

2021 Budget Notes

Housing Secretariat

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Description

The Housing Secretariat federal, provincial and City investments and incentives that support the creation and maintenance of good quality, safe, secure, affordable housing for low and moderate income Torontonians.

We develop innovative housing policies, programs, and solutions in collaboration with the private and non-profit sectors, and other orders of government. In addition, the Housing Secretariat leads the implementation of the HousingTO 2020-2030 Action Plan through strategic partnerships with internal and external stakeholders.

The Housing Secretariat has four sections delivering the following services:

- Affordable Housing Development
- Housing Improvement Programs
- Housing Policy and Partnerships
- Finance & Business Strategic Support (Proposed in 2021)

Why We Do It

The Housing Secretariat supports low and moderate income residents across the city by working with partners to create affordable housing opportunities that improve the overall health, social and economic well-being of individuals, families and communities. In addition, through the delivery of the HousingTO 2020-2030 Action Plan and the Toronto Housing Charter, the Housing Secretariat is helping the City of Toronto move towards the progressive realization of the right to adequate housing. This includes the delivery of affordable housing opportunities by:

Creating new homes that are affordable, adequate and responsive to the needs of Toronto residents.

Delivering housing programs in partnership with all orders of government and the private and non-profit and co-operative housing sectors to: create new homes and maintain existing affordable rental and ownership homes; support communities; and generate employment opportunities and economic benefits.

Working with City divisions and agencies to improve transparency and accountability by advancing the City's housing objectives and tracking progress against the HousingTO 2020-2030 Action Plan targets.

Providing strategic intergovernmental advice on housing issues to the City Manager, Deputy City Managers and Elected Officials, and maintaining good relationships with key intergovernmental partners to increase the supply of affordable and supportive housing that improve the lives of Toronto residents.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

What Service We Provide

Housing Development

Who We Serve: Low and moderate income residents, including vulnerable and marginalized groups

What We Deliver: Development of new affordable and supportive rental housing; assist low and moderate income residents to purchase new affordable homes through City's Home Ownership Assistance Program (HOAP); and enable access to our lane-way housing program.

How Much Resources (gross operating budget): \$40.194 million

Housing Improvement Programs

Who We Serve: Low and moderate income residents, including homeowners and renter households

What We Deliver: Assistance to lower-income residents, including seniors, persons with disabilities and rooming house residents; health, essential safety, accessibility and energy efficiency repairs and modifications

How Much Resources (gross operating budget): \$0.990 million

Housing Policy and Partnerships

Who We Serve: Low and moderate income residents

What We Deliver: Policies, programs and partnerships with all levels of government and the private and community housing sectors to develop, promote, lead and leverage affordable housing policies and solutions

How Much Resources (gross operating budget): \$0.990 million

Finance and Business Strategic Support (New and proposed for 2021)

Who We Serve: Housing Secretariat and Other City Divisions

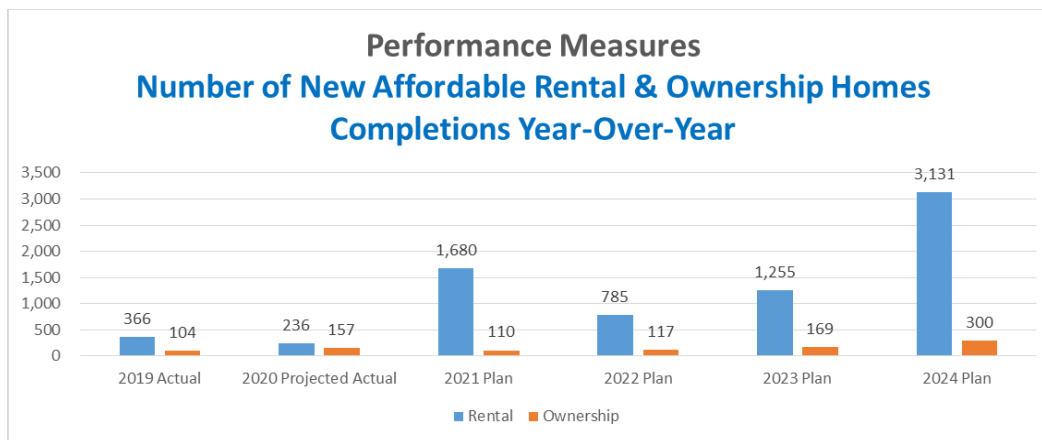
What We Deliver: Strategic planning and monitoring of the human resources and financial activities of the division including operating and capital budget preparation and monitoring

