



Shelter, Support & Housing Administration

I: 2014 OPERATING BUDGET OVERVIEW

What We Do

Shelter, Support and Housing Administration (SSHA) contributes to healthy communities by ensuring that people have a range of shelter and affordable housing options. The Program provides temporary shelter and support services for homeless individuals and families, creates permanent affordable housing solutions, and funds and administers the City's social housing program.

| (In \$000s) | Approved 2013 Budget | Recommended 2014 Budget | Change | |
|--------------------|-------------------------|----------------------------|----------|--------|
| | | | \$ | % |
| Gross Expenditures | 680,533 | 638,953 | (41,579) | (6.1%) |
| Gross Revenue | 462,719 | 441,512 | (21,206) | (4.6%) |
| Net Expenditures | 217,814 | 197,441 | (20,373) | (9.4%) |

SSHA continues to face significant pressures resulting from the increasing costs in Social Housing, loss of provincial and federal funding, and a significant increase in the demand for shelter services. The service gap in Shelter Services will be partially filled with funding a new women's shelter and extending the use of flex-bed nights to maintain 90% occupancy levels. Social Housing pressures have been offset by a one-time transfer of accrued interest to offset loss of Toronto Pooling Compensation for 2014 only, a draw from Program Reserves, and base reductions with no service level impacts across Shelter and Social Housing Services. While these strategies serve 2014 needs, pressures in 2015 will be significant.

Contents

| | |
|---|----|
| I: Overview | 1 |
| II: Recommendations | 4 |
| III: 2014 Service Overview and Plan | 5 |
| IV: 2014 Recommended Total Operating Budget | 13 |
| V: Issues for Discussion | 23 |

Appendices:

| | |
|--|-----|
| 1) 2013 Service Performance | 35 |
| 2) Recommended Budget by Expense Category | 38 |
| 3) Summary of 2014 Service Changes | N/A |
| 4) Summary of 2014 New & Enhanced Service Changes | 42 |
| 5) Inflows/Outflows to / from Reserves & Reserve Funds | 43 |
| 6) 2014 User Fee Rate Changes | N/A |

Contacts

Ritu Sadana
 Manager, Financial Planning
 Tel: (416) 395-6449
 Email: rsadana@toronto.ca

John Forsyth
 Senior Financial Planning Analyst
 Tel: (416) 392-5198
 Email: jforsyt0@toronto.ca

Fast Facts

- Provides legislative and contractual oversight to 240 community-based organizations (including City-owned TCHC) providing homes for about 265,000 Toronto residents.
- Provides approx. 3,900 permanent emergency and transitional shelter beds in 57 locations, including 9 City-operated facilities.

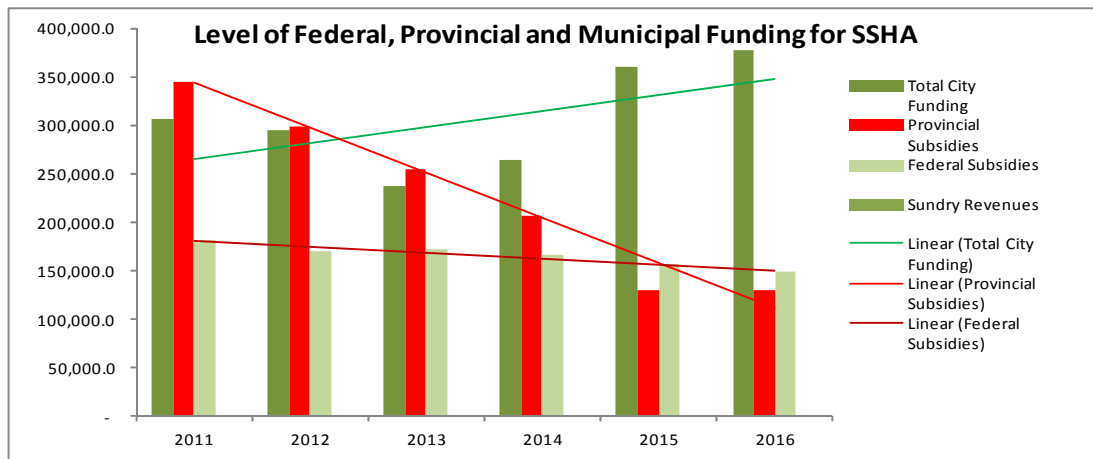
Trends

- Demand for shelter services requires an increase in bed nights volumes of 72,600 to support 90% capacity level across the system.
- Continued pressure in Social Housing to fund on-going CPI increases, exacerbated by the loss of provincial TPC funding and federal funding as operating agreements come to an end.

Our Service Deliverables for 2014

The 2014 Recommended Operating Budget of \$638.953 gross and \$197.441 million net supports the provision of a wide range of services, which include:

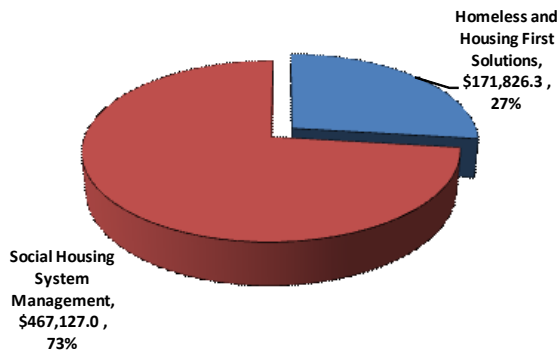
- Providing 24-hour shelter, street outreach and housing services;
- Providing 1.438 million bed nights of emergency shelter (3,941 per night, 365 days a year) to homeless individuals (an increase of 5.3% compared to 2013 projected actual), including the provision of meals and supports to achieve an occupancy of 89%;
- Providing funding to more than 240 housing providers (including the Toronto Community Housing Corporation), with over 94,000 units of social housing;
- Providing 322,295 bed nights of boarding home service to adults with psychiatric disabilities;
- 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 4,100 individuals assisted into permanent housing since 2005, with the vast majority remaining in their new homes.



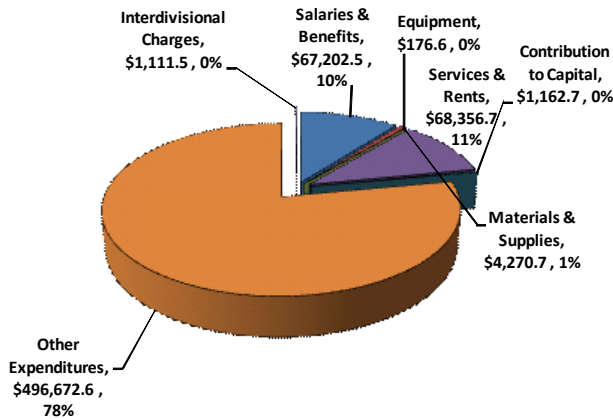
2014 Budget Expenditures & Funding

Where the money goes:

2014 Operating Budget by Service
\$638.953 Million

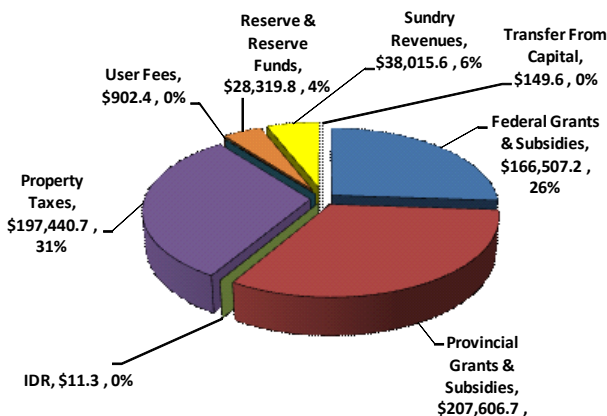


2014 Operating Budget by Expenditure Category



Where the money comes from:

2014 Operating Budget Funding Source
\$638.953 Million



Our Key Challenges and Priority Actions

- Funding the gap in the City's Social Housing budget due to divestment by both the Federal and Provincial governments, which includes the most recent Loss in Toronto Pooling compensation (TPC \$114 million over 3 years)

 - ✓ Develop strategies to address the expiry of federal operating agreements.
 - ✓ Continue to engage all orders of government to assume responsibility for the social housing legacy that exists.
- Increasing service pressures on social housing and hostels coupled with capped funding models negatively impacts the ability to continue to deliver services at the same levels.

 - ✓ Improve functionality of the centralized waiting list for social housing.
 - ✓ Work with providers to support innovative integration approaches to deliver services effectively and efficiently deliver services.

II: RECOMMENDATIONS

Recommendations

The City Manager and Chief Financial Officer recommend that:

