(6,357.5)	(1,190.0)	(5,924.0)	(19,139.9)
Cummulative Loss	(248.2)	(829.0)	(1,911.4)	(5,668.4)	(12,025.9)	(13,215.9)	(19,139.9)	
Ending Subsidy	174,253.8	173,673.0	172,590.6	168,833.6	162,476.1	161,286.1	155,362.1	155,362.1

- The 2014 and 2015 Outlooks include reductions in Federal subsidies of \$4.700 million and \$8.700 million, respectively. With 2016 and 2017 projected to include a further \$15.3 million in reductions, the decrease in Federal funding is expected to total \$33.4 million net annually by 2017, increasing to \$100 million by 2020. By 2031, the City will receive no Federal funding for Social Housing.
- Social Housing receives advance notice of the reduction in the Federal subsidy amounts by way of notice in the Canada Gazette; however, the reductions are out of step with actual mortgage payments that are based on established term and the amortization period of the actual mortgages. Senior staff have attempted to resolve the shortfall in transfer payments with both the Provincial and Federal governments. Council also requested that the Federal government revisit their decision to reduce funding for Social Housing. To date, the City has received no response from senior government officials.
- This lost funding will create a significant pressure on the City, with the loss in funding required to be replaced in order to maintain the distribution of subsidy to the Social Housing providers, as is mandated by Provincial legislation. Currently, the City's tax base is the only source of revenue.
- It is therefore recommended that Council continue to request the Federal government to reinvest the funds from expiring Federal social housing agreements back into social housing to ensure the continued viability of the existing social housing stock.

Depletion of Social Housing Reserve Funds:

- Two reserve funds are dedicated to fund Social Housing: the Social Housing Stabilization Reserve (fully depleted in 2012), which was established in 2001 and the Social Housing Federal Reserve Fund (2012 year-end balance of \$26.058 million), which was established in 2002.
- The 2013 Recommended Operating Budget includes a contribution from the Social Housing Federal Reserve Fund of \$26.058 million as a base revenue change.
- The Program uses reserve funding to offset its annual salary and benefit increases, and other inflationary pressures. Due to the significant increases in the cost of maintaining legislated subsidy levels to social housing providers, these funds have become the primary source of funding for the annual increases to social housing providers, mandated through the Housing Services Act. These increases are linked to cost drivers that are outside the

Program's control, including market-rent rate and CPI increases, property tax increases, and reductions in Federal and Provincial subsidy transfers. As well, in past years these reserves have also been used to fund emergency capital repairs to social housing providers.

- The 2013 use of these funds as a revenue source to fund the 2013 base budget will fully deplete the Program's reserves, creating unfunded pressure of \$26.058 million in 2014. SSHA will require ongoing property tax funded increases, should the service levels included in the 2013 Recommended Operating Budget be maintained.
- The following table summarizes activity of the social housing reserve funds since their inception:

SOCIAL HOUSING RESERVE FUNDS ACTIVITY SINCE INCEPTION									
(000s)	2001-2008	2009	2010	2011	2012	2013	Social Housing Stabilization Reserve Fund	Social Housing Federal Reserve Fund	Total Reserves
							XQ1106	XR2105	
Beginning Balance	0.0	38,578.7	29,878.1	30,572.3	31,857.7		0.0	0.0	38,578.7
Add:									
Provincial Downloading Transfer	12,379.6						12,379.6		12,379.6
Divisional Net Surplus	24,069.0						24,069.0		24,069.0
Federal Transfer	30,890.0						4,809.8	26,080.2	30,890.0
GTA Pooling Adjustment	13,157.5						13,157.5		13,157.5
Transfer of City Surplus	1,339.7				6,858.0			6,858.0	6,858.0
Provincial Transfer							1,339.7		1,339.7
Loan Repayment	115.0	59.9	0.0				59.9	115.0	174.9
Investment Income	21,456.8	112.1	694.2	1,285.4	83.7		12,674.8	10,957.4	23,632.2
Total additions	103,407.6	172.0	694.2	1,285.4	6,941.7		68,490.3	44,010.6	112,500.9
Less:									
Draw to fund Social Housing	(33,842.2)	(8,872.6)	0.0	0.0	(12,741.7)	(26,057.7)	(50,586.7)	(30,927.5)	(81,514.2)
Loan/Grant to Housing Providers for SOGR	(25,986.7)						(12,903.6)	(13,083.1)	(25,986.7)
Loan/Grant to TCHC for SOGR	(5,000.0)						(5,000.0)		(5,000.0)
Total withdrawals	(64,828.9)	(8,872.6)	0.0		(12,741.7)	(26,057.7)	(68,490.3)	(44,010.6)	(112,500.9)
Ending Balance	38,578.7	29,878.1	30,572.3	31,857.7	26,057.7		0.0	0.0	0.0

