

BUDGET **TC**



Toronto Community Housing Corporation

**2021 Operating Budget and
2021-2030 Capital Budget & Plan**

Briefing to Budget Committee

January 20, 2021

Toronto Community Housing Corporation Services

Operating

Tenant Services



Building Operations



Community Safety and Supports

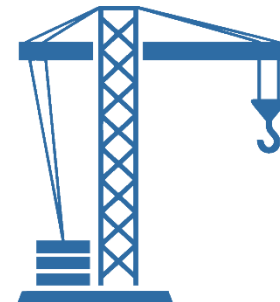


Capital

Building Repair Capital



Development Capital



Toronto Community Housing Corporation Outcomes

TCHC's overall priorities are to provide positive tenant experience, quality homes and vibrant communities. TCHC's outcomes include:



Tenants benefit from quality homes



Tenants receive consistent service to meet their needs



Tenants feel safe in their communities

2020 Accomplishments

- COVID cost pressure (\$24.3M) – half of which mitigated through efficiencies & savings
- Implementation of Operations restructure – tenant-centric service hub model
- Delivered enhanced community safety in 19 high priority communities
- Seniors Integrated Service Model (ISM) – Phase 1 launch in December
- Record level Building Repair Capital (BRC) deployment despite Covid
- Realized FCI 15.6%; 3.5 years earlier than in base case BRC plan (2023)
- Negotiated release of Infrastructure Ontario capital reserves to fund BRC plan
- Implemented Track One IT modernization on schedule

2021 Budget Highlights

- Mitigated \$24M non-discretionary costs through efficiencies and improvements
- Pre-COVID break-even operating budget with flat funding; COVID pressure \$37.5M
- Seniors ISM Phase two launch
- Fully-funded 10-year Building Repair Capital Plan – first in TCHC history
- Continuing FCI improvement in 2021 trending toward target
- Deliver 309 Rental replacement units with a further 514 units under construction
- \$450M bond debt retirement plan implemented

Service Quality Indicators

Service Quality Indicators Process

- TCHC collects data on the delivery of its services to 84 service hubs made up of 159 buildings/communities of buildings.
- This data is used to inform internal budgeting decisions and management interventions necessary to improve frontline performance over time.
- Data is collected across 17 service area metrics within 5 major categories of service.
- Under our data collection model, staff and tenants jointly review service levels. This data represents staff evaluations of service delivery; the collection of 2020 tenant experience data was delayed due to COVID restrictions.

Indicators

1



Cleaning

Sub-metrics: Indoor; Exterior; Moving rooms, Garbage/Recycling areas

2



Building Maintenance

Sub-metrics: Exterior; Mechanical; Common Areas; Environmental Health; Customer Service Experience; Notifications of Work

3



Tenancy Management

Sub-metrics: Tenant Notifications, Staff Responsiveness

4



Community Supports

Sub-metrics: Access to Supports/Information; Partnerships; Isolation/Resiliency; Community Events; Tenant Empowerment

5

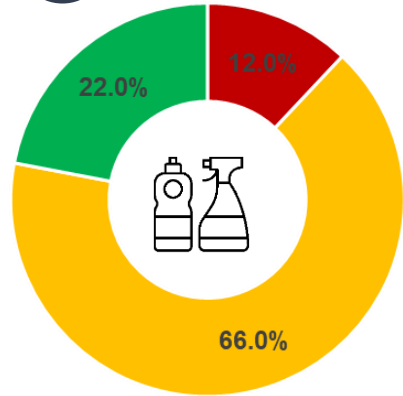


Community Safety and Well-Being

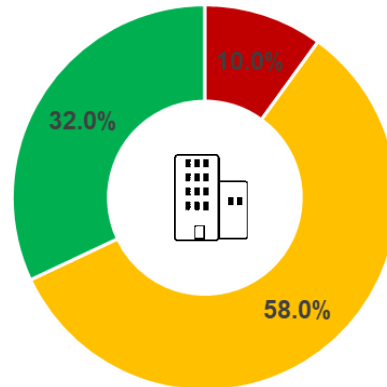
Sub-metrics: Building Infrastructure, Safety Incidents, CSU Presence