How Much Resources (gross operating budget): \$0.363 million

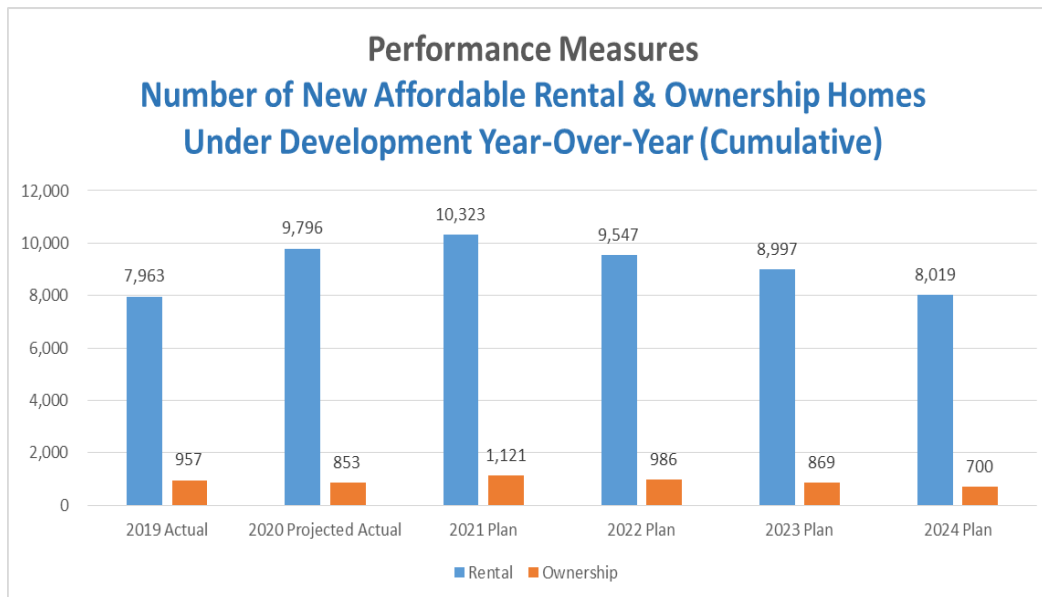
Budget at a Glance*

2021 OPERATING BUDGET				2021 - 2030 10-YEAR CAPITAL PLAN			
\$ Millions	2021	2022	2023	\$ Millions	2021	2022-2030	Total
Revenues	\$41.351	\$26.361	\$8,704	Gross Expenditures	\$327.9	\$75.4	\$403.3
Gross Expenditures	\$42.537	\$27.515	\$9.894				
Net Expenditures	\$1.186	\$1.154	\$1.190				
Approved Positions	28.0	28.0	28.0				

How Well We Are Doing – Behind the Numbers



- The Housing Secretariat has financial stewardship for affordable rental and ownership projects during their typical 3 - 5 year development lifecycle. Modular Supportive Housing has a one year development cycle.
- Annual completion projections includes projected completions for Modular Supportive Housing and shovel-ready projects with expedited development cycles.



- Cumulative housing under development represents the development pipeline. Projections assume new annual ownership approvals of 400 units in years 2021-2023 and new rental approvals of 3000 units in 2021 and 4000 units in years 2022-2023. New units will be added to the pipeline on an ongoing basis as projects are approved by Council.
- The increasing number of units under development in years 2019, 2020 and 2021 reflects higher federal, provincial and City investments in 3 initiatives: (1) Housing Now, (2) Modular Supportive Housing, and (3) Federal Rapid Housing Initiative.

How Well We Are Doing

Service	Service Measure	2018 Actual	2019 Actual	2020 Target	2020 Projection	2021 Target	2022 Target	Status
Outcome Measures								
Housing Development	Housing Rental Completions	1373	366	300	236	1,680	785	●
Home Ownership Assistance	Ownership Completions	69	104	157	157	110	117	●
Housing Improvements	Housing Improvements completions	415	683	444	444	1,913	2,569	●

HousingTO 2020-2030 Action Plan



- The HousingTO 2020-2030 Action Plan, Canada’s first human rights-based housing plan, was adopted by City Council in December 2019. It is the City’s umbrella housing and homelessness plan, and provides a blueprint for actions and investments across the full housing continuum over the next 10 years.
- The Plan will deliver 40,000 new affordable rental approvals and actions required to deliver housing benefits and supports to assist a total of 50,000 households. Below is a forecast of annual affordable housing approvals planned under each program over 10 years to deliver 40,000 rental units.

HousingTO 2020-2030 Action Plan - Affordable Housing Unit Approvals Forecast												
Programs	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Open Door	488	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	512	10,000
Housing Now	4,520	1,600	800	800	1,600	680						10,000
Modular Housing	250	100	200	200	100	150						1,000
Housing & Homelessness Response & Supportive Housing (Fed/Prov/City)	1,200	300	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,500	19,000
Affordable Rental Target	6,458	3,000	4,000	4,000	4,700	3,830	3,000	3,000	3,000	3,000	2,012	40,000

Required Investments

Plan implementation was originally estimated to cost all orders of government \$23.4 billion over 10 years, the revised estimate is \$25.6 billion. The estimated cost to deliver 40,000 new affordable rental approvals is \$15.6 billion and \$10.08 billion for other actions required to deliver housing benefits and supports to assist a total of 50,000 households.