* 2012 Budgeted draw of \$21.142 million less Social Housing savings of \$8.400 million = \$12.742 million

- Although the 2010 reserve contribution was budgeted at \$27.054 million, due to 2010 Program under spending of \$10.860 million (primarily in Social Housing), the Program only required a contribution of \$16.194 million. However, the longevity of the reserve was extended with the decision to offset the reduced contribution of \$16.194 million (\$27.054 million - \$10.860 million) by offsetting year-end expenses with year-end City surplus funds.
 - In 2011, the budgeted withdrawal of \$6.465 million was available from reserves to reduce 2011 pressures. Year-end actuals included savings of \$9.042 million in Social Housing (RGI subsidy and CPI, property taxes, and garbage levy), such that the budgeted reserve contribution was not required. In order to mitigate the impact of fully depleting the reserves, Council approved a contribution of \$6.858 million to the reserve from 2011 year-end surplus funds.
 - In 2012, the recommended contribution from the reserve funds of \$21.142 million was budgeted to fund operating pressures. Third quarter spending projections indicate

savings of \$8.400 in Social Housing (ongoing savings in property taxes, RGI subsidy, CPI, and garbage levy), reducing the need for the full reserve contribution from \$21.142 million to \$12.742 million (\$21.142 million - \$8.400 million).

- The 2013 contribution of \$26.058 million is the last year the Program will have reserve funding available to reduce on-going pressures, as this contribution will completely deplete the reserves. The 2014 Outlook includes a pressure of \$26.058 million on the property tax base to replace the shortfall. The Program will be challenged throughout 2013 to find additional efficiencies and to review service levels to mitigate the loss of reserves as a funding source.
- Opportunities to mitigate the 2014 pressures which will be considered during 2013 include findings from the Efficiency Study and an operational review of the shelter system, necessitated by the new Provincial funding model.

On-going, Unfunded Social Housing Pressure:

- As noted in the following table, projections indicate that by the end of 2017, SSHA will be faced with a total unfunded pressure of approximately \$76.642 million. This pressure is a result of the following cost drivers:
 - Obligations/liabilities the City has taken on resulting from the social housing down load, including the on-going, incremental pressure to funding social housing providers in accordance with the funding formulas prescribed in the Housing Services Act;
 - Loss of Federal subsidy that has funded social housing; and,
 - Depletion of Program reserves that have primarily been used as a stop-gap measure to fund on-going social housing pressures.
- According to the terms of the Housing Services Act, the City has no choice but to continue to fund these on-going pressures. Not to do so could result in court action, with both the Federal or Provincial governments withholding other subsidies it pays to the City to offset the City's obligation to fund social housing.
- Given the nature of the City's funding obligations for Social Housing, the only measures available to the City at this time is to increase property tax funding or reduce non-mandatory programs and services.

Summary of Unfunded Social Housing Pressures						
Pressures	2013	2014	2015	2016	2017	Total
Social Housing CPI Cost Factor Indexed Increases *		4,225	4,930	4,000	4,000	17,155
Loss of Federal Subsidy	4,729	4,700	8,700	6,400	8,900	33,429
Depletion of Reserves		26,058				26,058
Total	4,729	34,983	13,630	10,400	12,900	76,642

* Prescribed by *Housing Services Act*, with 2016, 2017 estimates

Community Homelessness Prevention Initiative (CHPI):