2020 TCHC Service Quality Indicators

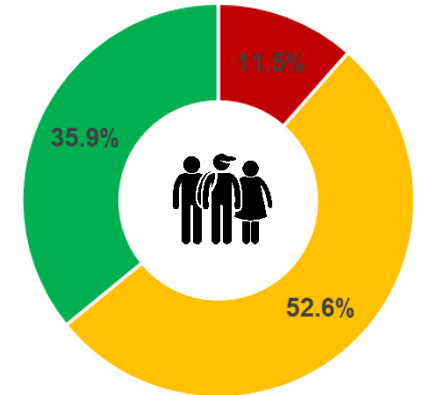
1 Cleaning



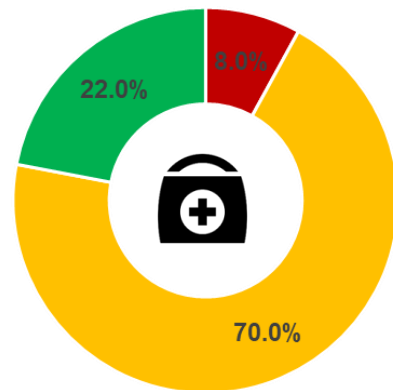
2 Building Maintenance



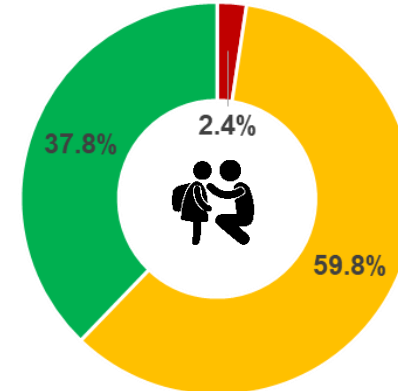
3 Tenancy Management



4 Community Supports



5 Community Safety and Well-Being



Legend:
Green - Good
Yellow - Fair
Red - Poor

Note: Due to impact of COVID-19, data collection was limited to one point-in-time during 2020.

2021 Key Risks and Challenges

COVID-19 Impact

- TCHC, like the City as a whole, has been significantly impacted by COVID-19, this is projected to continue into 2021 driving the following pressures:
 - (\$21.5M) shortfall in revenue, driven by the COVID-related Provincial rent cap that will reduce residential rent by \$17.4M and COVID-related economic instability that is projected to result in a \$4.1M increase in arrears and unpaid fees.
 - \$16.0M in COVID related expenses driven by increased operational requirements (such as increased cleaning and PPE consumption) and increased utilities consumption by tenants who are home more often due to COVID restrictions in public spaces.

Other Risks and Challenges

- Non-COVID pressures, such as utilities rate increases, service contract rate increases, collective agreement pay increases, increase in mortgage P&I from the CMHC NHS loan, and the Seniors Housing Integrated Service Model have been managed internally and do not represent a pressure against the city subsidy.

2021 Operating Budget Submission

2021 Operating Budget Summary

Operating Budget						
\$ Millions	2020 Projection*	2021		Total Budget	2021 Vs. 2020	
		Excluding COVID	COVID Impacts**		\$'s	%
Revenues	\$625.1	\$632.9	(\$21.5)	\$611.4	(\$13.8)	-2.2%
Gross Expenditures	\$625.1	\$632.9	\$16.0	\$648.9	\$23.8	3.8%
Net Expenditures	(\$0.0)	\$0.0	\$37.5	\$37.5	\$37.5	

*2020 Projection assumes a \$13.5M reimbursement to offset pressures caused by COVID.