HousingTO 2020-2030 Action Plan Investments

In Billion \$	Unit Target	HousingTO 2020-2030 Action Plan Cost (Council Approved 2019)	Revised Cost Estimates as at December 2020 (1)	Cost Estimates Increase	Number of Capital Units Approved To Date	City Capital Investments Approved Commitments To Date (2)	2021-2030 Capital Budget and Plan (3)	Number of Capital Units Pending Approval	Capital and Foregone Revenue Constraints (4)	Number of Operating Units Pending Approval	Operating Constraints (5)
City Programs and Initiatives for 20,000 units											
1) Housing Now (10,000 units through capital programs)		2.051	2.428	0.377		0.981	0.051		1.397		-
Incentives and forgone revenue	10,000	0.751	0.836	0.085	4,520	0.378	-	5,480	0.458	-	-
Leveraged Land Value		1.300	1.300	-		0.588	-		0.712	-	-
City Capital Funding for Housing Now		-	0.292	0.292		0.015	0.051		0.227		-
2) Open Door - Rental Development (10,000 units through capital and operating)		0.875	1.068	0.194		0.099	0.033		0.051		0.885
Incentives	10,000	0.675	0.722	0.047	488	0.036	-	12	0.001	9,500	0.685
Leveraged Land Value		-	0.065	0.065		0.063	-		0.002		-
City Capital Funding		-	0.081	0.081		-	0.033		0.049		-
City Operating Commitments		0.200	0.200	-		-	-		-		0.200
Total for Affordable Rental 20,000 Units	20,000	2.926	3.497	0.571	5,008	1.080	0.083	5,492	1.448	9,500	0.885
Trilateral Investments in Housing for the another 20,000 units											
3) Modular Housing with supports (1,000 units target through capital programs)		-	0.494	0.494		0.013	0.048		0.193		0.240
City incentives for Modular	1,000	-	0.054	0.054	250	0.013	-	750	0.040	-	-
City Capital Funding for Modular		-	0.188	0.188		-	0.035		0.153		-
Federal capital funding		-	0.013	0.013		-	0.013		-		-
Provincial supports		-	0.240	0.240		-	-		-		0.240
4) Supportive Housing (18,000 units through capital and operating)		-	10.666	10.666		0.048	0.052		-		10.566
City Incentives for Supportive Housing	18,000	-	1.214	1.214	660	0.048	-	-	-	17,340	1.165
City Capital Funding		-	0.047	0.047		-	0.047		-		-
Federal government funding		-	4.699	4.699		-	-		-		4.699
Provincial government funding		-	4.706	4.706		-	0.004		-		4.702
5) COVID-19 Housing and Homelessness Response		-	0.912	0.912		0.040	0.221		0.294		0.357
City Incentives	1,000	-	0.179	0.179	540	0.040	-	300	0.022	160	0.117
City Capital Funding		-	0.018	0.018		-	0.018		-		-
Federal government investments		-	0.475	0.475		-	0.203		0.272		-
Provincial supports		-	0.240	0.240		-	-		-		0.240
Total for 20,000 Supportive / Rental Units	20,000	-	12.072	12.072	1,450	0.101	0.320	1,050	0.487	17,500	11.164
Federal government investments		5.186	5.186	-		-	0.216		0.272		4.699
Provincial government investments		5.186	5.186	-		-	0.004		-		5.182
City Investments		2.926	5.196	2.270		1.182	0.183		1.663		2.168
Total for Affordable Housing 40,000 Units	40,000	13.299	15.568	2.270	6,458	1.182	0.403	6,542	1.935	27,000	12.049
Other Actions to Deliver Housing Benefits and Supports to 50,000 Households											
Federal government investments		2.709	2.709	-		1.467	-		-		1.242
Provincial government investments		1.846	1.846	-		0.148	-		-		1.698
City Investments		5.525	5.525	-		0.969	-		-		4.556
Total for Other Actions		10.080	10.080	-		2.584	-		-		7.496
Total HousingTO Action Plan Investments		23.379	25.648	2.270		3.766	0.403		1.935		19.545
Federal government investments		7.895	7.895	-		1.467	0.216		0.272		5.941
Provincial government investments		7.032	7.032	-		0.148	0.004		-		6.880
City Investments		8.451	10.721	2.270		2.151	0.183		1.663		6.724
Total HousingTO Action Plan Investments		23.379	25.648	2.270		3.766	0.403		1.935		19.545

The HousingTO 2020-2030 Action Plan will deliver 40,000 affordable rental approvals, at an estimated cost of \$15.6 B, \$3.5B in capital and foregone revenues (13,000 Units) and \$12.1B in combined operating funding (27,000 Units). Combined with the previously approved funding of \$1.2 B (Column 2), new funding of \$0.403B set aside in the 10-year capital plan (Column 3) and funding constraints of \$1.9B (Column 4), totaling \$3.5B, will deliver 13,000 City-owned affordable rental units.

COVID-19 IMPACT AND RECOVERY

2020 Impact	2021 Impact and Recovery
Financial Impact (Operating) <ul style="list-style-type: none"> YTD Savings up to Q3 is \$0.509M plus projected savings in Q4 2020 is \$0.228M for a total of \$0.738M in savings as a result of hiring delays (8 positions) Housing Now and other projects are expected to be substantially spent by year-end 	Financial Impact (Operating) <ul style="list-style-type: none"> No significant impact for 2021
Financial Impact (Capital) <ul style="list-style-type: none"> N/A 	Financial Impact (Capital) <ul style="list-style-type: none"> N/A
Service Level Changes <ul style="list-style-type: none"> No service level changes are expected 	Service Level Changes <ul style="list-style-type: none"> No service level changes are expected.

EXPERIENCES, CHALLENGES AND PRIORITIES**Our 2020 Experience and Success**

While the need to address the housing and homeless situation in the city was urgent prior at the onset of the COVID-19 pandemic, it has become even more critical due to the health, social and economic implications associated with the pandemic.

The City's 24-month COVID-19 Housing and Homelessness Recovery Response Plan outlined above will accelerate investments required for the delivery of the HousingTO 2020-2030 Action Plan in order to support our most vulnerable and marginalized residents who are homeless and disproportionately impacted by the pandemic.

- **The Rapid Housing Initiative (RHI)** - RHI announced by the Government of Canada in September 2020 will provide the City \$203 million in grant funding to rapidly create new affordable rental housing in response to the urgent housing needs of vulnerable and marginalized individuals. RHI helps to implement part of the City's 24-Month COVID-19 Housing and Homelessness Recovery Response Plan aimed at providing dignified and stable, permanent housing options for people experiencing homelessness.
- **Housing Now** - Council approved 6 new sites for Housing Now initiative phase 2 including up to 620 new affordable rental units, which brings the total number of affordable rental homes approved on City-owned Housing Now sites to 4,520.
- **Modular Housing** - Council approved 250 modular supportive homes to be developed on City-owned sites with capital funding from the City and federal government (through the Affordable Housing Innovation Fund).
- **Open Door** - 2020 Open Door Call for Applications issued in Q4 2020 with new measures to prioritize non-profit housing applications and applications proposing a minimum affordability period of 40 years.
- **Laneway Suites** - Issued over 100 building permits for the construction of laneway suites. The City has also approved 103 applications for Development Charges Deferral Program.
- **Rental Construction Financing Initiative (RCFI)** - The federal government provided \$420 million in financing to community partners toward the construction of 1,663 purpose-built rental homes in three projects in Toronto.