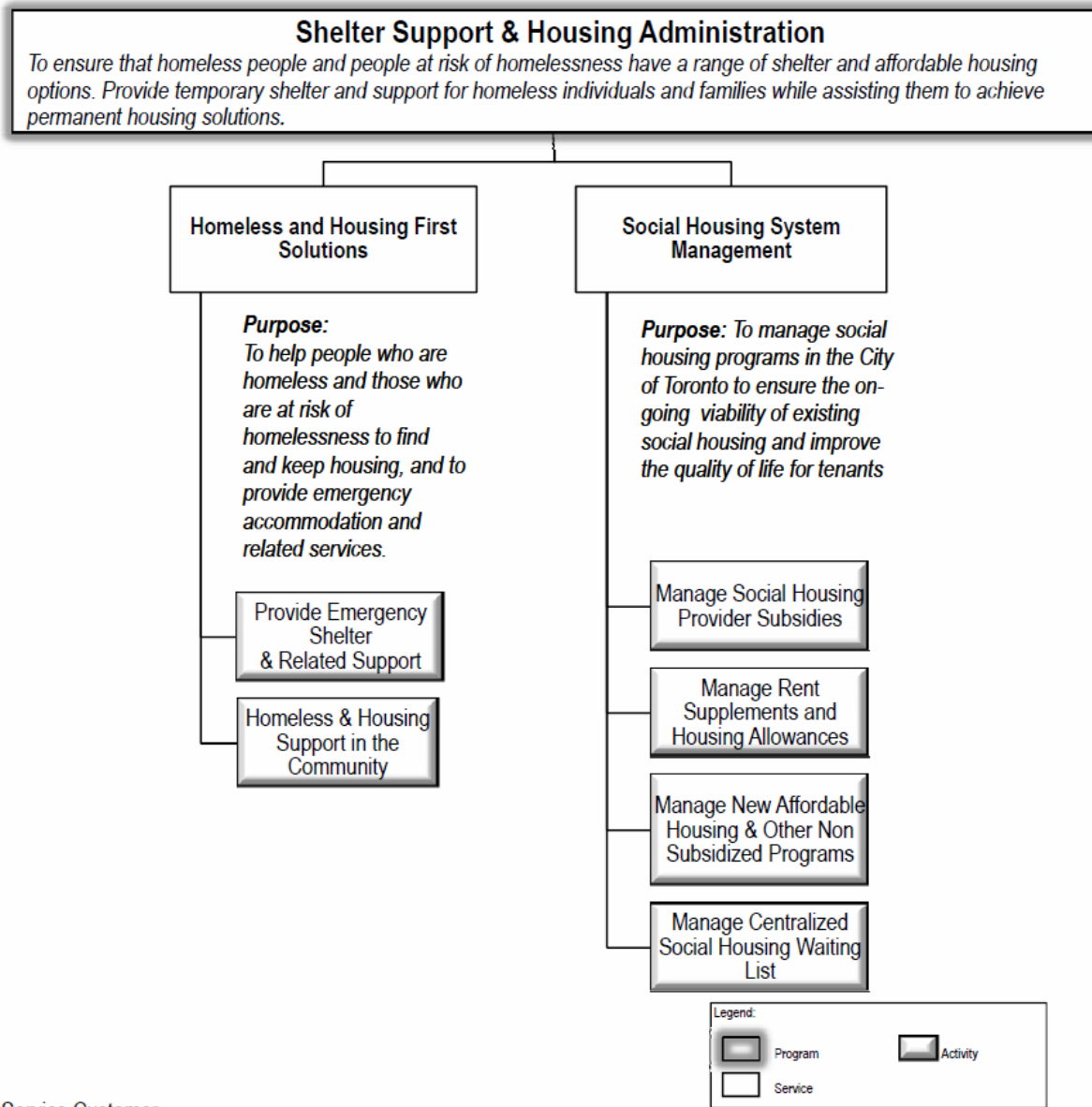
1. City Council approve the 2014 Recommended Operating Budget for Shelter, Support and Housing Administration of \$638.953 million gross and \$197.441 million net, comprised of the following services:

| <u>Service:</u> | <u>Gross</u> <u>(\$000s)</u> | <u>Net</u> <u>(\$000s)</u> |
|--------------------------------------|---------------------------------|-------------------------------|
| Homeless and Housing First Solutions | 171,826.3 | 69,020.1 |
| Social Housing System Management | 467,127.0 | 128,420.7 |
| | <hr/> | <hr/> |
| Total Program Budget | <u>638,953.3</u> | <u>197,440.8</u> |

2. City Council approve the 2014 recommended service levels for Shelter, Support and Housing Administration, as outlined on page 13 and 15 and associated staff complement of 718.6 be approved;
3. The General Manager of Shelter, Support and Housing Administration and the Chief Financial Officer report back on a funding strategy for the loss of the Toronto Pooling Compensation in time for the 2015 Budget process; and
4. City Council request the Province to reverse its decision to eliminate Toronto Pooling Compensation and reinstate the Provincial subsidy so that the City can meet the legislative requirements of Social Housing.

III: 2014 SERVICE OVERVIEW AND PLAN

Program Map



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

2014 Service Deliverables

The 2014 Recommended Operating Budget of \$638.953 million gross and \$197.441 million net for Shelter, Support Housing and Administration will fund:

- 24-hour shelter, street outreach and housing services;
- Providing 1.438 million bed nights of emergency shelter (3,941 per night, 365 days a year) to homeless individuals (an increase of 5.3% compared to 2013 projected actual), including the provision of meals and supports to achieve an occupancy of 89%;
- Providing funding to more than 240 housing providers (including the Toronto Community Housing Corporation), with over 94,000 units of social housing;
- Providing 322,295 bed nights of boarding home service to adults with psychiatric disabilities;
- Administering the Homelessness Partnering Strategy and other Federal and Provincial grants to over 120 community agencies;
- Adding a 30 bed Women's Shelter to increase capacity and address service demand; and,
- Assisting homeless individuals on the street to move into housing through the Streets to Homes Program, with over 4,100 individuals assisted into permanent housing since 2005, with the vast majority remaining in their new homes.

Service Profile: Homeless and Housing First Solutions



What we do

We help people who are homeless and those who are at risk of homelessness to find and keep housing, and we provide emergency accommodation and related services.

2014 Recommended Service Levels

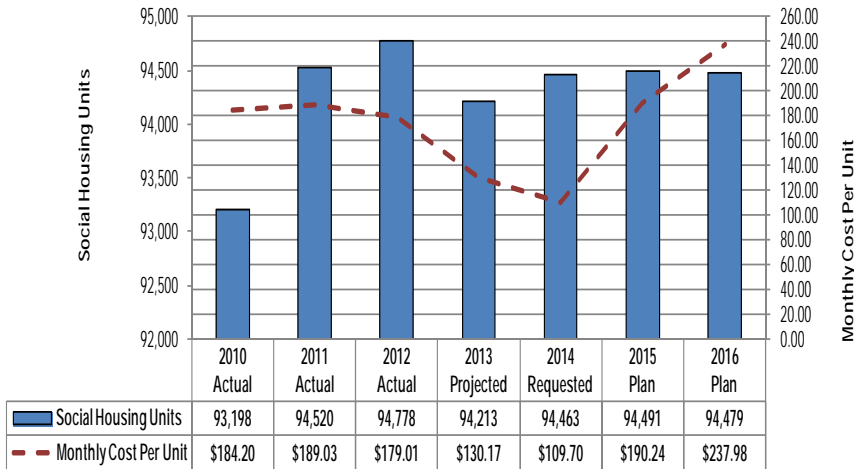
Homeless and Housing First Solutions

| Activity | Type | Service Levels | | | |
|---|---------------------|--|---|--|--|
| | | 2011 | 2012 | 2013 | 2014 Recommended |
| Provide Emergency Shelter & Related Support | A directly operated | | | | |
| | | 93% compliant with Shelter Standards section 6.1 | 1,643 Shelter Beds available at 10 locations | 1591 Shelter Beds available at 10 locations | 1649 Shelter Beds available at 10 locations |
| | | 100% compliant with Shelter Standards | 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 | 922,329 of meals/snacks provided totalling \$5.7 M 42,872 basic needs allowances provided totalling \$0.322 M |
| | | 100% compliant with Ontario Works Act | 254,465 of allowances provided totalling \$1.1 M | N/A as per budget submission, SSHA will not be providing PNA's in 2013 | PNA taken out of the budget. |
| | | 100% of Shelter Clients with identified Needs receive appropriate support | 6,684 clients provided with supports | 7,618 clients provided with supports | 7,700 clients provided with supports |
| | | 100% of children within shelters, with identified needs, receive appropriate support | 1,496 children supported | 1,698 children supported | 1,700 children supported |
| | | 50% of Shelter Clients with identified needs receive appropriate support | 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 | An average of 400 individuals per day supported with on-site nursing/medical care |
| | | | | | |
| | | | | | |
| | | | | | |
| Community Agencies | | 100% compliant with Shelter Standards section 6.1 | 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 M | Funding for 2,654 beds to 48 providers for a total value of \$51.0 M |
| | | 100% Provider Compliance with negotiated funding agreements | 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 |
| | | 100% Provider Compliance with negotiated funding agreements | Funding for 931 beds for a total value of \$8.7 M | Funding for 931 beds for a total value of \$9.4 M | Funding for 931 beds for a total value of \$10.1 M |
| | | 100% Provider Compliance with negotiated funding agreements | 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 \$0.9 M |
| | | | | | |
| | | 100% Provider Compliance with negotiated funding agreements | 31 contracts administered for 2,572 beds at 47 sites | 31 contracts administered for 2,638 beds at 47 sites | 31 contracts administered for 2,576 beds at 48 sites |
| | | 45 sites underwent follow-up Quality Assurance Review | 57 quality assurance visits | | 57 quality assurance visits |
| | | 100% compliance with shelter standards section 5.2 | 286 complaints handled | 250 complaints handled | 260 complaints handled |
| | | Providing 24/7 access to centralized intake to the shelter system 100% of the time | 42,703 calls with 8,537 intakes | 42,513 calls with 7,770 intakes | 51,990 calls with 12,565 intakes |
| | | | | | |

| Activity | Type | Service Levels | | | |
|---|--|---|--|--|--|
| | | 2011 | 2012 | 2013 | 2014 Recommended |
| Provide Homeless & Housing Support in the Community | Community Agencies | 100% Compliant with negotiated funding agreements | 20 agencies funded with a total value of \$4.2M | 20 agencies funded with a total value of \$4.7M | 19 agencies funded with a total value of \$3.2M |
| | | 100% Compliant with negotiated funding agreements | 13 agencies funded with a total value of \$2.1 M | 13 agencies funded with a total value of \$2.6 M | 13 agencies funded with a total value of \$1.4M |
| | | 100% Compliant with negotiated funding agreements | 52 agencies funded with a total value of \$8.4 | 52 agencies funded with a total value of \$9.2 M | 52 agencies funded with a total value of \$8.5M |
| | | 100% Compliant with negotiated funding agreements | 29 agencies funded with a total value of \$3.1 M | 29 agencies funded with a total value of \$3.4 M | 29 agencies funded with a total value of \$3.2M |
| | | 100% Compliant with negotiated funding agreements | 11 agencies funded with a total value of \$3.9 M | 11 agencies funded with a total value of \$3.8 M | 11 agencies funded with a total value of \$3.9M |
| | | 100% Compliant with negotiated funding agreements | 14 agencies funded with a total value of \$2.2 M | 13 agencies funded with a total value of \$1.8 M | 19 agencies funded with a total value of \$0.9M |
| | | 100% Compliant with negotiated funding agreements | 49 agencies funded with a total value of \$6.2 M | 49 agencies funded with a total value of \$4.0 M | 37 agencies funded with a total value of \$8.9M |
| | | Directly Operated: | Providing 24/7 access to Street Outreach Workers 100% of the time | 1,250 street outreach clients offered assistance | |
| | 100% of housed clients receive follow-up support for at least 1 year | 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 | 150 Housing Follow-up Clients with an average length of support of 18 months | |
| | Providing 24/7 access to Street Respite 100% of time | Projection: 1,460 clients using respite (not unique individuals) | | Projection: 2,400 clients using respite (not unique individuals) | |
| | Provide walk-in access 24/7 to shelter bed referrals 100% of the time | Projection: 6,000 shelter referrals made from SHARC (not unique individuals) | Projection: 8,000 shelter referrals made from SHARC (not unique individuals) | Projection: 8,000 shelter referrals made from SHARC (not unique individuals) | |
| | Provide 24/7 access to beds for Street Homeless clients at 100% of the time | Projection: 200 clients using 40 available Transition to Housing Beds at SHARC (unique individuals) | | | |
| | 25% of Clients with Pre-employment Support Needs receive appropriate support | 350 pre-employment clients will be assisted | Projection: 280 pre-employment clients will be assisted | Projection: 280 pre-employment clients will be assisted | |
| | 100% of notices are sent to tenants by December 15th of each year and to landlords by September 15th of each year for all buildings regardless of # of units | 220,000 notices estimated for 2012 | Projection: 220,000 notices estimated for 2013 | N/A Revenue Services are responsible for this. The budget is transferred to them in 2013 | |
| Non-Emergency Shelter Service System Management | | 100% Compliant with terms of reference for committee | | | 100% Compliant with terms of reference for committee |
| | | 100% Compliant with negotiated funding agreements | | | 100% Compliant with negotiated funding |