** The City is seeking COVID support for the \$37.5M in COVID impacts

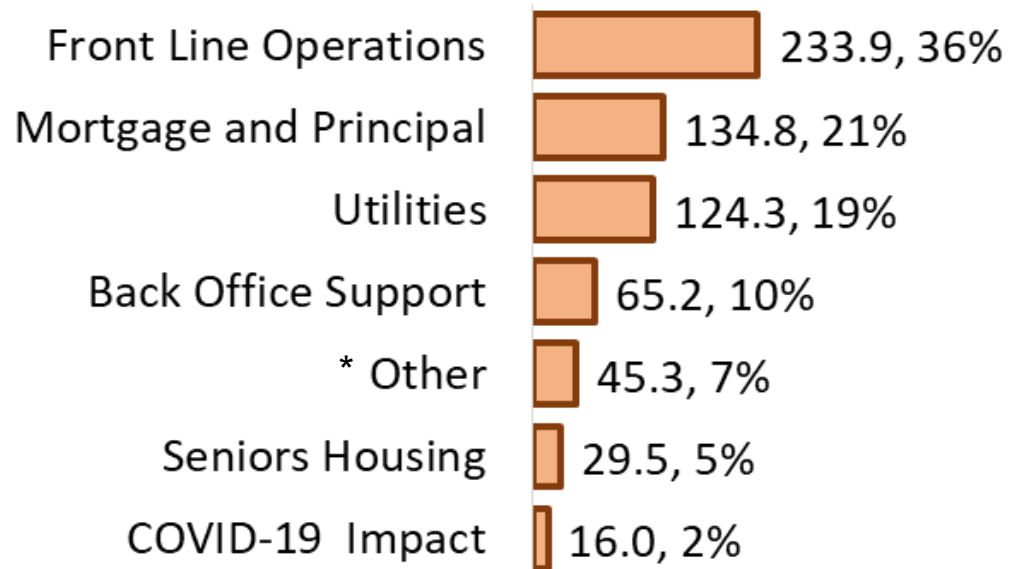
Key Points

- TCHC has completely offset \$24.3M in non-discretionary cost increases to get to a net zero budget when COVID impacts of \$37.5M are excluded.
- COVID Impacts of \$37.5M include an increase in lost revenues due to the Provincial rent cap, as well as the reversal of a 2020 COVID reimbursement and 2020 COVID offsets which are not expected to continue into 2021.

2021 Operating Budget Breakdown

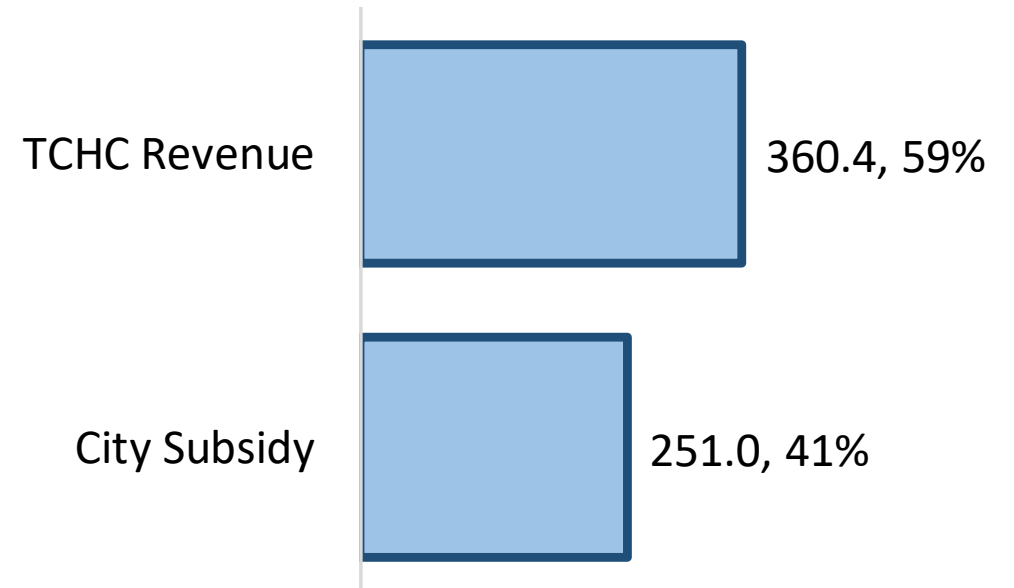
Where the Money Goes

In \$ Millions



Where the Money Comes From

In \$ Millions



* **Other** primarily includes Municipal taxes, CARR reserve, RPEI expenses, Corporate capital and Post Retirement Benefits