Key Challenges and Risks

- The Affordable Housing Office was transformed into the new Housing Secretariat in 2019, along with an expanded scope of work and responsibilities including oversight of the new Housing Now Initiative, laneway suites programs, Toronto Community Housing revitalizations, and most importantly, delivery of City's HousingTO 2020-2030 Action Plan.
- The HousingTO 2020-2030 Action Plan is estimated to cost \$25.6 billion. The delivery of 40,000 new affordable rental approvals as a part of the Plan, at an estimated cost of \$15.6 billion, will require an approximate one-third contribution from each level of government. Formal commitment from the provincial and federal governments to fund their portion of the Plan is pending.
- A review of the City's housing delivery framework is ongoing to identify possible opportunities for better resource alignment to increase efficiencies and improve service delivery.

Priority Actions

- **Housing Development** – Support the development of new affordable housing for low and moderate income residents, including vulnerable and marginalized groups and those from the City's equity-deserving groups; Deliver and leverage 100% of available federal-provincial funding for new affordable housing development.
 - **Housing Improvement Programs** – Support housing improvements for low and moderate income renters and homeowners, especially seniors and persons with disabilities and rooming house residents; with a focus on health, essential safety, accessibility and energy efficiency repairs and modifications
Deliver and leverage 100% of available federal-provincial funding for housing improvement loans and grants.
 - **Housing Policy and Partnerships** – Implement the new 10-year housing action plan HousingTO 2020-2030; develop policies, programs and partnerships with all levels of government and the private and community housing sectors. Develop, lead and leverage affordable housing policies and solutions
 - **Finance and Business Strategic support** - Strategic planning and monitoring of 10 year capital budget
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RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2021 Operating Budget for the Housing Secretariat of \$42.537 million gross, \$41.351 million revenue and \$1.186 million net for the following services:

Service:	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
New Affordable Housing Development	40,193.5	39,433.8	759.7
Housing Improvement Programs	989.9	826.4	163.5
Housing Policy & Partnerships	990.4	830.2	160.2
Finance and Business Strategic Support (New and proposed for 2021)	363.0	260.3	102.7
Total Program Budget	42,536.8	41,350.7	1,186.1

2. City Council approve the 2021 staff complement for the Housing Secretariat of 28 operating positions.
3. City Council approve 2021 Capital Budget for Housing Secretariat with cash flows and future year commitments totaling \$349.059 million as detailed by project in Appendix 6a.
4. City Council approve the 2022-2030 Capital Plan for the Housing Secretariat totalling \$54.231 million in project estimates as detailed by project in Appendix 6b.
5. City Council request that all sub-projects with third party financing be approved conditionally, subject to the receipt of such financing in 2021 and if such funding is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

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2021 OPERATING BUDGET

2021 OPERATING BUDGET OVERVIEW

Table 1: 2021 Operating Budget by Service

(In \$000s)	2019 Actual	2020 Budget	2020 Projection	2021 Base Budget	2021 New / Enhanced Request	2021 Budget	Change v. 2020 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
New Affordable Housing Development	5,979.1	12,412.2	11,308.1	37,433.8	2,000.0	39,433.8	28,125.7	248.7%
Housing Improvement Programs	716.5	1,065.7	895.9	826.4		826.4	(69.5)	(7.8%)
Housing Policy & Partnerships	716.5	1,069.5	899.7	830.2		830.2	(69.5)	(7.7%)
Finance and Business Support (New)				260.3		260.3	260.3	N/A
Total Revenues	7,412.1	14,547.4	13,103.7	39,350.7	2,000.0	41,350.7	28,247.0	215.6%
Expenditures								
New Affordable Housing Development	6,268.0	12,833.3	11,779.7	38,193.5	2,000.0	40,193.5	28,413.9	241.2%
Housing Improvement Programs	1,163.1	1,449.9	1,146.7	989.9		989.9	(156.8)	(13.7%)
Housing Policy & Partnerships	1,161.1	1,450.3	1,147.1	990.4		990.4	(156.8)	(13.7%)
Finance and Business Support (New)				363.0		363.0	363.0	N/A
Total Gross Expenditures	8,592.2	15,733.5	14,073.5	40,536.8	2,000.0	42,536.8	28,463.3	202.2%
Net Expenditures	1,180.1	1,186.1	969.8	1,186.1		1,186.1	216.3	22.3%
Approved Positions	28.0	28.0	28.0	28.0		28.0		

*2020 Projection based on Q3 Variance Report

COSTS TO MAINTAIN EXISTING SERVICES

Total 2021 Base Budget expenditures of \$40.537 million gross reflecting an increase of \$26.463 million in spending above 2020 projected year-end actuals (prior to enhancements), predominantly arising from:

- Inflationary increases in Salaries and Benefits fully offset by the recognition of higher federal-provincial grant revenues and reserve funds.
- Technical adjustments reflecting transfer of affordable housing costs, fully funded by reserves and provincial funding with no net impact (\$10.9M decrease and \$36.3M increase in 2020 and 2021 budgets respectively for a total change of \$25.4 M) formerly reflected in SSHA's operating budget, now transferred to Housing Secretariat's Operating and Capital Budgets.

The 2021 Recommended Base Budget representing \$1.186M net is equal to the 2020 Approved Budget after excluding the technical adjustments noted above.

COSTS TO ENHANCE SERVICES

New and Enhanced Service expenditures of \$2.0 million gross, enabling:

- \$2.0 million in Pre-development and Pre-acquisition costs to be funded from the Housing Secretariat's Development Charges Reserve Fund to activate projects that will deliver affordable rental housing especially for vulnerable and marginalized individuals.

EQUITY IMPACTS OF BUDGET CHANGES

High-Position equity impact: The changes in Housing Secretariat's 2021 Operating Budget has a high-positive equity impacts.

2021 OPERATING BUDGET KEY DRIVERS

The 2021 Operating Base Budget for Housing Secretariat is \$26.463 million gross or 188.0% higher than the 2020 Projected Actuals. Table 2a below summarizes the key cost drivers for the base budget, while Table 2b summarizes New and Enhanced requests.