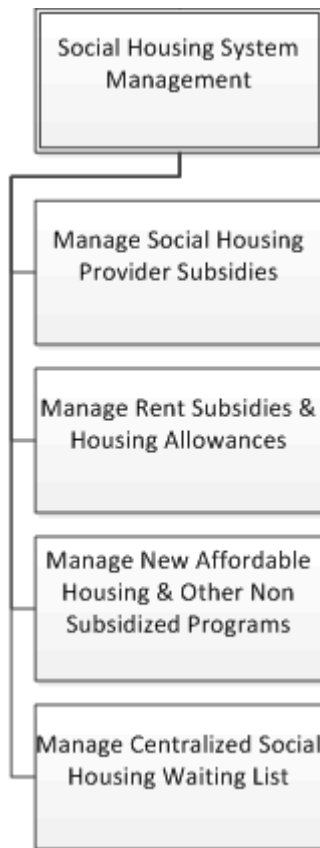
Service Performance Measures

Efficiency Measure - Social Housing - Monthly Cost Per Unit



- Social housing is projecting a decrease in the monthly cost per unit from \$130.17 per month to \$109.70, a decrease \$20.47 or 2.7%; reflecting savings from the conversion of properties to tax exempt, and from the completion of the Social Housing Renovation and Retrofit Program.
- Outlooks projections include the impact of the loss of federal funding with the need to convert RGI units to Rent Supplement units as the operating agreement expire.

Service Profile: Social Housing System Management



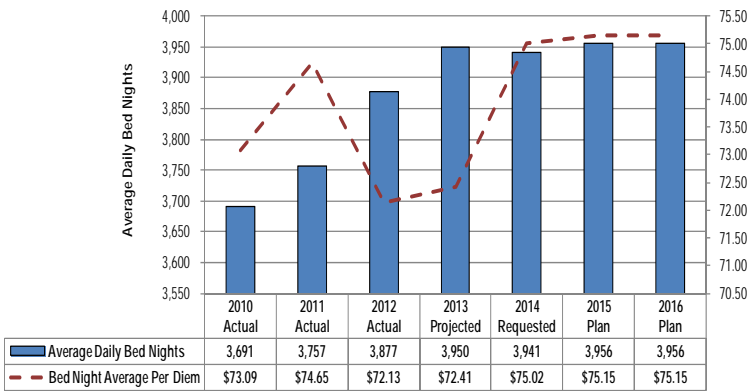
What we do

We manage Social Housing programs in the City of Toronto to ensure the ongoing viability of existing social housing and improve the quality of life for tenants.

| Activity | Type | Service Levels | | | |
|---|---|---|---|---|---|
| | | 2011 | 2012 | 2013 | 2014 Recommended |
| Manage Social Housing Provider Subsidies | Co-op Housing Subsidy | 100% compliant with SHRA Regulations | 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 | funding for 7,429 units in 68 providers for a total value of \$52.7 M |
| | Non-Profit Housing Subsidy | 100% compliant with SHRA Regulations | funding for 19,756 units in 157 providers for a total value of \$117.8 M | | funding for 20,801 units in 156 providers for a total value of \$112.7 M |
| | Municipal Corporation Housing Subsidy (TCH) | 100% compliant with SHRA Regulations | 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 | funding for 58,925 units in 1 provider for a total value of \$251.1 M |
| Manage Centralized Social Housing Waiting List | | 100% compliant with SHRA Regulations | 80,955 people | 83,681 Households | 88,891 Households |
| Manage Rent Subsidies and Housing Allowances | Rent Supplements | 100% compliant with SHRA Regulations | 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 | funding for 2,671 units for a total value of \$24.4 M |
| | | 100% compliant with SHRA Regulations | funding for 951 units for a total value of \$8.7 M | funding for 976 units for a total value of \$8.7 M | funding for 974 units for a total value of \$8.7 M |
| | Housing Allowances | 100% Compliant with negotiated funding agreements | funding for 1,087 units for a total value of \$4.3 M | funding for 868 units for a total value of \$.72 M | Program ended in 2013 |
| | | 100% Compliant with negotiated funding agreements | 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. | Program ended in 2013 |
| Manage New Affordable Housing & Other Non Subsidized Programs | Privately Owned | 100% Compliant with negotiated funding agreements | 15 Contracts administered totalling 1,910 units | 16 Contracts administered totalling 1,891 units | 17 Contracts administered totalling 2,039 units |
| | | 100% Compliant with negotiated funding agreements | 45 Contracts administered totalling 2,253 units | 48 Contracts administered totalling 1,000 units | 50 Contracts administered totalling 1,042 units |
| | Affordable Home Ownership | 100% Compliant with negotiated funding agreements | 5 Contracts administered totalling 572 units | 5 Contracts administered totalling 582 units | 5 Contracts administered totalling 582 units |

Service Performance Measures

Efficiency Measure - Hostels Average Daily Bed Nights and Bed Night Average Per Diem Cost



- Hostel Services projects an increase in the cost per bed night from \$72.41 in 2013 to \$75.02 in 2014, representing an increase of \$2.61, or 3.4%.
- The 2014 increase in budgeted bed nights reflects the increase in demand across all sectors, with a more significant growth for women's shelter services, with increasing reliance of temporary flex beds to meet service demand.
- The 2015 and 2016 Outlooks project flat line in demand and cost per bed night

IV: 2014 Recommended Total Operating Budget

2014 Recommended Operating Budget (In \$000s)

| (In \$000s) | 2013 | | 2014 Recommended Operating Budget | | | 2014 Rec'd vs. 2013 Approved Budget Changes | | Incremental Change | | | |
|---|-----------------|------------------|-----------------------------------|-------------------------|-------------------|---|---------|--------------------|---------|------------|---------|
| | Approved Budget | Projected Actual | 2014 Rec'd Base | 2014 Rec'd New/Enhanced | 2014 Rec'd Budget | | | 2015 | | 2016 | |
| By Service | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | % | \$ | % |
| Homeless and Housing First Solutions | | | | | | | | | | | |
| Gross Expenditures | 171,973.0 | 170,039.0 | 168,802.0 | 3,024.3 | 171,826.3 | (146.7) | (0.1%) | 4,108.0 | 2.4% | 2,220.2 | 1.3% |
| Revenue | 102,572.9 | 101,391.0 | 99,781.9 | 3,024.3 | 102,806.2 | 233.3 | 0.2% | (4,454.5) | (4.3%) | | 0.0% |
| Net Expenditures | 69,400.1 | 68,648.0 | 69,020.1 | | 69,020.1 | (380.0) | (0.5%) | 8,562.5 | 12.4% | 2,220.2 | 2.9% |
| Social Housing System Management | | | | | | | | | | | |
| Gross Expenditures | 508,558.8 | 496,331.0 | 467,127.0 | | 467,127.0 | (41,431.8) | (8.1%) | 6,677.0 | 1.4% | 6,679.8 | 1.4% |
| Revenue | 360,145.0 | 348,179.0 | 338,706.3 | | 338,706.3 | (21,438.7) | (6.0%) | (109,915.5) | (32.5%) | (47,430.0) | (20.7%) |
| Net Expenditures | 148,413.8 | 148,152.0 | 128,420.7 | | 128,420.7 | (19,993.1) | (13.5%) | 116,592.5 | 90.8% | 54,109.8 | 22.1% |
| Total | | | | | | | | | | | |
| Gross Expenditures | 680,531.8 | 666,370.0 | 635,929.0 | | 638,953.3 | (41,578.5) | (6.1%) | 10,785.0 | 1.7% | 8,900.0 | 1.4% |
| Revenue | 462,717.9 | 449,570.0 | 438,488.2 | | 441,512.5 | (21,205.4) | (4.6%) | (114,370.0) | (25.9%) | (47,430.0) | (14.5%) |
| Total Net Expenditures | 217,813.9 | 216,800.0 | 197,440.8 | | 197,440.8 | (20,373.1) | (9.4%) | 125,150.0 | 63.4% | 56,330.0 | 17.5% |
| Approved Positions | 723.9 | 723.9 | 718.6 | | 718.6 | (5.3) | (0.7%) | | | | |

The 2014 Recommended Operating Budget for Shelter, Support and Housing Administration of \$638.953 million gross and \$197.441 million net is comprised of the following services:

The Homeless and Housing First Solution service is \$69.020 million net, which 0.5% below the 2013 Approved Operating Budget.