2021 – 2030 Capital Budget & Plan Submission

2021 Capital Summary

Capital Assets

Valuation	Number of Buildings	Number of Units
\$10.5B	2,100	58,500

Capital Budget

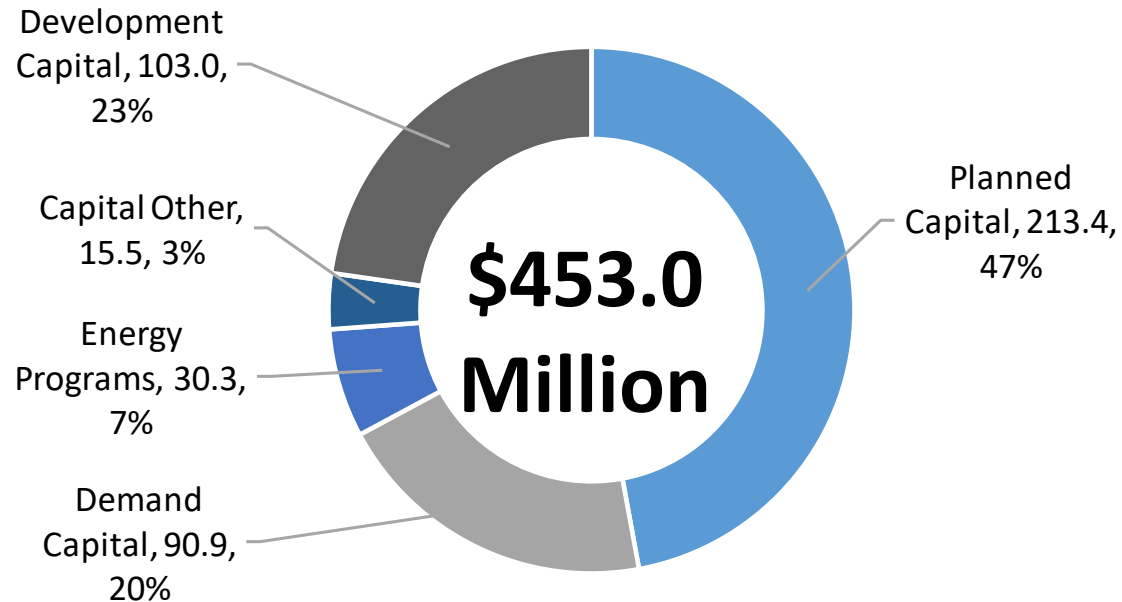
10 Year Capital Budget & Plan			
\$ Millions	2021	2022-2030	Total
Gross Expenditures - Building Repair Capital	\$350.0	\$2,377.0	\$2,727.0
Gross Expenditures - Development Capital	\$103.0	\$354.8	\$457.8
City Funding - Building Repair Capital	\$160.0	\$1,440.0	\$1,600.0