Table 2a: 2021 Key Drivers – Base Budget

Key Cost Drivers	2019 Actuals	2020 Budget	2020 Projection	2021 Base Budget	Change Vs. 2020 Projection	
					\$	%
Expenditures						
Salaries and Benefits	2,746.5	3,641.1	2,731.5	3,601.6	870.1	31.9%
Materials & Supplies	10.7	18.2	18.2	18.2		
Equipment	9.7	8.0	8.0	8.0		
Service and Rent	5,137.8	11,718.6	10,968.2	36,847.2	25,878.9	235.9%
Contribution To Reserves	16.2	6.2	6.2	20.9	14.7	237.2%
Other Expenditures (IDC)	671.2	341.4	341.4	41.0	(300.4)	-88.0%
Total Expenditures	8,592.2	15,733.5	14,073.5	40,536.8	26,463.3	188.0%
Revenues						
Provincial Subsidies	1,650.5	2,251.9	1,742.5	24,618.4	22,875.9	1312.8%
Draw from Reserve Funds	5,603.1	12,157.6	11,223.3	14,600.6	3,377.3	30.1%
Other Revenues (IDR)	158.4	137.9	137.9	131.7	(6.2)	-4.5%
Total Revenues	7,412.1	14,547.4	13,103.7	39,350.7	26,247.0	200.3%
Net Expenditures	1,180.1	1,186.1	969.8	1,186.1	216.3	22.3%
Approved Positions	28.0	28.0	28.0	28.0		

*2020 Projection based on Q3 Variance Report

Salaries & Benefits:

Salaries and Benefits - 2021 budget assumes full complement including filling of vacant positions due to staff turnover in the prior years.

Services and Rents:

Service and Rent - \$10.9M decrease and \$36.3M increase in 2020 and 2021 budgets respectively for a total change of \$25.4 M formerly reflected in SSHA's operating budget, now transferred to Housing Secretariat's Operating and Capital Budgets, with no impact on the net.

Other Expenditures:

Other Expenditures – reflect technical amendments to transfer interdivisional charges related to capital project work to the 2021-2020 Capital Plan with no net impact.

Revenue:

Provincial revenues relate to funding for Affordable Housing, including Ontario Priorities Housing Initiative (OPHI), Federal/Social Infrastructure Fund/IAH funding. Reserve Fund draws include operating funding for rental and home ownership programs.

Table 2b: 2021 Balancing Actions

N/A

Table 2c: 2021 New / Enhanced

New / Enhanced Request	2021				2022 Annualized Gross	Equity Impact	Supports Key Issue / Challenge
	Revenue	Gross	Net	Positions			
In \$ Thousands							
Housing Secretariat Small Sites Pre-development and Pre-acquisition Work Funding	2,000.0	2,000.0				High	The new pre-development and pre-acquisition funding will come from the Housing Secretariat's development charges reserve fund and used to activate projects that deliver affordable rental housing especially for vulnerable and marginalized individuals.
Total New / Enhanced	2,000.0	2,000.0					

HS Small Sites Pre-development and Pre-acquisition Work Funding

- One-time funding of \$2.0 million in gross expenditures to activate projects that will deliver affordable rental housing especially for vulnerable and marginalized individuals to be fully funded from the Housing Secretariat's Development Charges Reserve Fund in 2021.
- This request will provide \$2.0 million in community grants for housing organizations to complete pre-development and pre-acquisition work required to advance affordable housing projects. It is estimated that the proposed budget will create up to 40 affordable rental units by supporting four non-profit housing developer/operators.
- The budget proposal for Housing Secretariat Small Sites Pre-Development and Pre-acquisition Funding ' has an overall equity impact of high positive. Many members of equity-seeking groups, including women, seniors, newcomers, and low income residents, will be positively impacted. These equity seeking populations are disproportionately impacted by the lack of affordable housing, which this proposal will address by supporting community organizations to develop affordable housing for residents who are impacted by lack of affordable, safe and secure housing. An intersectional analysis shows that many of these populations are also racialized, Black, and/or Indigenous.

Note:

For additional information on 2021 key cost drivers refer to [Appendix 2](#) and [Appendix 4](#) for the 2021 New and Enhanced Service Priorities, respectively.

2022 & 2023 OUTLOOKS**Table 3: 2022 and 2023 Outlooks**

(\$000s)	2020 Projection	2020 Budget	2021 Budget	2022 Outlook	2023 Outlook
Revenues	13,103.7	14,547.4	41,350.7	26,360.7	8,703.8
Gross Expenditures	14,073.5	15,733.5	42,536.8	27,515.0	9,893.8
Net Expenditures	969.8	1,186.1	1,186.1	1,154.3	1,190.0
Approved Positions	28.0	28.0	28.0	28.0	28.0

*2020 Projection based on Q3 Variance Report

Key drivers

The 2022 Outlook with total gross expenditures of \$27.515 million reflects an anticipated \$15.022 million or 35.3 per cent decrease in gross expenditures below the 2021 Operating Budget; The 2023 Outlooks expects a further decrease of \$17.621 million or 64.0 per cent below the 2022 gross expenditures.