- Base budget changes reflect a decrease in the gross expenditures of \$3.171 million or 1.8% with an offsetting revenue change of \$2.791 million or 2.7%. The base changes include inflationary increases of delivering shelter services, including COLA, progression pay, and benefit increases, offset by savings from absorbing non-labour inflationary adjustments for purchased service providers and reductions in contracted services.
- The decrease in revenue of \$2.791 million reflects the loss of the one-time transitional Provincial funding, provided in 2013 to assist the Program's transition to the new CHPI funding model.
- New and enhanced services of \$3.024 million include: \$1.487 million to continue providing 172 flex beds to increase capacity in order to achieve 90% occupancy levels; \$0.850 million to increase per diems for purchased shelter services; \$0.600 to add a new 30 bed women's shelter; and \$0.087 million for additional security at the Streets to Homes Assessment and Referral Centre.
- Future year incremental costs include increases in COLA, progression pay, and fringe benefits in 2015, and progression pay and fringe benefits in 2016. The 2014 increase in Shelter Services for new priorities of \$3.024 million (funded from the reserve draw), as well

as the 2015 annualized cost of the 30 bed women's shelter of \$0.600 million are included as pressures in the 2015 Plan. The 2015 and 2016 Plans include funding of \$1.630 million and \$1.590 million respectively for inflationary costs for City operated and purchased hostel providers.

The Social Housing System Management service is \$128.421 million net, which is 13.5% below the 2013 Approved Operating Budget.

- Base budget changes reflect a decrease in the gross expenditures of \$41.432 million, or 8.1%, with an offsetting revenue reduction of \$21.439 million or 6.0%.
- The base gross changes include the reversal of the transfer to Toronto Community Housing (TCH) for the final phase of the Municipal Housing Capital Facilities classification of \$18.427 million; the phased in elimination of the garbage levy to TCH of \$3.000 million; the reversal of provincial/federal grants of \$13.487 million; and a reduction in social housing cost drivers to reflect actual experience of \$9.099 million.
- Revenue reductions are primarily related to the wind down of stimulus funding, and other provincial/federal grants of \$16.142 million, (including reductions of \$8.487 million of Affordable Housing grants); and the loss of \$4.729 million in federal funding for social housing providers.
- Future year incremental costs are attributable to loss of federal funding for Social Housing of \$9.050 million in 2015, and \$8.960 million in 2016, as the federal funding for specific housing units will be ending. As well, the loss of Toronto Pooling Compensation will result in a cumulative pressure of \$113.940 million (as the Province will be phasing out this subsidy over the 2014 – 2016 period) with \$75.960 million in 2015, and \$37.980 million in 2016. The 2015 Plan reflects the impact of the loss in funding of \$37.980 million in 2014 (which is one-time funded from deferred interest), which, combined with the 2015 funding loss, results in a \$75.960 million pressure for 2015. Finally, an additional incremental funding of \$25.100 million is required in 2015 to support the on-going Social Housing costs that are funded by the reserve in 2014.

Approval of the 2014 Recommended Budget will result in a reduction of 5.3 positions to the Program's approved staff complement, resulting in a change from 723.9 to 718.6 as highlighted in the table below:

2014 Recommended Total Staff Complement

| Changes | 2014 Budget | 2015 Plan | 2016 Plan |
|---|--------------|--------------|--------------|
| Opening Complement | 730.9 | 718.6 | 718.6 |
| In-year Adjustments | (7.0) | | |
| Adjusted Staff Complement | 723.9 | 718.6 | 718.6 |
| Recommended Change in Staff Complement | | | |
| - Temporary Complement - capital project delivery | | | |
| - Operating impacts of completed capital projects | | | |
| - Service Change Adjustments | (5.3) | | |
| - New / Enhanced | | | |
| Total | 718.6 | 718.6 | 718.6 |
| % Change over prior year | | | |

- The in-year reduction of 7 positions results from the transfer of Emergency Planning staff to the Policy, Planning and Finance Administration program to consolidate activities within the Office of Emergency Management in Cluster B.
- The reduction of 5.3 positions reflects the impact of reorganizing the part-time hostel staff and Streets to Homes shift workers to more effectively reflect operational activities.

2014 Recommended Base Budget (In \$000s)

| (In \$000s) | 2013 Approved Budget | 2014 Rec'd Base | Change | | Incremental Change | | | |
|---|----------------------|------------------|--|----------------|--------------------|--------------|-----------------|--------------|
| | | | 2014 Recommended Base vs. 2013 Approved Budget | | 2015 Plan | | 2016 Plan | |
| By Service | \$ | \$ | \$ | % | \$ | % | \$ | % |
| Homeless and Housing First Solutions | | | | | | | | |
| Gross Expenditures | 171,973.0 | 168,802.0 | (3,171.0) | (1.8%) | 4,108.0 | 2.4% | 2,220.2 | 1.3% |
| Revenue | 102,572.9 | 99,781.9 | (2,791.0) | (2.7%) | (4,454.5) | (4.5%) | | 0.0% |
| Net Expenditures | 69,400.1 | 69,020.1 | (380.0) | (4.6%) | 8,562.5 | 12.4% | 2,220.2 | 2.9% |
| Social Housing System Management | | | | | | | | |
| Gross Expenditures | 508,558.8 | 467,127.0 | (41,431.8) | (8.1%) | 6,677.0 | 1.4% | 6,679.8 | 1.4% |
| Revenue | 360,145.0 | 338,706.3 | (21,438.7) | (6.0%) | (109,915.5) | (32.5%) | (47,430.0) | (20.7%) |
| Net Expenditures | 148,413.8 | 128,420.7 | (19,993.1) | (13.5%) | 116,592.5 | 90.8% | 54,109.8 | 22.1% |
| Total | | | | | | | | |
| Gross Expenditures | 680,531.8 | 635,929.0 | (44,602.8) | (6.6%) | 10,785.0 | 1.7% | 8,900.0 | 1.4% |
| Revenue | 462,717.9 | 438,488.2 | (24,229.7) | (5.2%) | (114,370.0) | (26.1%) | (47,430.0) | (14.6%) |
| Net Expenditures | 217,813.9 | 197,440.8 | (20,373.1) | (9.4%) | 125,150.0 | 63.4% | 56,330.0 | 17.5% |
| Approved Positions | 723.9 | 718.6 | (5.3) | (0.7%) | | | | |

The 2014 Recommended Base Budget of \$635.929 million gross and \$197.441 million net is \$20.373 million or 9.4% below the 2013 Approved Budget of \$217.814 million net. The

Recommended Base Budget include a reduction of \$44.603 million in base budget expenditures, with a reduction of \$24.230 million in base revenue.

Key cost drivers resulting in the base budget changes are detailed in the table below.

Key Cost Drivers
(In \$000s)

| (In \$000s) | 2014 Rec'd Base Budget |
|--|---------------------------|
| Gross Expenditure Changes | |
| Prior Year Impacts | |
| Other Base Changes | (648.4) |
| First year of phase out of Toronto Pooling compensation | 37,980.0 |
| Final phase of declaration of properties as Municipal Housing Capital Facilities | (18,428.6) |
| Alignment for 2014 Affordable Housing grants | (7,082.2) |
| Reversal of SHRRP (Federal Infrastructure Stimulus) Grant | (5,000.0) |
| Reversal of one-time transitional CHPI funding | (3,000.0) |
| Economic Factors | |
| Non-payroll increase, primarily COLA for purchased shelter services | 1,632.4 |
| COLA and Progression Pay | |
| COLA | 901.0 |
| Progression Pay | 409.0 |
| Benefits | 1,322.0 |
| Total Changes | 8,085.2 |
| Revenue Changes | |
| Reversal of 2013 Reserve Contribution | (26,057.7) |
| Alignment for 2014 Affordable Housing grants | (7,082.2) |
| Reversal of one-time transitional CHPI funding | (3,000.0) |
| Reversal of SHRRP (Federal Infrastructure Stimulus) Grant | (5,000.0) |
| Loss of Federal funding for Social Housing | (4,729.2) |
| One-time Rent Bank Funding (deferred from previous year) | 1,430.2 |
| Total Changes | (44,438.9) |
| Net Expenditures | 52,524.1 |

There are significant funding pressures of \$52.524 million in 2014 resulting from the increasing costs in Social Housing as shown in the above table; the growing gap caused by the loss of federal/provincial funding due to expiring operating agreements of \$4.729 million; and the loss of Toronto Pooling Compensation of \$37.980 million, which is funded from a one-time transfer of deferred interest on the repayment of the Provincial amalgamation loan.

**2014 Recommended Service Change Summary by Program
(In \$000s)**

| Description (\$000s) | 2014 Recommended Service Changes | | | | Net Incremental Impact | | | |
|--|----------------------------------|-------------------|-------------------|---------------------------|------------------------|------|-------------|------|
| | Position Change | Gross Exp. | Net Expense | % Change over 2014 Budget | 2015 | | 2016 | |
| | | | | | Net Expense | Pos. | Net Expense | Pos. |
| # | \$ | \$ | % | \$ | # | \$ | # | |
| Base Changes: | | | | | | | | |
| Base Expenditure Changes | | | | | | | | |
| <i>Savings in Social Housing cost drivers to reflect actual experience</i> | | (6,099.3) | (4,098.1) | (2.1%) | | | | |
| <i>Reduction in TCHC Garbage Levy</i> | | (3,000.0) | (3,000.0) | (1.5%) | (2,480.0) | | | |
| <i>Absorb Non-labour Economic Factors</i> | | (1,632.4) | (1,632.4) | (0.8%) | | | | |
| <i>Reduction of Expenditures to Reflect Actual Experience:</i> | | (885.2) | (821.5) | (0.4%) | | | | |
| <i>Shift realignment in Shelter Services</i> | (5.3) | (265.4) | (265.4) | (0.1%) | | | | |
| Base Expenditure Change | (5.3) | (11,882.3) | (9,817.4) | (5.0%) | (2,480.0) | | | |
| Base Revenue Changes | | | | | | | | |
| <i>2014 Base Reserve Contribution</i> | | | (25,100.0) | (12.7%) | | | | |
| <i>City funding of Toronto Pooling subsidy</i> | | | (37,980.0) | (19.2%) | | | | |
| Base Revenue Change | | | (63,080.0) | (31.9%) | | | | |
| Sub-Total | (5.3) | (11,882.3) | (72,897.4) | (36.9%) | (2,480.0) | | | |
| Total Changes | (5.3) | (11,882.3) | (72,897.4) | (36.9%) | (2,480.0) | | | |

The 2014 recommended service changes consists of base expenditure reductions of \$9.817 million net and base revenue changes of \$63.080 million net, bringing the 2014 Recommended Base Budget to \$197.441 million net or 9.4% below the 2013 Approved Budget of \$217.814 million net.

The net incremental impact on the 2015 and 2016 Operating Budget is \$125.150 million, and \$56.330 million respectively, which includes the funding gap due to the loss in provincial and federal funding.