2021 Capital Program Breakdown

Where the Money Goes

2021 Capital Budget

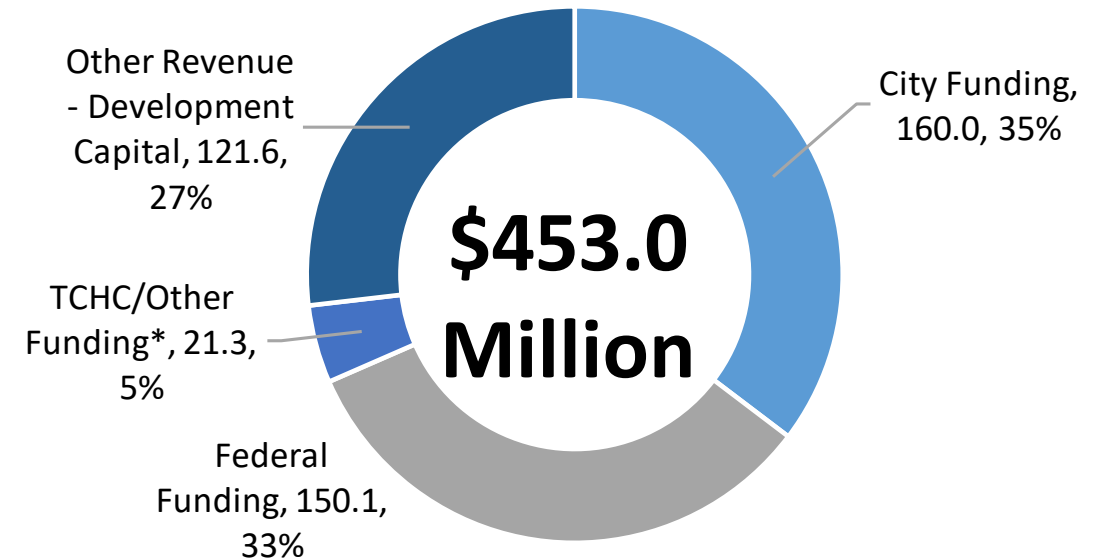
In \$ Millions








Where the Money Comes From

2021 Capital Budget

In \$ Millions



\$3.2 Billion 10-Year Gross Capital Program

				
Planned Capital	Demand Capital	Additional Energy Programs	Capital Other	Development Capital
<p>\$1,774.2M 55.7%</p>	<p>\$723.7M 22.7%</p>	<p>\$86.3M 2.7%</p>	<p>\$142.9M 4.5%</p>	<p>\$457.8M 14.4%</p>
<ul style="list-style-type: none"> • Envelope • Grounds • Emergency generators • HVAC • Plumbing • Roofing • Structural • Large scale holistic energy retrofits • Common area accessibility upgrades 	<ul style="list-style-type: none"> • Accessibility upgrades • Waste equipment repairs • Risk management • Appliances and equipment • Local move-outs • MLS Issues 	<ul style="list-style-type: none"> • Energy initiatives • Water conservation • Energy retrofits 	<ul style="list-style-type: none"> • Project management • Building condition audits 	<ul style="list-style-type: none"> • In-flight revitalization projects

How the 10-Year Capital Program is Funded

City Funding		Federal Funding		Other Funding	
\$1,600.0M 50.2%		\$1,107.6M 34.8%		\$477.2M 15.0%	
City Funding for Building Repair Capital	\$1,600.0M	National Housing Co-Investment Fund	\$1,107.6M	Other Revenue from Development	\$444.9M
				TCHC/Other Funding	\$19.4M
				Unfunded (Development)	\$12.9M

Capital Needs Constraints

Capital Needs Constraints: \$472.2 Million

- Revitalization projects that are not-in-flight and have not been included in TCHC's 10-year capital plan, including:
 - Firgrove
 - Lawrence Heights Phase 2 and 3
 - Regent Park Phase 4 and 5, which was recently awarded to Tridel Builders Inc. and will move to an in-flight project in late 2021 following approval of the Anchor Business Plan