These changes arise from the following:

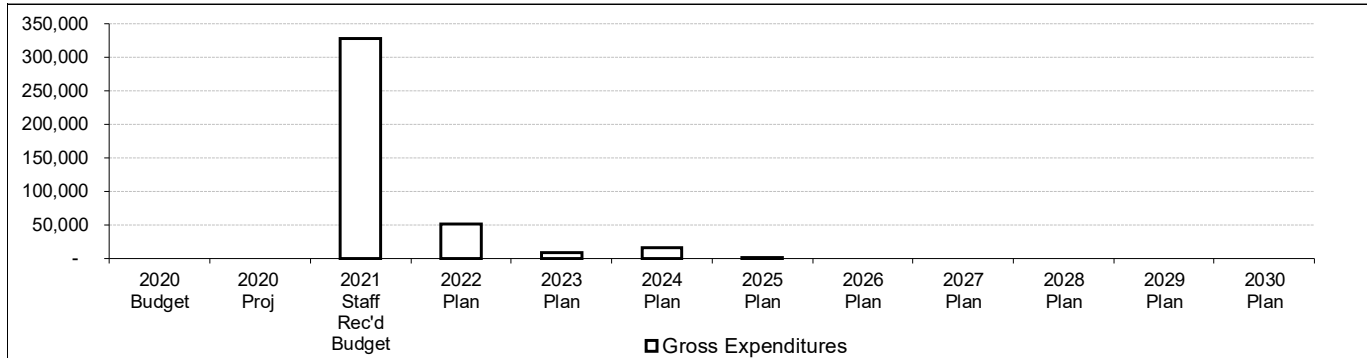
- Affordable Housing Operating Programs**
 Lower expenditures and revenues in 2022 and 2023 reflects lower investment requirements in future years as projects in the development pipeline near completion.
- Salaries and Benefits**
 Increase in Salaries and benefits reflect inflationary increases.
- Prior Year Impacts**
 \$2.0 million reversal of one-time HS Small Sites Pre-Development and Pre-Acquisition Work Funding added in 2021.

2021 – 2030
CAPITAL BUDGET AND PLAN

2021 – 2030 CAPITAL BUDGET & PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview
(\$000)

10-Year Capital Plan Overview



2021 Capital Budget and 2022 - 2030 Capital Plan													
In \$000's	2020		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total 10 Year Plan
	Budget	Projected Actual											
Gross Expenditures by Project Category:													
Health & Safety & Legislated SOGR			4,163										4,163
Service Improvement & Growth			323,746	51,180	7,955	15,239	1,008						399,128
Total by Project Category	-	-	327,909	51,180	7,955	15,239	1,008	-	-	-	-	-	403,291
Financing:													
Debt			64,862	23,920	7,763	6,187	1,008	-	-	-	-	-	103,740
Reserves/Reserve Funds			48,619	21,760	192	5,902	-	-	-	-	-	-	76,472
Development Charges			-	-	-	-	-	-	-	-	-	-	-
Provincial			4,163	-	-	3,150	-	-	-	-	-	-	7,313
Federal			210,266	5,500	-	-	-	-	-	-	-	-	215,766
Debt Recoverable			-	-	-	-	-	-	-	-	-	-	-
Other Revenue			-	-	-	-	-	-	-	-	-	-	-
Total Financing	-	-	327,909	51,180	7,955	15,239	1,008	-	-	-	-	-	403,291

Changes to Existing Projects
(\$74.6 Million)

Changes represent shifting costs and funding to the reconstructed HS Capital Plan for projects (capital in nature) approved previously either through operating or capital budgets for HS and SSHA.

- Housing Now - \$5.3M transferred from HS Operating to Capital
- 24-month COVID Response - \$17.7M (redirected from SSHA)
- Supportive Housing 660 units - \$47.4M (redirected from SSHA)
- SOGR for TCHC Rooming Houses - \$4.2M (redirected from SSHA)

New Projects
(\$328.8 Million)

Net new projects and funding added to the Capital Plan:

- Housing Now multi-year plan- \$45.4M
- Modular (Phase 2&3) - \$47.5M
- Rental Housing - \$32.6M
- Rapid Housing Initiative - \$203.3M

Capital Needs Constraints
(\$427.8 Million)






- Housing Now - \$226.5M
- Modular Housing - \$152.5M
- Rental Development - \$48.8M

Note:

For additional information, refer to [Appendix 6](#) for a more detailed listing of the 2021 and 2022-2030 Capital Budget & Plan by project and [Appendix 8](#) for Capital Needs Constraints, respectively.

2021 – 2030 CAPITAL BUDGET AND PLAN**\$403.3 Million 10-Year Gross Capital Program**

The HousingTO 2020-2030 Action Plan addresses critical needs across the housing spectrum including emergency shelters and transitional housing, social and supportive housing, market and affordable rental housing and homeownership. The Plan will deliver 40,000 affordable rental approvals, at an estimated cost of \$15.6 billion (Capital and forgone revenue of \$3.5B and Operating requirements of \$12.1B). Refer to the table on Page 5.

				
Housing Now	Modular Housing	Rental Development and SOGR	Supportive Housing	COVID-19 Housing & Homelessness Response
\$50.7M 12.6%	\$47.5M 11.8%	\$36.8M 9.1%	\$47.4M 11.7%	\$221M 54.8%
Create mixed-use complete communities leveraging City lands to build 4,520 units against a target of 10,000 City-owned affordable rental housing.	Create 250 units against a target of 1,000 supportive modular units to achieve housing stability and homelessness prevention.	Activating City lands to build 488 affordable rentals against a target of 500 rentals as a part of neighborhood revitalization and TCHC State of Good Repair.	Create 660 City-owned supportive housing units through partnerships with TCHC and the federal/provincial governments to assist individuals out of homelessness and secure permanent housing with supports.	Federal capital funding allocated through the Rapid Housing Initiative will create 540 new permanent affordable homes towards a target of 840 homes through acquisitions, renovations and conversions of TCHC units.

How the Capital Program is Funded

City of Toronto		Provincial Funding		Federal Funding	
\$185.7 M 46%		\$7.3 M 2%		\$210.3 M 52%	
Debt	\$102.0 M	Grants	\$7.3 M	Grants	\$210.3 M
Reserve Fund	\$83.7 M				

OPERATING IMPACT OF COMPLETED CAPITAL PROJECTS

To achieve the supportive housing targets identified in the HousingTO 2020-2030 Action Plan, annual ongoing operating funding commitments from the federal and provincial governments will be necessary.