- In July, the Province introduced the new Community Homelessness Prevention Initiative (CHPI), which, starting in 2013, will replace existing funding across the Province for Emergency Hostels, Consolidated Homelessness Prevention Program (CHPP), Rent Bank, Emergency Energy Fund, and Domiciliary Hostels.
- While the new program provides greater flexibility for municipalities to respond to local needs, it also changes the funding model for emergency shelters from an open-ended, demand-based model to a capped funding envelope. As reported to Council in EX23.15, "Changes to Provincial Funding Approaches for Homeless Prevention and Social Assistance Programs: Implementation Strategies and Issues", a review of the new legislation has indicated that SSHA will receive \$3.300 million less in Provincial funding than it will have received in 2012 under the existing programming administered by Ontario Works, the Provincial program that administers funding for the homeless.
- Because the CHPI provides fixed funding by moving from an open-ended, demand-based funding model to a capped funding envelope, the new Provincial funding arrangement presents financial risks to the City. For example, if there are sudden increases in demand due to serious economic downturns, increased numbers of refugees, or emergencies like the fire at 200 Wellesley Street, the Province will no longer provide additional funding for increased shelter beds to accommodate the demand.
- To compensate for the loss of funding the Program is proposing to eliminate the Personal Needs Allowance (PNA) which will reduce the 2013 Recommended Operating Budget by \$2.994 million gross, and will result in savings of \$0.425 million net; modify the administration funding for the Rent Bank, with savings of \$0.150 million gross and net. These savings will be offset by a loss of \$0.731 million in subsidy, as the Provincial funding for hostel services changes from an open ended volume based per diem model to a capped funding model.
 - PNA support was provided to clients so that they could access personal needs items (personal hygiene items, transportation) that they may not receive from the shelter. On December 31, 2012 PNA will be eliminated, and clients who are eligible for Ontario Works will be able to apply at a Toronto Employment and Social Services office (TESS) for a basic needs issuance.
 - The Rent Bank is administered by a community agency on behalf of the City. The agency is allowed to use 10% of the \$1.500 million in funding as an administration fee. Alternatively, the agency can use a portion of the repaid loans to cover the cost of administration. The Program has reviewed the balance of the repaid loans and feels there is a sufficient balance to cover the administration fee for 2013.
 - A pressure of \$0.731 million results from the loss of \$0.731 million in subsidy, as the Provincial funding for hostel services changes from an open ended volume based per diem model to a capped funding model.

As noted in the following table, after implementing these changes, the know impact of implementing CHPI on the 2013 Recommended Operating Budget for SSHA is a net pressure of \$0.156 million:

Impact of Implementing CHPI			
	Gross	Revenues	Net
Eliminate Personal Need Allowance	(2,994.0)	(2,569.0)	(425.0)
Rent Bank Administration	(150.0)		(150.0)
Loss of Revenue from change in per diem funding		(731.0)	731.0
	(3,144.0)	(3,300.0)	156.0

- Given the timing required to prepare appropriate implementation strategy, 2013 will be a transitional year during which a long-term strategic plan will be developed to deliver service in accordance with the principles outlined in CHPI.
- During the transition year, existing programming will be continued with minimal changes (wherever possible) in order to ensure service system stability and limit service impacts for vulnerable clients, as follows:
 - For 2013, Emergency Hostels will continue to fund purchase of service shelters according to existing levels. A report on funding rates for 2013 will be forwarded to Council consistent with previous years, based on estimated bed night volumes and associated cost for purchased service shelters. In the event of an unanticipated increase in demand for services above the projected amounts, the Acting General Manager of Shelter, Support and Housing Administration will report the impact on service delivery to Budget Committee;
 - The Consolidated Homelessness Prevention Program will administer grants to community agencies in 2013 consistent with the City of Toronto Grants Policy, with a report to Council in Spring of 2013 on funding allocations consistent with previous years; and,
 - The Rent Bank will continue to operate according to the existing program guidelines and local rules as established by Council on October 26, 2009 in the report "New Provincial Rent Bank Agreement for 2009 and Subsequent Years."

Declaration of TCHC Properties as Municipal Housing Capital Facilities:

- The 2013 Recommended Operating Budget for SSHA includes a reduction of \$55.600 million gross and net that reduces the subsidy to TCHC that was used to pay the municipal tax component of the properties that have now been declared municipal housing capital facilities and are exempt from property taxes. There is no net impact on the City's Operating Budget, as the decrease in municipal tax revenue is offset by a corresponding reduction in the annual subsidy provided by the City to TCHC. The Ministry of Municipal Affairs has agreed to a Municipal Capital Facilities Agreement between TCHC and the City.
- At its meeting of October 25 2011, Council adopted the recommendations from Executive Committee included in EX11.6, "Toronto Community Housing Corporation-Declaration as Municipal Housing Capital Facilities and Exemption from Municipal and School Property Taxes". This report authorized the Deputy City Manager and Chief Financial Officer to negotiate a Municipal Capital Facility Agreement with TCHC and authorized Council to adopt the necessary By-law to designate Toronto Community Housing Corporation's (TCHC) 'affordable' housing stock as municipal capital housing facilities.
- To initiate the changes authorized through the By-law, TCHC identified 292 properties representing approximately 40,000 units that meet the 'affordable' and other criteria under the City's Municipal Housing Facilities By-law No. 282-2002. These properties are identified as Schedule A properties, and are included as an attachment to report EX 11.6. The Municipal Property Assessment Corporation (MPAC) has reviewed the list of the designated properties and has confirmed the valuation for purposes of the declaration. TCHC has also identified an additional 91 properties representing approximately 15,000 units for which most, but not every unit, meets the affordable criteria included in the attachment as Schedule B of EX11.6. These properties are still under review.
- This change in status will reduce TCHC's costs through creating municipal and education property tax exemptions for the Schedule A properties with a municipal tax exemption of \$55.6 million. Making these properties tax exempt under the Municipal Housing Capital Facilities By-law will result in net savings to TCHC of \$6.886 million, representing the Provincial education share of taxes that will no longer be payable. As directed by Council, TCHC will continue to receive the \$6.886 million in subsidy payments, and will use these funds to reduce the SOGR backlog in its housing stock.
- Schedule B properties, with estimated tax valuation of \$26.524 million, have not been designated Municipal Capital Housing Facilities. These properties are still being reviewed by City officials, as a number of these units are located in commercial properties and may be located in buildings that have a combination of affordable and market rate units.
- It is recommended that the General Manager of Shelter, Support and Housing Administration and the Director of Revenue Services continue to work with TCHC officials to finalize the classification of Schedule B properties as municipal housing capital facilities and report to Budget Committee with any budget adjustments required to implement the exemption of Schedule B properties.

Hostel Services Volumes and Costs:

The 2013 Recommended Operating Budget reflects a decrease of 41,172 budgeted bed nights to match the 2012 projections and anticipated trends for 2013.

Hostel Description	Bednight Volume Change				
	2012 Budget	2012 Projected* Actuals	2013 Recommended	Volume Variance Inc/(Dec)	Volume Percentage Change
City Operated Shelters					
Seaton House	228,200	241,507	220,855	(7,345)	(3.2%)
Women's Residence	37,170	39,058	37,712	542	1.5%
Robertson House	32,000	30,110	28,900	(3,100)	(9.7%)
Family Residence	91,250	93,140	69,350	(21,900)	(24.0%)
Birkdale Residence	73,640	70,631	68,536	(5,104)	(6.9%)
SHARC/129 Peter Street	14,235	15,081	13,750	(485)	(3.4%)
Total City Operated Shelters	476,495	489,527	439,103	(37,392)	(7.8%)
Purchased Hostels	930,427	927,239	926,647	(3,780)	(0.4%)
TOTAL	1,406,922	1,416,766	1,365,750	(41,172)	(2.9%)

* 2012 Year-end projection as of September 30, 2012

- As noted in the table above, 2012 actual experience has trended slightly higher than both the 2012 Budget and the 2013 estimated bed nights. This trend is expected to stabilize and slightly decrease in 2013. However, in the event that occupancy levels change and result in a pressure and requirement for additional funds, the Program will report to Budget Committee through the Community Development and Recreation Committee on how the pressure will be mitigated within the overall Program's Operating Budget.

Affordable Housing Grants:

- The 2013 Recommended Operating Budget includes funding for the Affordable Housing development loans/grants, which are summarized in the following table:

2013 Budgeted Project Cash Flow	CRRF*	Provincial Funds	Total	Number of Units
Ghana Amansie - 2350 Finch Ave W	132.8		132.8	48
TCHC - McCord Phase 1	3,340.9		3,340.9	115
Affordable Housing Projects	3,473.7		3,473.7	163
Delivery Agent Not Yet Chosen **		634.1	634.1	
AHP Home Ownership Wave 1		634.1	634.1	
Delivery Agent Not Yet Chosen **		71.1	71.1	
AHP Home Ownership Wave 2 Year 2		71.1	71.1	
8 Chichester Place		12,600.0	12,600.0	210
AHP Extension 2009		12,600.0	12,600.0	210
TCHC - 230 Sackville		3,000.0	3,000.0	50
TCHC Block 22		1,500.0	1,500.0	25
Medalion - 3415 Weston Road Ltd		3,000.0	3,000.0	148
New Affordable Rental Housing		7,500.0	7,500.0	223.0
Total	3,473.7	20,805.2	24,278.9	596.0

* CRRF - Capital Revolving Reserve Fund

** Funding allocation pending RFQ/RFP process

Core Service Review and Efficiency Implementation Progress:

On September 26 and 27, 2011, City Council adopted a report that addressed the results of the detailed Core Service conducted by KPMG. Council approved specific recommendations regarding SSHA and service levels; namely:

- Consider the development of a strategy to maximize benefit from projects where mortgages and subsidy agreements are expiring;
- Give homeless people higher priority in accessing social housing, and develop a wider range of supportive housing options; and,
- Expand support for the Street to Homes initiative to reduce the need for shelters.