Thank You

Appendices

COVID-19 Financial Impact – Operating

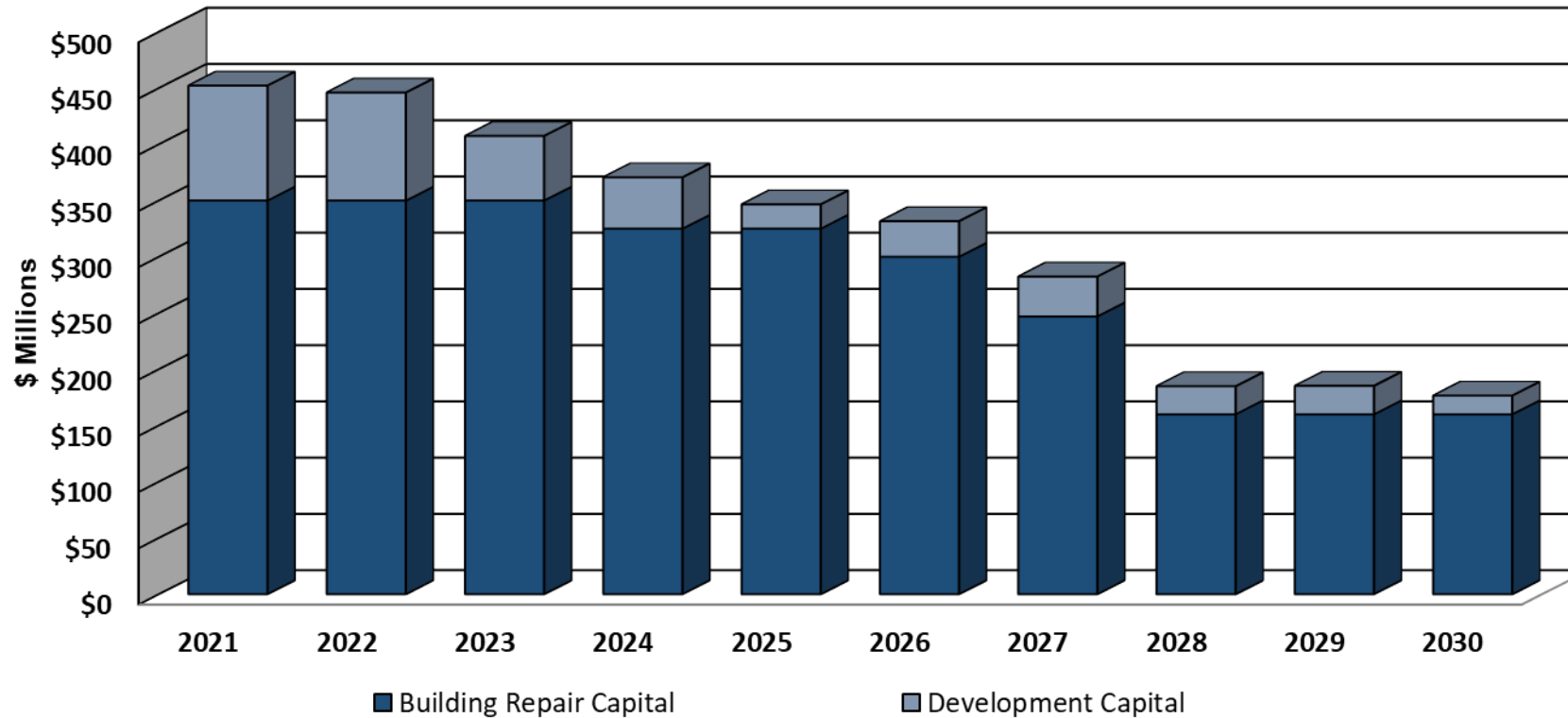
COVID-19 Impacts	(\$000s)					
	2020			2021		
	Revenues	Gross	Net	Revenues	Gross	Net
Revenue Loss						
RGI Rent due to Rent Cap				(16,000.0)		16,000.0
Market Rent due to Rent Cap				(1,400.0)		1,400.0
Parking Revenue	(400.0)		400.0	(400.0)		400.0
Bad Debt	(4,528.8)		4,528.8	(3,744.0)		3,744.0
Sub-Total	(4,928.8)		4,928.8	(21,544.0)		21,544.0
Expenditure Increase						
PPE		10,974.4	10,974.4		8,361.3	8,361.3
Overtime		9,316.9	9,316.9		6,666.7	6,666.7
Utilities		2,114.0	2,114.0		2,934.0	2,934.0
Sub-Total		22,405.3	22,405.3		17,962.0	17,962.0
Savings due to Underspending						
Summer Programs		(1,300.0)	(1,300.0)		(1,250.0)	(1,250.0)
Termites and Environmental Health		(1,200.0)	(1,200.0)		(750.0)	(750.0)
Sub-Total		(2,500.0)	(2,500.0)		(2,000.0)	(2,000.0)
Total COVID-19 Impact	(4,928.8)	19,905.3	24,834.1	(21,544.0)	15,962.0	37,506.0

2021 Operating Budget

(In \$000s)	2019 Actual	2020 Budget	2020 Projection*	2021 Base Budget			2021 New / Enhanced Requests	2021 Budget	Change v. 2020 Projection	
				Excluding COVID	COVID Impacts	Total Base			\$	%
By Service	\$	\$	\$	\$	\$	\$	\$	\$	%	
Revenues										
Residential Rent - RGI	248,755.3	251,104.0	253,614.7	256,197.9	(16,000.0)	240,197.9	240,197.9	(13,416.8)	(5.3%)	
Residential Rent - Market	91,326.9	92,152.0	94,370.3	94,835.1	(1,400.0)	93,435.1	93,435.1			
City Subsidy	238,474.0	250,960.0	250,960.4	250,960.0		250,960.0	250,960.0	(0.4)	(0.0%)	
Other	27,230.8	30,956.8	26,200.6	30,941.5	(4,144.0)	26,797.5	26,797.5	596.9	2.3%	
Total Revenues	605,787.0	625,172.9	625,146.0	632,934.5	(21,544.0)	611,390.5	611,390.5	(13,755.5)	(2.2%)	
Expenditures										
Total Operating Expenses	605,787.0	625,172.9	625,146.0	632,934.5	15,962.0	648,896.5	648,896.5	23,750.6	3.8%	
Total Gross Expenditures	605,787.0	625,172.9	625,146.0	632,934.5	15,962.0	648,896.5	648,896.5	23,750.6	3.8%	
Net Expenditures					37,506.0	37,506.0	37,506.0	37,506.0	N/A	

* 2020 Projection based on July and assumes a \$13.5M reimbursement to offset pressures caused by COVID.