Support funding requirements identified in the HousingTO 2020-2030 Action Plan are to be reflected in future operating budgets as the City secures commitments from the federal and provincial governments.

As noted in the table on page 5, under Operating Constraints (Column 5), ongoing annual provincial supports will be required starting in 2021 for Modular Housing and the City's 24-month COVID19 Housing and Homelessness Response Plan.

Funding for additional positions required to administer supportive housing programs will be included in future operating budgets.

APPENDICES

Appendix 1

COVID-19 Financial Impact - Operating

COVID-19 Impacts	(\$000s)					
	2020			2021		
	Revenues	Gross	Net	Revenues	Gross	Net
Savings due to Underspending						
Ongoing - Delay in Hiring Due to COVID-19 - (8 vacancies @ 42 Weeks)		737.5	737.5			
Sub-Total		737.5	737.5			
Total COVID-19 Impact		737.5	737.5			

Appendix 2

2021 Operating Budget by Revenue / Expenditure Category

Key Cost Drivers	2019 Actuals	2020 Budget	2020 Projection	2021 Base Budget	Change Vs. 2020 Projection	
					\$	%
Expenditures						
Salaries and Benefits	2,746.5	3,641.1	2,731.5	3,601.6	870.1	31.9%
Materials & Supplies	10.7	18.2	18.2	18.2		
Equipment	9.7	8.0	8.0	8.0		
Service and Rent	5,137.8	11,718.6	10,968.2	36,847.2	25,878.9	235.9%
Contribution To Reserves	16.2	6.2	6.2	20.9	14.7	237.2%
Other Expenditures (IDC)	671.2	341.4	341.4	41.0	(300.4)	-88.0%
Total Expenditures	8,592.2	15,733.5	14,073.5	40,536.8	26,463.3	188.0%
Revenues						
Provincial Subsidies	1,650.5	2,251.9	1,742.5	24,618.4	22,875.9	1312.8%
Draw from Reserve Funds	5,603.1	12,157.6	11,223.3	14,600.6	3,377.3	30.1%
Other Revenues (IDR)	158.4	137.9	137.9	131.7	(6.2)	-4.5%
Total Revenues	7,412.1	14,547.4	13,103.7	39,350.7	26,247.0	200.3%
Net Expenditures	1,180.1	1,186.1	969.8	1,186.1	216.3	22.3%
Approved Positions	28.0	28.0	28.0	28.0		

*Year-End Projection based on Q3 2020 Variance Report

Appendix 3

Summary of 2021 Service Changes

N/A

Appendix 4

Summary of 2021 New / Enhanced Service Priorities Included in Budget

Form ID		Community and Social Services Program - Housing Secretariat	Adjustments				2022 Plan Net Change	2023 Plan Net Change
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions		

23608	HS Small Sites Pre-dev't and Pre-acquisition Work Funding						
74	Positive	Description:					

One-time funding of \$2.0 million in gross expenditures fully funded from the Development Charges Reserve Fund (XR2116) to activate projects that will deliver affordable rental housing for vulnerable and marginalized individuals.

Service Level Impact:

The funding will provide community grants for housing organizations to complete pre-development and pre-acquisition work required to advance affordable housing projects. It is estimated that the proposed budget will create up to 40 affordable rental units by supporting four non-profit housing developer/operators.

Equity Statement:

The budget proposal for HS Small Sites Pre-Development and Pre-Acquisition Work Funding has an overall equity impact of high positive. Low income populations will be particularly impacted by this proposal as it will provide \$2,000,000 in community grants for housing organizations to complete pre-development and pre-acquisition work required to advance affordable housing projects. It is estimated that the budget proposed will create up to 40 affordable rental units by supporting four non-profit housing developer/operators. An intersectional analysis shows that in Toronto, affordable housing is particularly required for women, seniors, Indigenous, Black, or racialized communities.

Service: New Affordable Housing Development

Total Staff Recommended Changes:	2,000.0	2,000.0	0.0	0.00	0.0	0.0
Staff Recommended New/Enhanced Services:	2,000.0	2,000.0	0.0	0.00	0.0	0.0

Summary:

Staff Recommended New / Enhanced Services:	2,000.0	2,000.0	0.0	0.00	0.0	0.0
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Appendix 5

Summary of 2021 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6a

2021 Cash Flow and Future Year Commitments Including Carry Forward Funding

(In \$000s)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total 2021 Cash Flow & FY Commits	Previously Approved	Change in Scope	New w/ Future Year
<i>SOCR (TCHC, COCHI, OPHI)</i>	4,163										4,163	4,163		
<i>Housing Now</i>	29,519	6,192	7,763	6,187	1,008						50,669			50,669
<i>Modular Housing</i>	26,600										26,600			26,600
<i>Rental Development</i>	17,006										17,006			17,006
<i>Rapid Housing Initiative</i>	203,266										203,266			203,266
<i>Supportive Housing 660 Units</i>	47,356										47,356			47,356
Total Expenditure (including carry forward from 2020)	327,909	6,192	7,763	6,187	1,008						349,059	4,163		344,897

Appendix 6b

2022 - 2030 Capital Plan

(In \$000s)	2020 Budget	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2022 - 2030 Total	Health & Safety & Legislated	SOGR	Growth & Improved Service
<i>Rental Development</i>		6,360	192	9,052							15,603			15,603
<i>Modular Housing</i>		20,900									20,900			20,900
<i>24-month COVID-19 Housing and Homelessness Plan</i>		17,728									17,728			17,728
Total Expenditures		44,988	192	9,052							54,231			54,231

Appendix 7

Reporting on Major Capital Projects: Status Update

N/A

Appendix 8

Summary of Capital Needs Constraints

(In \$ Millions)