The Shelter, Support Housing Administration Efficiency Study (completed in 2012) identified the following 4 opportunities:

- Enhance efficiency of the management of reports and production;
- Out source food services, and property management;
- Potential for saving from outsourcing City owned and operated shelters; and
- Evaluate Streets to Homes.

Status: While there are no changes in the 2013 Recommended Operating Budget that address these recommendations, the Acting General Manager, Shelter, Support and Housing Administration continues to work on these options and will report potential savings through the 2014 Operating Budget process.

Appendix 1 2012 Performance

2012 Key Accomplishments

In 2012, Shelter, Support and Housing Administration achieved the following results:

Homeless and Housing First Solutions:

- ✓ Provided housing to 700 people (or re-housed) through Streets to Homes;
- ✓ Investigated and resolved over 100 homeless encampments;
- ✓ Provided 1.4 million bed nights to homeless clients;
- ✓ Assisted 1,200 low income applicants receive interest free rent bank loans to prevent eviction and obtain stable housing; and
- ✓ Assisted 20,000 households receive housing help services, including completion of 6,600 social housing applications.

Social Housing System Management:

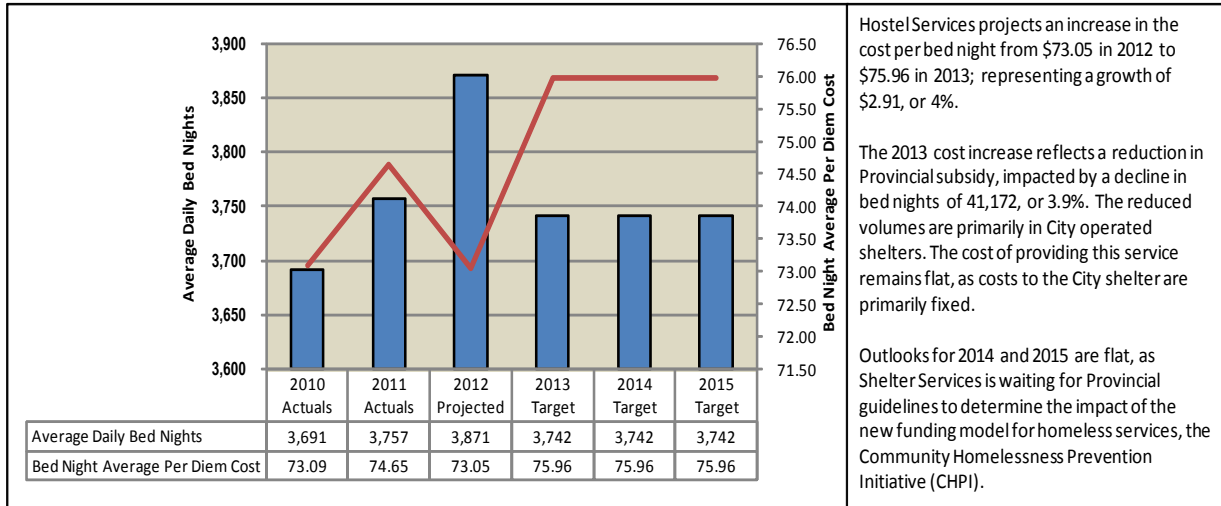
- ✓ Implemented the Investment in Affordable Housing Program, a \$51.0 million Federal/Provincial funded initiative;
- ✓ Integrated the new Housing Services Act into Social Housing operations;
- ✓ Supported TCHC and the City Manager in facilitating Council approval of the sale of 111 TCHC properties of \$ 49.768 million; and
- ✓ Strengthening capital asset management through SHRRP a \$257 million capital repair program funded by Federal and Provincial governments.