The 2014 recommended service changes and 2015 and 2016 incremental impacts are discussed below:

Base Expenditure Changes: (Savings of \$11.882 million gross, \$9.817 million net)

Savings in Social Housing Cost Drivers to Reflect Actual Experience (\$6.099 million gross, \$4.098 million net)

- Reductions to the Social Housing Budget of \$4.098 million net have been included to reflect actual experience. In the past years, the budget for Social Housing was established prior to the official CPI index release; consequently, the cost drivers that were impacted by CPI indexing were often budgeted at higher levels than actual expenditures. (Please see discussion in Issues Section pg 22.)

Reduction in TCH Garbage Levy (\$3.000 million gross and net)

- TCH has introduced efficiency measures to reduce the cost of waste disposal, a base reduction of \$3.000 million has been included that reduces the TCH garbage levy subsidy, reducing the 2013 garbage subsidy of \$5.480 million to \$2.480 million, with the remaining \$2.480 million to be eliminated in 2015. (Note: TCH is partnering with Solid Waste Management Services to implement strategies that will increase diversion rates in TCH facilities).

Absorb Non-labour Economic factors (\$1.632 million gross and net)

- SSHA will absorb \$1.632 million gross and net by reducing inflationary adjustments for City operated and purchased service providers. By absorbing the inflationary adjustments, the increase in the 2014 cost of providing shelter services will be minimized.

Reduction of Actual Expenditures to Reflect Actual Experience (\$0.885 million gross and \$0.822 million net)

- After a detailed review of actual expenditures trends, reductions of \$0.822 million net are recommended, with savings to be realized primarily in hostel services expenditures, principally in contracted and purchased services.

Shift realignment in Shelter Services

- Shelter Services has reduced its staff complement by 5.3 positions, realigning the shifts of part-time hostel staff and Streets to Homes shift workers to more effectively reflect operational activities, resulting in savings of \$0.265 million.

Base Revenue Changes: (\$63.080 million net)

- Base Reserve Contribution for Social Housing Reserve Funds (\$25.100 million) required to fund 2014 Social Housing pressures.
- One-time City funding (\$37.980 million) available from deferred interest on the repayment of Provincial amalgamation loan used to offset the 2014 incremental loss of the Toronto Pooling Compensation that will total \$113.940 million by 2016.

2014 Recommended New / Enhanced Service Priority Actions

(In \$000s)

| Description | 2014 Recommended | | | Net Incremental Impact | | | |
|--|--------------------|------------------|---------------|------------------------|-------------|------------------|-------------|
| | Gross Expenditures | Net Expenditures | New Positions | 2015 Plan | | 2016 Plan | |
| | | | | Net Expenditures | # Positions | Net Expenditures | # Positions |
| Enhanced Services Priorities | | | | | | | |
| Purchase of Service Volume Change | 1,487.0 | | | | | | |
| Purchase of Service Rate Increase | 850.3 | | | | | | |
| Security Services for 129 Peter Street | 87.0 | | | | | | |
| Sub-Total | 2,424.3 | | | | | | |
| New Service Priorities | | | | | | | |
| 30 Bed Women's Shelter | 600.0 | | | 600.0 | | | |
| Sub-Total | 600.0 | | | 600.0 | | | |
| Total | 3,024.3 | | | 600.0 | | | |

From January through June 2013, Shelter Services reported occupancy levels of 96% in the shelter system. In response, through recommendations in "CD19.1 "Update on Emergency Shelter Services", of April 4, 2013, Council directed that the Program provide a level of service that supports a 90% shelter occupancy rate. In response to this direction and to address the increase demand for additional beds, the following two enhanced service priorities are recommended that will increase shelter capacity by providing 72,693 additional bed nights in 2014, which will increase budgeted volumes to 1,438,443 from the 2013 bed night volumes of 1,365,750. Funding for these new services will be provided through the Social Housing Reserve Funds.

Recommended Enhanced Service Priorities*Purchase of Service Volume Change (\$1.487 million gross and \$0 net)*

To ease the pressure of accessing shelter beds, funding of \$1.487 million for an additional 30,441 permanent bed nights is recommended, with service requirements to be met by the purchase of service for flex-bed shelters.

Purchase of Service Rate Increase (\$0.850 million gross and \$0 net)

- An additional 1% per diem increase for the POS shelter system of \$0.850 million is recommended to fund inflationary impacts on the City's 46 purchased service providers. Purchased service providers have not received a per diem increase since 2010. This additional funding will be used to support cost of living increases for salaries and benefits and other operating costs, which in past years have been absorbed by the service providers.

Security Positions for 129 Peter Street (\$0.087 million gross and \$0 net)

- In order to enhance the safety of clients and staff, additional security services are required at the Street to Homes Assessment and Referral Centre for \$0.087 million. There will be no change in staff complement, as services will be provided by Facilities Management through an IDC.

Recommended New Service Priorities

New 30 Bed Women's Shelter (\$0.600 gross \$0 net 2014; \$0.600 million net \$0 net 2015)

- A new 30 bed purchased service women's shelter is proposed, with service to begin starting July, 2014. This funding will provide an additional 10,950 bed nights, for \$1.200 million with \$0.600 million required from July through December, 2014, and \$0.600 million required from January through June, 2015.

**2015 and 2016 Plan
(In \$000s)**

| Description (\$000s) | 2015 - Incremental Increase | | | | | 2016 - Incremental Increase | | | | |
|--|-----------------------------|--------------------|------------------|----------|-------------|-----------------------------|-------------------|-----------------|----------|-------------|
| | Gross Expense | Revenue | Net Expense | % Change | # Positions | Gross Expense | Revenue | Net Expense | % Change | # Positions |
| Known Impacts: | | | | | | | | | | |
| Progression Pay | | | | | | | | | | |
| Step Increases | | | | | | | | | | |
| COLA and Fringe Benefits | 2,120.0 | | 2,120.0 | | | 750.0 | | 750.0 | | |
| Annualization of new 30 bed shelter | 600.0 | | 600.0 | | | | | | | |
| Reversal of one-time funding Rent Bank | | (1,430.0) | 1,430.0 | | | | | | | |
| Operating Impact of Capital | | | | | | | | | | |
| Drop in Federal funding | | (9,050.0) | 9,050.0 | | | | (8,960.0) | 8,960.0 | | |
| Loss of TPC Pooling | | (75,960.0) | 75,960.0 | | | | (37,980.0) | 37,980.0 | | |
| Reserve draw reversal | | (28,120.0) | 28,120.0 | | | | | | | |
| Social Housing IAH Program | | 190.0 | (190.0) | | | | (490.0) | 490.0 | | |
| Sub-Total | 2,720.0 | (114,370.0) | 117,090.0 | | | 750.0 | (47,430.0) | 48,180.0 | | |
| Anticipated Impacts: | | | | | | | | | | |
| Economic factor adjustment | 1,630.0 | | 1,630.0 | | | 1,590.0 | | 1,590.0 | | |
| Increase in Social Housing pressures | 6,430.0 | | 6,430.0 | | | 6,560.0 | | 6,560.0 | | |
| Sub-Total | 8,060.0 | | 8,060.0 | | | 8,150.0 | | 8,150.0 | | |
| Total Incremental Impact | 10,780.0 | (114,370.0) | 125,150.0 | | | 8,900.0 | (47,430.0) | 56,330.0 | | |

Note COLA is excluded in 2016

Approval of the 2014 Recommended Base Budget for Shelter Support and Housing administration will result in a 2015 and 2016 incremental increase of \$125.150 million and \$56.300 million respectively to maintain the 2014 level of service.

Future year incremental costs are primarily attributable to the following:

Known Impacts

- COLA, Progression Pay and Fringe Benefits are estimated to increase by \$2.120 million in 2015, with Progression Pay and Fringe Benefits projected to increase in \$0.750 million in 2016. COLA increases for 2016 are unknown as they are subject to contract negotiations.
- Social Housing subsidy reduction of \$9.050 million in 2015 and \$8.960 million in 2016 due to the loss of federal funding, resulting from the expiry of operating agreements.
- Loss of Toronto Pooling Compensation of \$113.940 million over the 2014 – 2016 period, with \$75.960 million in 2015, and \$37.980 million in 2016 as the Province phases out this funding during the 2014 – 2016 period. The 2015 Plan reflects the impact of the loss of the 2014 increment of \$37.980 million (offset by deferred interest on the Provincial amalgamation loan) and the 2015 increment combined for \$75.960 million.
- Reversal of Reserve Withdrawal of \$28.120 million for 2015. The 2014 Recommended Operating Budget relies on the use of \$28.120 million from the Social Housing Reserve Funds to fund Social Housing pressures and new service requirements.
- Annualized cost of \$0.600 million for the creation of new 30 bed women's shelter approved in 2014.
- Loss of Investment in Affordable Housing (IAH) funding of \$0.190 million in 2015 and \$0.490 million in 2016, reflecting the end of the Provincial funding that supported the administration of new affordable housing project delivery. The Federal Government has

renewed the new IAH Program and negotiations are underway with the Provincial Government to execute the bi-lateral agreement for the 2015- 2019 program; renewal is expected in the first quarter of 2014.

- *Reversal of the one-time funding for the Rent Bank of \$1.430 million, which will be funded from CHPI in 2015 and in future years.*

Anticipated Impacts

- *Economic Factor* increase of \$1.630 million in 2015 and \$1.590 million in 2016, primary for the cost of maintaining the City's 16 shelter sites, and COLA for purchased service shelters.
- *Social Housing* net increase of \$6.430 million in 2015 and \$6.560 million in 2016, with increases required for annual indexing the subsidy to housing providers to be in compliance with the *Housing Services Act*, comprised of the adjustments inflation for Rent Geared to Income and Cost Factor subsidies, as well as mortgage renewals and property tax adjustments. The 2015 Plan includes the savings of \$2.480 million, the final phase-out of the \$5.480 million garbage levy funding for TCH.

V: ISSUES FOR DISCUSSION

2014 Issues

As noted in the following table, between 2011 and 2016 the portion of City funding required for the programming provided by Shelter, Support and Housing Administration is projected to increase from 36.7% to 57.3%. As the 2011 – 2013 period includes funding for the federal stimulus (Social Housing Renovation and Retrofit Program) of \$219.6 million, the 2013 to 2016 period presents a more accurate depiction of the effect the withdrawal of Federal –Provincial funding has on the City's capacity to continue to deliver social supports for the City's most vulnerable citizens.