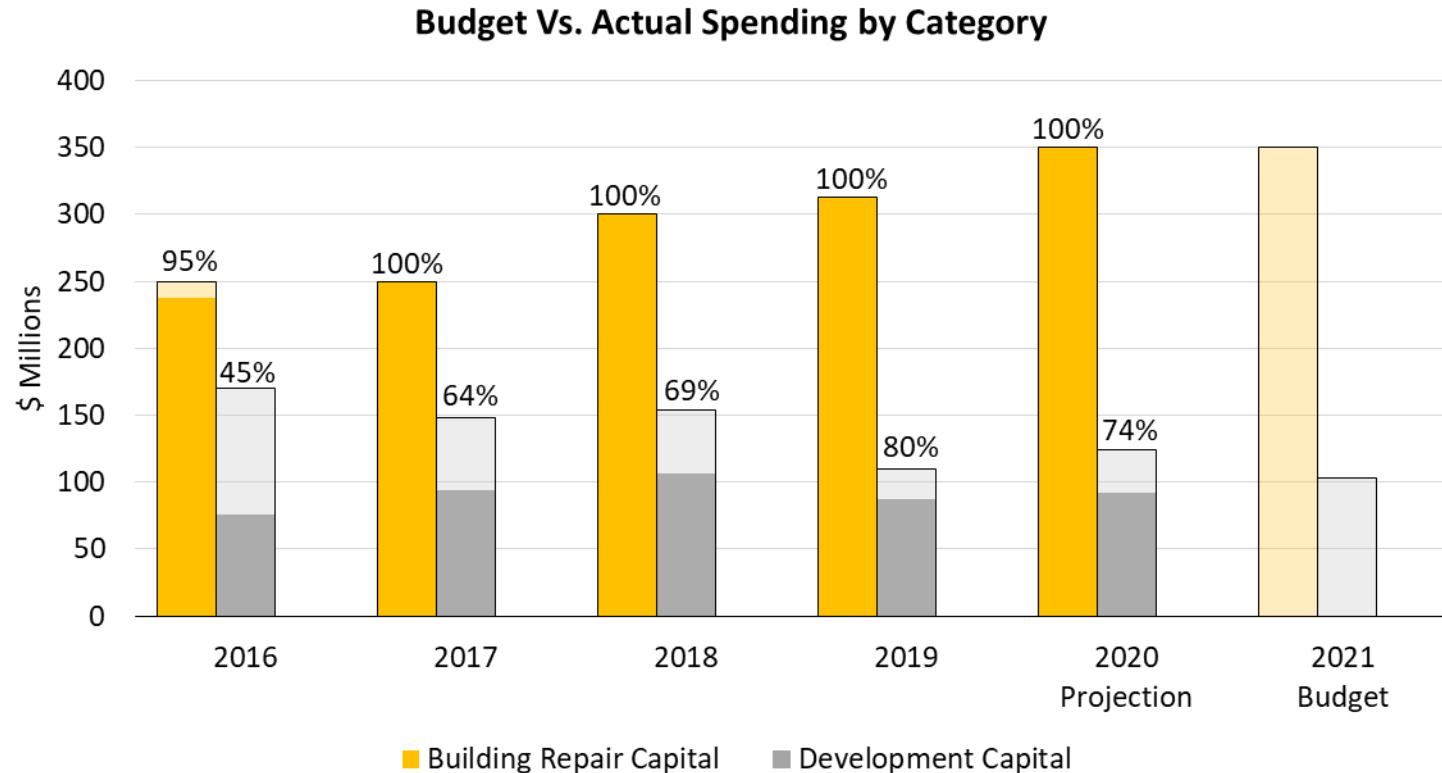
2021 – 2030 Capital Budget & Plan by Project Category