City Emergency Human Services:

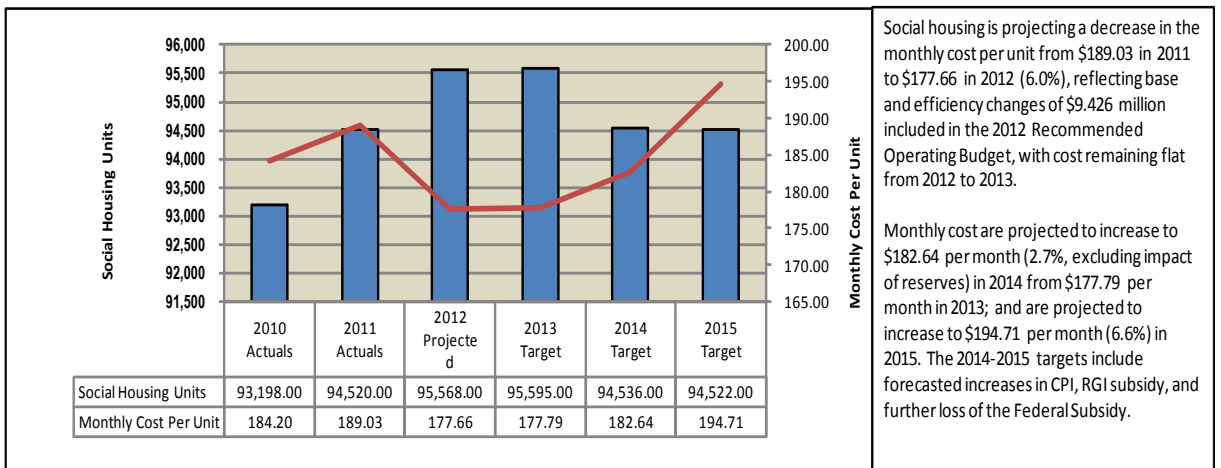
- ✓ Incorporated the City Ombudsman's recommendations into the appropriate operational manuals that enhanced existing policies/procedures.

2012 Performance

Efficiency Measure: Bed Night Average per Diem



Effectiveness Measure – Social Housing Cost per Month per Year



2012 Budget Variance Analysis

2012 Budget Variance Review (In \$000s)

(In \$000s)	2010	2011	2012	2012	2012 Approved Budget vs Projected Actual Variance	
	Actuals	Actuals	Approved Budget	Projected Actuals*	\$	%
	\$	\$	\$	\$	\$	%
Gross Expenditures	834,109.5	835,372.2	792,711.7	782,147.5	(10,564.2)	(1.3)
Revenues	559,735.5	550,316.4	518,492.2	508,430.5	(10,061.7)	(1.9)
Net Expenditures	274,374.0	285,055.8	274,219.5	273,717.0	(502.5)	(0.2)
Approved Positions	763.7	763.5	739.2	739.2		

* Based on the 3rd Quarter Operating Budget Variance Report.

2012 Experience

- As of September 30, 2012, Shelter, Support and Housing Administration is projecting a favourable year-end variance of \$0.503 million net. Gross expenditures and revenues are under budget by \$10.564 million and \$10.062 million respectively, attributable to savings in Social Housing of \$8.400 million (property taxes, garbage levy, and rent geared to income subsidies) offset by a reduction in reserve contributions, and temporary delays in the disbursement of grants to third parties.
- The favourable net variance of \$0.503 million is primarily the result of operational savings in the shelter system.