When the funding requirements that comprise the 2016 projected gross expenditures of \$658.6 million are compared to the projected 2013 gross expenditures of \$666.4 million, the percentage of City funding increases \$140.3 million, or 21%. Comparatively, there is a decrease in the Provincial funding by \$125.7 million, or 18.9%, while the Federal share of the funding decreases by \$24.0 million or 3.6%.

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Change 2013 2016 | % Change |
|---|--------------|--------------|--------------|--------------|--------------|--------------|------------------------|-------------|
| Total Gross Expenditures | 835,372 | 764,302 | 666,370 | 638,953 | 649,739 | 658,648 | (7,722) | (1.2%) |
| Provincial Subsidies | 344,966 | 298,548 | 255,660 | 207,607 | 130,413 | 129,922 | (125,738) | (18.9%) |
| Federal Subsidies | 181,731 | 170,429 | 172,481 | 166,507 | 157,449 | 148,485 | (23,995) | (3.6%) |
| Sundry Revenues | 1,998 | 1,215 | 933 | 1,052 | 1,052 | 2,674 | 1,741 | 0.3% |
| Sub Total Other Funding | 528,695 | 470,192 | 429,074 | 375,166 | 288,913 | 281,081 | (147,992) | (22.2%) |
| Total City Funding | 306,678 | 294,109 | 237,297 | 263,787 | 360,826 | 377,567 | 140,270 | 21.0% |
| City Funding % of Gross Expenditures | 36.7% | 38.5% | 35.6% | 41.3% | 55.5% | 57.3% | | |

An analysis and discussion of these changes is presented below:

Loss of Toronto Pooling Compensation

Toronto Pooling Compensation (formerly GTA pooling) was established as an equalization mechanism to support social services and social housing, and would mitigate the disproportionate cost burden of providing social housing and social welfare services assumed by the City as a result of the Local Services Realignment in 1998. The formula for social housing equalization was identified in the Social Housing Reform Act, Ontario Regulation 642/00. Municipalities and regions within the GTA made a transfer payment to the City to help pay the cost of its social housing.

In its 2007 budget the Province announced that the GTA municipal pooling partners would have their payment obligations phased out over 6 years from 2007 through 2012 and that the Province would undertake the responsibility for all suburban pooling payment obligations, replacing the GTA pooling with the Toronto Pooling Compensation (TPC) subsidy program.

At its meeting on July 9, 2013, City Council was advised in staff report entitled "The Impact of the Loss of the Provincial Toronto Pooling Compensation," (CC37.5) that the Province would

be eliminating the TPC by phasing out this funding over the three-year period, starting in 2014, with the final phase to be eliminated in 2016. This change will eliminate \$113.940 million in Social Housing base funding, and \$35.380 million in base funding for Toronto Employment and Social Services.

The TPC funding has been used by Social Housing to administer social housing programs across the City by providing subsidies to the social housing providers. The withdrawal of this funding places a significant burden on the City, as the City must maintain the subsidy levels in accordance with prescribed legislation under the Housing Services Act (HSA). The loss of this funding is equivalent to a tax increase of 1.8% in 2014 and a cumulative impact of 5.4% by 2016.

At the same time, the Province advised the City that the amalgamation loan to the Province would be cancelled. It was assumed by the Province that the impact would be neutral. The City had an outstanding obligation and established a prior provision for the interest repayment on the loan, however this is not a budgeted provision and therefore the use of the deferred interest is a one-time funding source only. The City will reverse approximately \$38.0 million in accumulated budget provision for interest on this loan. The City will use the deferred interest to offset the first- year funding loss, delaying the impact of the loss of the subsidy until 2015, as an interim measure given that the late announcement offered no time for the City to prepare for this accelerated loss of funding.

The table in the next section shows the impact of the loss in the TPC, and the effect of delaying the 2014 impact of \$37.980 million until 2015, by using the deferred interest as a one-time funding source in 2014. As the deferred interest only provides a one-time offset, the incremental impact will be \$75.960 million in 2015. By 2016, the final incremental shortfall of \$37.980 million will occur, creating a funding gap of \$113.940 million.

On-going, Unfunded Social Housing Pressure

This loss of provincial support is not the only Social Housing funding pressure the City faces. As noted in the table below, the need to annually index Social Housing costs to CPI, the loss of federal funding, and the depletion of the program reserves creates a situation that is unsustainable for the City to manage without additional support from other orders of government.

| Summary of Unfunded Social Housing Pressures | | | | |
|---|-------------|----------------|---------------|----------------|
| Pressures | 2014 | 2015 | 2016 | Total |
| Loss of Toronto Pooling Compensation * | | 75,960 | 37,980 | 113,940 |
| Loss of Federal Subsidy | 4,729 | 9,050 | 8,960 | 22,739 |
| Social Housing CPI Cost Factor Indexed Increases ** | (4,383) | 6,430 | 6,560 | 8,607 |
| Reversal of Reserve Funding | | 25,100 | | 25,100 |
| Total | 346 | 116,540 | 53,500 | 170,386 |

* 2014 increment funded through deferred interest on Provincial amalgamation loan

** 2014 Social Housing costs adjusted for CPI indexing

** Prescribed by *Housing Services Act*, with 2015, 2016 estimates

- As noted in the table above and in the 2015 and 2016 Plans, Social Housing is continuing to bear the ongoing pressure of the loss of Federal Subsidy and the inflationary impacts required to fund social housing providers in accordance with the obligations prescribed in the Housing Services Act.
 - Loss in Toronto Pooling Compensation (2014 – 2016 \$113.940 million) resulting from the elimination of TPC by the Province over a period of three years.
 - Loss of Federal Subsidy (2014 – 2016 \$22.739 million net) resulting from the expiry of mortgages on properties under administration, which results in the need for the City to fund the subsidy loss. As the City is legislatively required to maintain existing service levels, if the City does not fill the funding gap, the housing provider may not be able to keep the properties affordable, and reset the units at market rates.
 - Social Housing CPI Cost Factor increases (2014 – 2016 \$8.607 million net) Savings of \$4.383 million net in 2014 (alignment of past years' cost drivers resulting from overstatement of CPI indexing), offset increase of \$6.430 million in 2015 and \$6.560 million in 2016, with increases required for annual indexing the subsidy to housing providers to be in compliance with the *Housing Services Act*, comprised of the adjustments inflation for Rent Geared to Income and Cost Factor subsidies, as well as mortgage renews and property tax adjustments.
 - Depletion of Reserve (2015 \$25.100 million) One-time Program Reserves will be depleted in 2015.
- This lost funding continues to create a significant pressure on the City, with the City's tax base the only source of revenue.
- It is requested that the General Manager of Shelter, Support and Housing Administration and the Chief Financial Officer report back on a funding strategy for the loss of the Toronto Pooling Compensation in time for the 2015 Budget process; and
- It is further requested that City Council request the Province to reverse its decision to eliminate Toronto Pooling Compensation and reinstate the Provincial subsidy so that the City can meet the legislative requirements of Social Housing.

2014 Changes in Social Housing Base Budget

As noted in the following table, the 2014 Recommended Operating Budget for Social Housing reflects increased pressures of \$17.185 million, which were offset by the one-time transfer of deferred interest on the provincial amalgamation loan of \$37.980 million and a draw from the Social Housing Reserves of \$25.100 million.

| 2014 Social Housing Changes | (\$000s) | | |
|--|------------------|------------------|------------------|
| | Gross | Revenue | Net |
| 2013 Approved Budget | 467,003.7 | 324,454.2 | 142,549.5 |
| Reversal of Reserve Funding | 0.0 | (26,057.7) | 26,057.7 |
| Reversal of Provincial Programming * | (5,743.2) | (5,743.2) | |
| 2014 Adjusted Budget | 461,260.5 | 292,653.3 | 168,607.2 |
| Loss of Toronto Pooling Compensation | | (37,980.0) | 37,980.0 |
| Mortgage Renewals | (1,440.1) | | (1,440.1) |
| RGI/ Rent Supplement Increases | 7,448.2 | | 7,448.2 |
| Cost Factor Increases | (4,382.7) | | (4,382.7) |
| Property Tax Increases | (5,523.5) | | (5,523.5) |
| Property tax Capital Decrease (Municipal Capital Facility Agreement) | (18,426.6) | | (18,426.6) |
| Garbage Levy (\$5,480.2) | (3,000.0) | | (3,000.0) |
| Federal Subsidy | | (4,729.2) | 4,729.2 |
| Debentures | (1,531.2) | (1,531.2) | 0.0 |
| Settlements | (200.0) | | (200.0) |
| Other 3 rd party funding ** | (470.0) | (470.0) | 0.0 |
| Changes for 2014 | (27,525.9) | (44,710.4) | 17,184.5 |
| One-time transfer from Deferred Interest | | 37,980.0 | (37,980.0) |
| Contribution from Reserve Funds *** | | 25,099.6 | (25,099.6) |
| 2014 Recommended Budget | 433,734.6 | 311,022.5 | 122,712.1 |

* Federal stimulus and other grants programming

** Section 37/45 funding

*** Total 2014 Reserve draw of \$28,124, with \$25.100 million required to maintain 2013 Social Housing service levels; \$3.024 million recommended for new shelter priorities

Excluding the \$18.427 million reduction in the TCHC subsidy for the remaining properties that have been reassessed and declared exempt from municipal tax assessment following the reclassification of the remaining properties through the Municipal Capital Facilities Agreement, the Social Housing cost drivers have increased by \$35.611 million net between 2013 and 2014, as noted below:

The following pressures comprise the 2014 pressures of \$50.157 million:

- Loss of Toronto Pooling Compensation funding of \$37.980 million, following provincial announcement in July, 2013.
- Loss of federal funding of \$4.729 million, reflecting the expiry of the mortgage on properties under administration between the City and TCH.
- Increase in Rent-Geared-to-Income subsidy of \$7.448 million, which pays the social housing provider the difference between market rent and a prescribed percentage of the tenant's income. Of this amount, \$3.756 million is attributable to the conversion of units under expired operating agreement to Rent Supplement agreement, as the expiry of the mortgages with the federal government results in the need for the City to re-negotiate a

new operating agreement with the housing provider, at which time a more expensive rent subsidy that is indexed to inflation replaces the original non-indexed rent subsidy agreement.