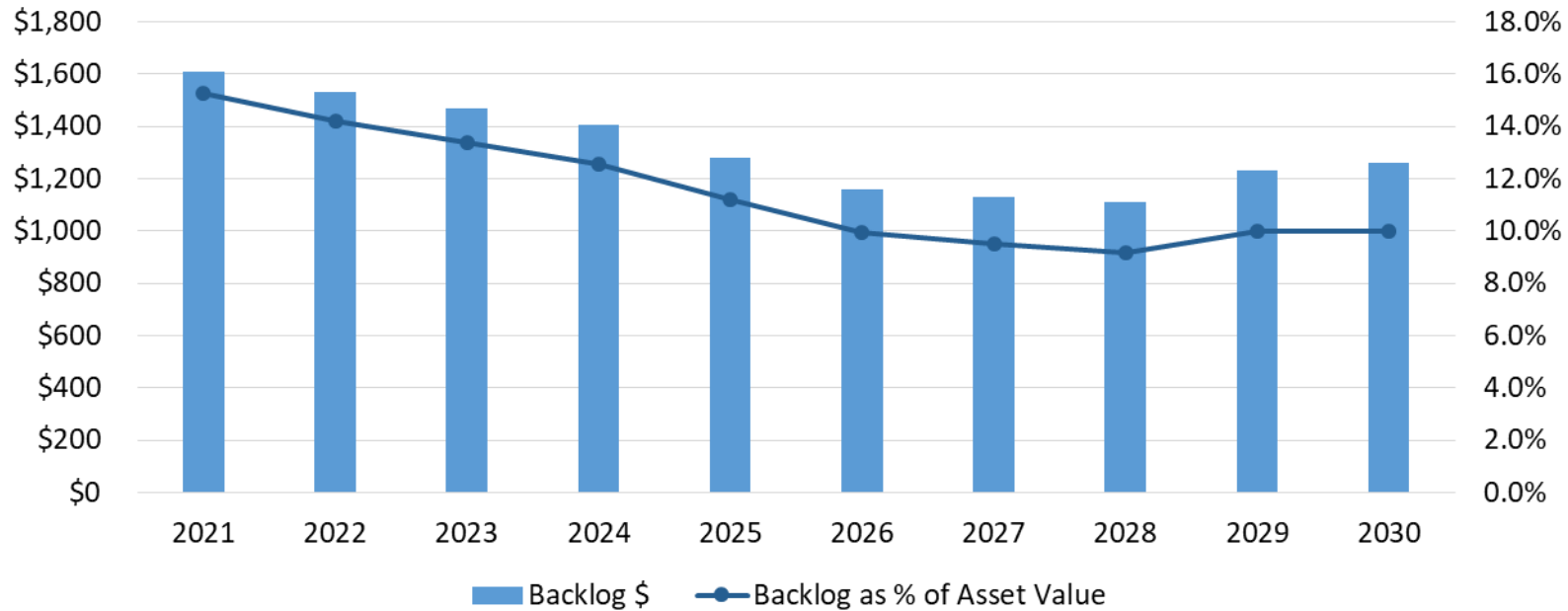
2021 - 2030 Staff Recommended Capital Budget and Plan by Category											
\$ Millions	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Building Repair Capital	350.0	350.0	350.0	325.0	325.0	300.0	247.0	160.0	160.0	160.0	2,727.0
Development Capital	103.0	96.1	57.5	45.7	21.6	31.6	35.5	24.9	25.3	16.6	457.8
Total	453.0	446.1	407.5	370.7	346.6	331.6	282.5	184.9	185.3	176.6	3,184.8

* TCHC continues to disclose the City's funding based on the council approved permanent funding model of 75% AMR currently allocated as \$251M in subsidy revenue and \$160M in capital funding. TCHC has included \$160M of capital City funding in 2030 as an estimate of the ongoing amount to maintain a 10% FCI. Building Repair Capital funding requirements will be revisited and confirmed in future years along with ongoing Provincial and Federal funding.

Capacity to Spend



State of Good Repair (SOGR) Funding and Backlog



\$Millions	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Backlog \$	\$1,607	\$1,529	\$1,468	\$1,404	\$1,280	\$1,158	\$1,128	\$1,111	\$1,233	\$1,261
Backlog as % of Asset Value	15.2%	14.2%	13.4%	12.6%	11.2%	9.9%	9.5%	9.2%	10.0%	10.0%

- TCHC continues to execute its Capital Plan and remains on schedule to bring its building portfolio into a state of good repair by 2026.