Impact of 2012 Operating Variance on the 2013 Recommended Budget

- Projected shelter volumes from 2012 are expected to continue into 2013, as bed night volumes in 2013 are projected to decrease by 41,172 to 1,365,750, or 2.9% from the 2012 budgeted volumes of 1,406,922.
- The volume decline is primarily in directly operated shelters, reflecting a decrease of 37,392 bed nights, with the largest reduction in the family sector; budgeted bed nights for purchased service are projected to drop by 3,780. These volume changes result in a net increase of \$0.447 million, as the loss in subsidy of \$1.518 million is greater than the cost savings of \$1.071 million in 2013. Costs in the City shelters are mainly fixed.
- Although the 2012 under spending in Social Housing is not projected to continue into 2013, the \$8.400 million in reserve funding budgeted in 2012 is not required, and will be used in 2013 to fund Social Housing costs.
- Projected 2012 operational savings of \$0.503 million will be available in 2013, with these savings identified as a service level reduction through the line-by-line review of expenditures.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2010 Actual	2011 Actual	2012 Budget	2012 Projected Actual	2013 Recommended Budget	2013 Change from 2012 Approved Budget		2014 Outlook	2015 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	62,897.5	66,199.5	64,186.2	64,324.3	65,450.5	1,264.3	2.0%	66,303.1	67,311.1
Materials and Supplies	3,789.4	3,875.6	4,835.0	4,347.5	4,428.5	(406.5)	(8.4%)	4,428.5	4,428.5
Equipment	315.8	126.8	299.9	110.0	210.8	(89.1)	(29.7%)	210.8	210.8
Services & Rents	63,001.1	64,241.7	65,937.1	64,796.5	65,275.9	(661.2)	(1.0%)	65,275.9	65,275.9
Contributions to Capital		601.2							
Contributions to Reserve/Res Funds	1,123.7	1,532.2	1,170.2	1,253.5	1,170.2	0.0	0.0%	1,170.2	1,170.2
Other Expenditures	702,119.9	697,694.9	655,149.8	646,218.3	527,526.0	(127,623.7)	(19.5%)	525,960.6	530,890.7
Interdivisional Charges	862.2	1,100.3	1,133.5	1,097.3	1,014.4	(119.2)	(10.5%)	1,014.4	1,014.4
TOTAL GROSS EXPENDITURES	834,109.5	835,372.2	792,711.7	782,147.5	665,076.3	(127,635.4)	(16.1%)	664,363.5	670,301.6
Interdivisional Recoveries	32.5	38.9	26.0	148.0	11.3	(14.8)	(56.7%)	11.3	11.3
Provincial Subsidies	317,421.7	318,464.6	287,159.4	292,675.4	243,252.7	(43,906.7)	(15.3%)	237,462.4	237,462.4
Federal Subsidies	187,105.5	181,731.4	179,250.0	172,556.5	172,448.6	(6,801.4)	(3.8%)	167,748.6	159,048.6
Other Subsidies	39,751.0	26,501.0	13,249.0	13,249.0	0.0	(13,249.0)	(100.0%)	0.0	0.0
User Fees & Donations	936.7	1,124.6	922.4	539.9	922.4	0.0	0.0%	922.4	922.4
Transfers from Capital Fund	1,124.8	872.9	288.4	403.8	68.1	(220.3)	(76.4%)	68.1	68.1
Contribution from Reserve Funds	10,495.5	18,558.2	26,733.9	17,876.3	14,051.0	(12,682.9)	(47.4%)	3,473.7	3,473.7
Contribution from Reserve	74.9	45.4	8,201.9	8,201.9	15,480.4	7,278.5	88.7%	0.0	0.0
Sundry Revenues	2,793.0	2,979.2	2,661.3	2,779.7	696.9	(1,964.4)	(73.8%)	696.9	696.9
TOTAL REVENUE	559,735.5	550,316.4	518,492.2	508,430.5	446,931.3	(71,560.9)	(13.8%)	410,383.3	401,683.3
TOTAL NET EXPENDITURES	274,374.0	285,055.8	274,219.5	273,717.0	218,145.0	(56,074.5)	(20.4%)	253,980.2	268,618.3
APPROVED POSITIONS	763.7	763.5	739.2	739.2	730.9	(9.3)	(1.3%)	730.9	730.9

2013 Key Cost Drivers

The 2013 Recommended Operating Budget of \$668.220 million gross is \$124.492 million lower than the 2012 Approved Operating Budget of \$792.712 million gross, with the 2013 Recommended Operating Budget net of \$217.990 million is \$56.231 million lower than the 2012 Approved Operating Budget of \$274.220 million net.

The gross expenditures are comprised of the following expenditure groupings: Other Expenditures is the largest expenditure category and accounts for 79.5% of total expenditures, followed by Salaries and Benefits at 9.8%, Services and Rents at 9.8%. The remaining 0.9% represents all other costs, including Materials and Supplies, Contributions to Reserves and Interdivisional Charges.

The revenues are primarily comprised of Federal and Provincial grants that flow to the City, which are distributed to social housing providers and other third parties who provide support to the homeless and those at risk. Revenues also include funding from Program reserves used to offset base operating pressures.