Project Description	Total Project	Non-Debt	Debt Required	Cash Flow (In \$ Millions)										Total	
				2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
1) Housing Now Initiative					53	42	46	28	36	16	5				227
(a) Total Capital Costs (i)					26	22	16	13	9	1					87
(b) Divisional Support (ii)					3	3	3	3	3						13
(c) Total Housing and Community Costs associated with site valuation (iii)					25	17	28	12	24	15	5				127
2) Modular Housing (750 units)					65	40	21	27							153
3) Rental Developments									49						49
Total Needs Constraints (Not Included)					118	82	67	54	85	16	5				428

Notes:

- (i) Total Capital costs includes due diligence, CreateTO staffing , infrastructure and site specific costs.
- (ii) 17 FTEs (\$2.5M per year for 6 years - Housing Secretariat, City Planning, Engineering, Legal and SSHA)
- (iii) Additional costs required to build out complete communities are linked to site valuation at time of market offering

Appendix 9

2021 User Fee Changes (Excludes User Fees Adjusted for Inflation)

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds 2021 Operating Budget

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Balance as of Dec. 31, 2020*	Withdrawals (-) / Contributions (+)		
			2021	2022	2023
		\$	\$	\$	\$
Projected Beginning Balance		92,110.8	93,954.1	52,907.6	38,854.2
Dev Charges - Subsidized Housing	XR2116				
<i>Proposed Withdrawals (-)</i>		(17,416.6)	(64,134.9)	(38,823.8)	(23,729.5)
<i>Projected Contributions (+)</i>		19,259.9	23,088.4	24,770.3	33,146.5
Total Reserve / Reserve Fund Draws / Contributions		93,954.1	52,907.6	38,854.2	48,271.2
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		93,954.1	52,907.6	38,854.2	48,271.2

* Based on 9-month 2020 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Balance as of Dec. 31, 2020*	Withdrawals (-) / Contributions (+)		
			2021	2022	2023
		\$	\$	\$	\$
Projected Beginning Balance		30,466.6	228,409.8	5,301.7	7,749.0
Capital Revolving Reserve Fund	XR1058				
<i>Proposed Withdrawals (-)</i>		(17,427.6)	(223,359.0)	(3,955.5)	(1,161.1)
<i>Projected Contributions (+)</i>		215,869.8	1,200.0	6,901.8	-
Total Reserve / Reserve Fund Draws / Contributions		228,908.8	6,250.7	8,248.0	6,587.9
Other Program / Agency Net Withdrawals & Contributions		(499.0)	(949.0)	(499.0)	(499.0)
Balance at Year-End		228,409.8	5,301.7	7,749.0	6,088.9

* Based on 9-month 2020 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Balance as of Dec. 31, 2020*	Withdrawals (-) / Contributions (+)		
			2021	2022	2023
		\$	\$	\$	\$
Projected Beginning Balance			30,142.3	14,678.2	17.9
Insurance Reserve Fund	XR1010				
<i>Proposed Other Division Withdrawals (-)</i>					
<i>Projected Housing Secretariat Contributions (+)</i>			20.9	20.9	20.9
<i>Projected Other Division Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions			30,163.2	14,699.1	38.8
Other Program / Agency Net Withdrawals & Contributions			(15,532.0)	(14,698.0)	2,529.8
Interest Income			47.0	16.9	4.3
Balance at Year-End		30,142.3	14,678.2	17.9	2,572.9

* Based on 9-month 2020 Reserve Fund Variance Report

Inflows and Outflows to/from Reserves and Reserve Funds

2021 – 2030 Capital Budget and Plan

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Balance as of Dec. 31, 2020*	Withdrawals (-) / Contributions (+)		
			2021	2022	2023
		\$	\$	\$	\$
Projected Beginning Balance		92,110.8	93,954.1	52,907.6	38,854.2
Dev Charges - Subsidized Housing	XR2116				
<i>Proposed Withdrawals (-)</i>		(17,416.6)	(64,134.9)	(38,823.8)	(23,729.5)
<i>Projected Contributions (+)</i>		19,259.9	23,088.4	24,770.3	33,146.5
Total Reserve / Reserve Fund Draws / Contributions		93,954.1	52,907.6	38,854.2	48,271.2
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		93,954.1	52,907.6	38,854.2	48,271.2

* Based on 9-month 2020 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Balance as of Dec. 31, 2020*	Withdrawals (-) / Contributions (+)		
			2021	2022	2023
		\$	\$	\$	\$
Projected Beginning Balance		30,466.6	228,409.8	5,301.7	7,749.0
Capital Revolving Reserve Fund	XR1058				
<i>Proposed Withdrawals (-)</i>		(17,427.6)	(223,359.0)	(3,955.5)	(1,161.1)
<i>Projected Contributions (+)</i>		215,869.8	1,200.0	6,901.8	-
Total Reserve / Reserve Fund Draws / Contributions		228,908.8	6,250.7	8,248.0	6,587.9
Other Program / Agency Net Withdrawals & Contributions		(499.0)	(949.0)	(499.0)	(499.0)
Balance at Year-End		228,409.8	5,301.7	7,749.0	6,088.9

* Based on 9-month 2020 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

N/A

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

Staff Recommended Operating / Capital Budget: An operating or capital budget recommended by City Manager and Chief Financial Officer and Treasurer to City Council for consideration and approval.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).

Value Based Outcome Review (VBOR): The City conducted a Value Based Outcome Review in 2019 for all of its operations and agencies to identify specific opportunities and strategies to maximize the use of tax dollars, enhance its financial sustainability while achieving service outcomes. These opportunities will help the City chart its financial course in the next four years.

Voluntary Separation Program – On July 28th, 2020, City Council approved the implementation of a Voluntary Separation Program for staff who are eligible to retire with an unreduced pension providing a lump sum payment of up to three months' salary to eligible employees, subject to the terms of the program guidelines, funded through savings generated from a combination of permanently eliminating vacated positions and/or holding the positions vacant for a minimum of six months.