The following savings included in the recommended base budget of \$14.546 million are summarized below:

- Savings of \$10.106 million are recommended through reducing the subsidy for the following cost drivers to reflect actual experience: cost factor increases of \$4.383 million; property tax assessments of \$5.523 million; and settlements of \$0.200 million. These reductions recognize that the budget for Social Housing is established prior to the official CPI index release, and as a result, are normally budgeted at higher levels than actual experience.
- Savings of \$1.440 million for mortgage renewals based on principle renewals of \$155.0 million at a blended rate of 3%.
- Savings of \$3.000 million has been included as a reduction to the TCH subsidy for garbage levy. In 2011, TCHC introduced efficiency measures to reduce the cost of waste disposal by improving the compact rates and reducing the number of pick-ups. The \$3.000 million reduction reduces the 2013 garbage levy subsidy of \$5.480 million to \$2.480 million, with the remaining \$2.480 million to be eliminated in 2015. TCH is partnering with Solid Waste Management Services to implement strategies that will increase diversion rates in TCH facilities.

Declaration of TCHC Properties as Municipal Housing Capital Facilities

- The 2013 Approved Operating Budget for SSHA included a reduction of \$55.600 million gross and net that reduced the subsidy to TCH that was used to pay the municipal tax component of the properties that were declared municipal housing capital facilities and therefore are exempt from property taxes.
- The 2014 Recommended Operating Budget includes a further reduction of \$18.426 million gross and net that represents the remaining TCH properties that were identified as being eligible for exemption under the Municipal Housing Capital Facilities exemption.
- This reduction represents the municipal tax valuation of approximately 15,000 units in 91 properties that meet the affordable criteria and were included in October 25 2011, report EX11.6, "Toronto Community Housing Corporation-Declaration as Municipal Housing Capital Facilities and Exemption from Municipal and School Property Taxes". The Municipal Property Assessment Corporation (MPAC) has now reviewed these properties and has confirmed the valuation for purposes of the declaration.
- This change in status will reduce TCHC's costs through creating municipal and education property tax exemptions of \$18.426 million. Making these properties tax exempt under the Municipal Housing Capital Facilities By-law will result in net savings to TCH of \$2.326 million, representing the Provincial education share of taxes that will no longer be payable. As directed by Council, in EX11.6, TCHC will continue to receive the \$2.326 million in subsidy payments, and will use these funds to reduce the SOGR backlog in its housing stock.

- 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 TCH.
- *Depletion of Program Reserve Funds*

Two reserve funds are dedicated to fund Social Housing: the Social Housing Stabilization Reserve, which was established in 2001 and the Social Housing Federal Reserve Fund, which was established in 2002.

The 2014 Recommended Operating Budget includes a contribution from the Social Housing Federal Reserve Fund of \$28.124 million, \$25.100 million as a base revenue change, and \$3.024 million to fund new service priorities.

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 2014 use of these funds as a revenue source to fund the 2014 base budget and new priorities will leave \$27.045 million to fund future pressures. Because the 2014 withdrawal only provides a one-time funding source, to maintain 2014 service levels, an additional incremental funding of \$28.124 million will be required in 2015, which will fully deplete the reserve funds. Additional operating pressure resulting from the loss of the pooling compensation of \$113.940 million (2014 – 2016) will further exasperate the funding shortfall, with SSHA requiring ongoing property tax funded increases, if the service levels included in the 2014 Recommended Operating Budget are to be maintained.

The following table summarizes activity of the social housing reserve funds since their inception:

| SOCIAL HOUSING RESERVE FUNDS | | | | | | | |
|--|-------------------|-----------------|-----------------|------------------|-------------------|-------------------|-----------------------------|
| (000's) | 2001-2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total Reseves XR2105 XQ1106 |
| Beginning Balance | 0.0 | 29,886.1 | 30,580.3 | 31,865.7 | 32,307.5 | 55,169.1 | 29,886.1 |
| Add: | | | | | | | |
| Provincial Downloading Transfer | 12,379.6 | | | | | | 12,379.6 |
| Divisional Net Surplus | 24,069.0 | | | | | | 24,069.0 |
| Federal Transfer | 30,890.0 | | | | | | 30,890.0 |
| GTA Pooling Adjustment | 13,157.5 | | | | | | 13,157.5 |
| Transfer of City Surplus | 1,339.7 | | | 6,858.0 | 34,134.7 | | 42,332.4 |
| Investment Income | 21,628.8 | 694.2 | 1,285.4 | 83.8 | 184.6 | | 23,876.8 |
| Total additions | 103,464.6 | 694.2 | 1,285.4 | 6,941.8 | 34,319.3 | | 146,705.3 |
| Less: | | | | | | | 0.0 |
| Draw to fund Social Housing | (42,599.8) | 0.0 | 0.0 | (6,500.0) | (11,457.7) | (25,099.6) | (85,657.1) |
| Draw to fund Shelter Services | | | | | | (3,024.2) | (3,024.2) |
| Loan/Grant to Housing Providers for SOGR | (25,978.7) | | | | | | (25,978.7) |
| Loan/Grant to TCHC for SOGR | (5,000.0) | | | | | | (5,000.0) |
| Total withdrawals | (73,578.5) | 0.0 | | (6,500.0) | (11,457.7) | (28,123.8) | (119,660.0) |
| Ending Balance | 29,886.1 | 30,580.3 | 31,865.7 | 32,307.5 | 55,169.1 | 27,045.3 | 27,045.3 |

- Although the 2013 reserve contribution was budgeted at \$26.057 million, due to 2013 Program under spending of \$12.100 million (primarily in Social Housing), and due to the unexpected receipt of additional Provincial funding of \$2.500 million, Program year-end projections require a withdrawal of \$11.457 million in 2013.
- The longevity of the reserve was extended with the past years' Council decisions that added \$6.858 million of City surplus from 2012 and allocated \$34.135 million from the Bank Tower settlement to the program reserves.

Affordable Housing Grants

The 2014 Recommended Operating Budget includes funding for the Affordable Housing development loans/ grants, which are summarized in the following table:

| Project Name | 2014 DCRF* | 2014 Provincial Funds | 2014 Total | Number of Units |
|---|--------------|-----------------------|-----------------|-----------------|
| Habitat For Humanity | 100.0 | | 100.0 | 10 |
| Home Ownership Assistance | 100.0 | 0.0 | 100.0 | 10 |
| Delivery Agent Not Yet Chosen | | 634.1 | 634.1 | 17 |
| Home Ownership Wave 1 | 0.0 | 634.1 | 634.1 | 17 |
| Habitat For Humanity | | 50.0 | 50.0 | 1 |
| Home Ownership Wave 2 Year 1 | 0.0 | 50.0 | 50.0 | 1 |
| Delivery Agent Not Yet Chosen | | 351.6 | 351.6 | 10 |
| Home Ownership Wave 2 Year 2 | 0.0 | 351.6 | 351.6 | 10 |
| Medallion - 3415 Weston Road Ltd | | 6,240.0 | 6,240.0 | 148 |
| TCHC - 230 Sackville | | 1,140.0 | 1,140.0 | 50 |
| TCHC - 180 Sackville | | 2,640.0 | 2,640.0 | 40 |
| TCHC - Block 24 | | 5,640.0 | 5,640.0 | 47 |
| New Affordable Rental Housing | 0.0 | 15,660.0 | 15,660.0 | 285 |
| Delivery Agent Not Yet Chosen | | 9,815.0 | 9,815.0 | 487 |
| Toronto Renovates | 0.0 | 9,815.0 | 9,815.0 | 487 |
| Total | 100.0 | 26,510.7 | 26,610.7 | 810 |
| * DCRF - Development Charges Reserve Fund | | | | |

Impact of Community Homelessness Prevention Initiative (CHPI)

In July of 2012, the Province introduced the new Community Homelessness Prevention Initiative (CHPI), which started in January, 2013, and replaced the previous funding agreements across the Province for Emergency Hostels, Consolidated Homelessness Prevention Program (CHPP), Rent Bank, Emergency Energy Fund, and Domiciliary Hostels.

Although 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. This change presents financial risks to the City, as the City's emergency hostel service delivery must be managed within a fixed funding envelope.

As noted in the following table, the CHPI funding model provides \$72.0 million in base revenue for Shelter Services in 2013, \$3.4 million less than the 2012 Provincial funding administered by the Ministry of Municipal Affairs and Housing and the Ministry of Community and Social Services. As 2013 was a transitional year, the Province provided one-time transitional funding of \$3.0 million, which has been reversed from the 2014 Recommended Base Budget.

| (in 000's) | |
|---|------------------|
| 2012 Base Revenue Structure | |
| Consolidated Homeless Prevention Program | \$17,600 |
| Emergency Hostels Program | 56,200 |
| Rent Bank | 1,600 |
| | \$ 75,400 |
| 2013 CHPI Base Funding | |
| | 72,000 |
| One-time transition funding | 3,000 |
| | \$75,000 |
| 2014 Recommended Revenue Budget | |
| | 75,000 |
| Reversal of One-time transitional funding | (3,000) |
| New Enhanced Service Priorities - Funded from Reserves | |
| Purchase of Service Volume Change | 1,487 |
| Purchase of Service Rate Increase | 850 |
| 30 Bed Women's Shelter | 600 |
| Enhanced Security at 129 Peter Street | 87 |
| | 3,024 |
| 2014 Recommended Revenue | \$ 75,024 |

- Throughout 2013 Shelter Services has experienced greater demand for its services, and as a result, has included two new priority actions for \$2.087 million that will increase Shelter Service capacity by 41,391 bed nights to help fill the gap in program capacity. While the Ontario Works funding model provided funding based on volumes, after one year of the

new model being in place which provides funding based on a capped envelope, the City has been forced to provide \$2.087 million to meet expanding demand requirements.

- For 2013, Shelter Services used the \$3.0 million one-time Province funding to activate 172 flex beds in an effort to address an increase in demand. For 2014, the increased demand for shelter beds is ongoing, but as the Provincial transitional funding was only one-time, the City must fund the increase in demand through increasing the use of program reserves, which are projected to be depleted in 2015.