The budget changes from 2012 to 2013 are primarily attributable to the following categories:

- *Salaries and Benefits:* The 2013 Recommended Operating Budget for salaries and benefits has increased \$1.264 million of fund progression pay, step increase, COLA, and an adjustment that reduces the Program's gapping rate from 4.3% to 3.4%.
- *Service and Rents:* The 2013 Recommended Operating Budget for service and rents has decreased by \$0.661 million, through aligning budgets to actuals, with savings identified through the line by line review.
- *Other Expenses:* The 2013 Recommended Operating Budget for other expenses of \$530.670 million is \$124.480 million or 19.0% lower than the 2012 Approved Operating Budget, and includes adjustments in the subsidy to social housing providers of \$96.757 million, with a reduction due the reduction in subsidy funding to TCHC that was provided for property tax payments (\$55.600 million); a reduction in the Federal/Provincial stimulus and other Provincial programming (\$38.990 million); other inflationary-pressure adjustments; and a reduction in grants that fund housing projects (\$24.526 million) approved through the Affordable Housing Committee.
- *Revenues:* The 2013 Recommended Operating Budget includes a \$68.261 million reduction in revenues, reflecting a decrease of \$38.990 million in the Federal/Provincial stimulus funding and in other Provincial social housing grants; a reduction of \$24.526 million in Affordable Housing projects; and an additional reduction of \$4.729 million in Federal funding that supports social housing. These reductions are offset by an increase of \$4.916 million in funding from Social Housing Reserves.

Appendix 4

**Summary of 2013 Recommended New
/Enhanced Service Priority Actions**



2013 Operating Budget - Recommended New and Enhanced Services Summary of Administrative Review

TYPE	PRIORITY	CITIZEN FOCUSED SERVICES "A" Shelter, Support & Housing Administration	Recommended Adjustments				2014 Net Incremental Outlook (\$000s)	2015 Net Incremental Outlook (\$000s)
			Change in Gross Expenditure (\$000s)	Change in Revenue (\$000s)	Net Change (\$000s)	Change in Approved Positions		
N1	1	Addition of Policy Planning and Project Consultant Temporary Position Service / Activity: Program Support / Program Support Description: The addition of one temporary position for \$0.136 million \$0 net is recommended, funded 50% from the Homelessness Partnering Strategy (HPI) federal grant, and 50% from SSHA's Capital Budget. This position is required to co-coordinate the delivery of the 2013 Street Outreach Survey and for co-coordinating the redevelopment of the Seaton House shelter, included in the 2013 Recommended Capital Budget and 2014-2022 Plan. Service Level Change: The recommendation to add one new, temporary position increases the approved staff complement from 729.9 positions in 2012 to 730.9 positions for 2013. ADMIN: Recommended	136.2	136.2	0.0	1.0	0.0	0.0
N2	1	Gapping Adjustment Service / Activity: MULTIPLE / N/A Description: An increase of \$0.649 million gross and net is recommended to reduce SSHA's 2013 gapping from \$2.866 million, or 4.3% to \$2.217 million, or 3.4% to better align the budgeted gapping to the actual experience. SSHA's 2011 actual gapping savings was \$1.391 million or 2.1%, compared to the budget of \$2.870 million or 4.3%, which resulted in an unfavourable variance of \$1.479 million; for 2012 SSHA is projecting actual gapping savings of \$2.130 million or 3.3%, which will result in an unfavourable variance of \$0.736 million. Service Level Change: The recommended adjustment will reduce the Program's gapping rate to 3.3% and allow SSHA to better manage its workforce, with less reliance on temporary or part-time staff. ADMIN: Approved	648.6	0.0	648.6	0.0	0.0	0.0
Total Recommended New/Enhanced:			784.8	136.2	648.6	1.0	0.0	0.0

Category Legend - Type

- N1 - Enhanced Services - Operating Impact of 2013 Capital
- N2 - Enhanced Services - Service Expansion
- N3 - New Service - Operating Impact of 2013 Capital
- N4 - New Services
- N5 - New Revenues
- N6 - New User Fee Revenue

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds (In \$000s)

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2012	2013	2014
			\$		\$	\$
Social Housing Federal Reserve Fund/ Social Housing Stabilization Fund	XR2105/ XQ1106	Projected Beginning Balance	31,857.7	31,857.7	26,057.7	
		Proposed				
		2012 Budgeted Withdrawal		(21,141.7)	(26,057.7)	
		2012 Social Housing Savings		8,400.0		
		Contributions interest		83.7		
		Contribution from 2011 surplus		6,858.0		
			31,857.7	26,057.7		

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
			\$	\$	\$
Insurance Reserve Fund	XQ1700	21,528.9	1,460.5	1,098.5	1,098.5
Vehicle Reserve	XQ1100	142.9	16.2	16.2	16.2
Sick Leave Reserve Fund	XR1010	20,836.4	55.5	55.5	55.5
Total Reserve / Reserve Fund Draws / Contributions			1,532.2	1,170.2	1,170.2