Hostel Services Volumes and Costs

As noted in the following table, the 2014 Recommended Operating Budget reflects an increase in budgeted volumes of 72,693, or 5.3% with budgeted bed nights volumes increasing to 1,438,443 from the 2013 approved bed night volumes of 1,365,750.

| Hostel Description | Bednight Volume | | | | | | | |
|------------------------------|------------------|------------------|-------------------------|------------------|--------------------------------|--------------------|------------------|--------------------------------|
| | 2012 | 2013 | | | | 2014 | | |
| | Actuals | Budget | Projected Bednights (1) | Capacity (2) | Projected Occupancy % e=c/d | Budgeted Bednights | Capacity (3) | Projected Occupancy % h=f/g |
| a | b | c | d | | f | g | h=f/g | |
| Coed Shelters | 122,622 | 120,710 | 123,738 | 125,925 | 98.3% | 123,032 | 127,020 | 96.9% |
| Family Shelters | 338,559 | 308,443 | 343,674 | 421,940 | 81.5% | 324,981 | 421,940 | 77.0% |
| Men Shelters | 560,337 | 545,484 | 559,576 | 595,336 | 94.0% | 558,704 | 595,680 | 93.8% |
| Seasonal Shelters | 27,282 | 28,987 | 48,094 | 63,780 | 75.4% | 55,939 | 70,840 | 79.0% |
| Women Shelters | 191,139 | 188,104 | 195,381 | 197,672 | 98.8% | 196,061 | 201,525 | 97.3% |
| Youth Shelters | 178,893 | 174,022 | 171,320 | 193,085 | 88.7% | 179,726 | 193,085 | 93.1% |
| TOTAL (DOS & POS) | 1,418,832 | 1,365,750 | 1,441,783 | 1,597,738 | 90.2% | 1,438,443 | 1,610,090 | 89.3% |

Notes:

- (1) Projected year-end actual bednights as of September 30, 2013
- (2) Includes 172 flex beds from April 12, 2013 and 30-bed women shelter in POS from November 15, 2013
- (3) Includes 30-bed women shelter in POS from July 1, 2014

- In response to the January – June 2013 shelter occupancy levels of 96%, Council directed that the Program provide a level of service that supports a 90% shelter occupancy rates (CD19.1 "Update on Emergency Shelter Services", of April 4, 2013). In order to achieve this service level, two new service priorities are recommended that increase shelter capacity by 41,481 beds that will help achieve an estimated occupancy level of 89.3%.
- In response to City Council's and Community Development and Recreation Committee's request for information about capacity and use of the emergency shelter system, and in response to the needs identified in the 2013 Streets Needs Assessment, the Program has implemented system changes that have also helped reduce the overall occupancy rates to 91% in mid-November. The Program will be providing an update to City Council on the current capacity and client access to Community Development and Recreation Committee at its meeting of December 4, 2013.

- In the event that occupancy levels change and result in the need for further changes in shelter capacity, 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 budget.

Issues Referred to the 2014 Operating Budget Process

Service Efficiency Study Implementation – Status Update

Update on 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. One area of specific focus for this study was to identify and recommend opportunities for improved efficiency and cost savings in the Hostel Services delivery model. Through this review, the four specific opportunities for savings were identified:

- 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.

SSHA provided recommendations in its report to Community Development and Recreation of May 8 2013, CD22.9 "Response to the Service Efficiency Study Recommendations for Hostel Services". Staff recommended that a Request for an Expression of Interest for outsourcing food services, property management, and shelter operations be issued. At its meeting of June 11, 2013, City Council referred the report back to Community Development and Recreation Committee for further consideration. At the meeting of June 26, 2013, Community and Recreation Committee deferred the item indefinitely.

Standing Committee Service Level Review Impacts (In \$000s)

| Description (\$000s) | 2014 | | | Net Incremental Impact | | | |
|-----------------------------------|-------------------|-----------------|---------------|------------------------|-------------|-----------------|-------------|
| | Gross Expenditure | Net Expenditure | New Positions | 2015 Plan | | 2016 Plan | |
| | | | | Net Expenditure | # Positions | Net Expenditure | # Positions |
| Service Level Changes Recommended | | | | | | | |
| Purchase of Service Volume Change | 1,487.0 | | | | | | |
| Sub total | 1,487.0 | | | | | | |
| Not Recommended | | | | | | | |
| Sub total | | | | | | | |
| Total | 1,487.00 | | | | | | |

At its meeting of October 1, 2013, Council amended CD23.10 "2014 Service level Review – Community Development and Recreation Programs" and recommended that the necessary resources be included in the 2014 Recommended Budget without Divisional service level cuts, subject to the 2014 budget review process.

Recommendation 1e directed that " Actual bed nights as a percentage of capacity to never fall below the Council approved rate of 90%," and recommended that the necessary resources be included in the 2014 Recommended Budget without Divisional service level cuts, subject to the 2014 Budget review process.

This proposal would require an increase in purchased shelter bednights by 3.3% from 2013 volumes, and would help to bring the 2014 estimated volumes closer to the experience of 2013. An increase of 30,441 bed nights would extend the activation of flex bed usage, allowing the flex beds to be used throughout the entire year. The estimated costs associated with the beds would be \$1.487 million gross and net.

An enhanced service priority of \$1.487 million that increases Shelter Services bednight capacity by 30,441 is funded in the 2014 Recommended Operating Budget for Shelter, Services and Housing Administration.

Appendix 1

2013 Service Performance

2013 Key Accomplishments

In 2013, Shelter Services and Housing Administration achieved the following results:

Homeless and Housing First Solutions

- ✓ Provision of 1,441,783 bed nights to homeless clients
- ✓ Ongoing administration of Toronto Transitional Housing Allowance of \$51 million over five years
- ✓ Implementation of Basic Needs allowance in collaboration with Toronto Employment and Services
- ✓ Estimate of 450 new clients housed from the street, with 75% remaining in new homes after one year

Social Housing System Management

- ✓ Supported TCH's efforts to address capital repair backlog by facilitating Ministerial Consent Requirements
- ✓ Ongoing administration of Toronto Housing Allowance of \$51.0 million over five years
- ✓ Facilitated TCH's refinancing of mortgages with 2013 renewals
- ✓ Administered \$219.0 million capital repair program funded by federal and provincial governments
- ✓ Conducted review of Social Housing waiting list, to examine service delivery process

2013 Financial Performance

**2013 Budget Variance Analysis
(In \$000s)**

| (\$000s) | 2011 Actuals | 2012 Actuals | 2013 Approved Budget | 2013 Projected Actuals* | 2013 Approved Budget vs. Projected Actual Variance | |
|---------------------------|--------------|--------------|----------------------|-------------------------|--|--------|
| | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditures | 835,372.2 | 764,301.5 | 680,531.8 | 666,370.4 | (14,161.4) | (2.1%) |
| Revenues | 550,316.3 | 492,666.8 | 462,717.9 | 449,569.5 | (13,148.4) | 2.8% |
| Net Expenditures | 285,055.9 | 271,634.7 | 217,813.9 | 216,800.9 | (1,013.0) | (0.5%) |
| Approved Positions | 763.5 | 739.2 | 723.9 | 723.9 | | |

* Based on the 3rd Quarter Operating Budget Variance Report

** 2013 Budget adjusted to reflect transfer of the Emergency Planning Service to Cluster A

2013 Experience

- Shelter, Support and Housing Administration reported net under-spending of \$1.575 million or 1.2% for the nine-month period ended September 30, 2013. The net under-spending was primarily the result of savings in salaries and benefits from vacant positions, and from savings in contracted services. The variance was comprised of \$14.161 million or 2.1% in gross under-spending, reflecting savings in social housing, (saving in property taxes, mortgage payments, operating and rent geared to income subsidies); offsetting timing-related Federal and Provincial grant disbursements; and other operational under spending.
- Revenues were \$13.148 million or 2.8% lower than planned, reflecting a lower withdrawal of reserve funding for social housing subsidies, and offsetting timing related grant disbursements.
- Shelter, Support and Housing Administration forecasts year-end net under-spending of \$1.013 million or 0.5%, reflecting savings in salary and benefits and operations.
 - Under-spending of approximately \$12.1 million is forecast in the Social Housing Program, combined with an unexpected settlement from the Province of \$2.5 million, will result in a reduction to the reserve draw of \$14.6 million at year-end.
 - Shelter Services is projecting bed night actuals of 1,441,783, or 76,033 above the 2013 bed night budget of 1,365,750. The Program has funded this additional capacity from the \$3.0 million one-time CHPI transitional funding, with the gap in capacity accommodated through activating 172 flex-beds and a temporary women's shelter to the system.

Impact of 2013 Operating Variance on the 2014 Recommended Budget

- Projected 2013 operational savings of \$1.013 million will be available in 2014, with these savings identified as a base reductions through the line-by-line review of expenditures.

- Although the 2013 under spending in Social Housing is not projected to continue into 2014, the \$12.100 million in reserve funding budgeted in 2013 is not required, and will be used in 2014 to fund Social Housing costs.
- Increased demand for bed nights is expected to continue into 2014, with an additional 72,693 bed nights included in the 2014 budget. There are significant volume increases in the family, seasonal and women's sectors, with coed, men's and youth sectors projected to increase marginally. These volume changes result in the need for an increase in City funding, as the costs for the additional bed nights in 2013 were supported from the \$3.0 million Provincial transitional funding.

Appendix 2

2014 Recommended Total Operating Budget by Expenditure Category

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

| Category of Expense | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 Change from | | 2015 | 2016 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------|------------------|------------------|
| | Actual | Actual | Budget | Projected | Rec'd | 2013 Approved | | Plan | Plan |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 66,199.5 | 63,792.9 | 65,879.1 | 65,207.9 | 67,202.5 | 1,323.4 | 2.0% | 69,311.6 | 70,053.7 |
| Materials and Supplies | 3,875.6 | 4,042.7 | 4,409.2 | 4,220.5 | 4,270.7 | (138.5) | (3.1%) | 4,398.9 | 4,522.6 |
| Equipment | 126.8 | 115.8 | 207.8 | 145.1 | 176.6 | (31.2) | (15.0%) | 180.8 | 185.0 |
| Services & Rents | 64,241.7 | 64,128.5 | 68,621.8 | 66,711.7 | 68,356.7 | (265.1) | (0.4%) | 70,456.6 | 71,919.0 |
| Contributions to Capital | 2,133.4 | 1,253.5 | 1,169.8 | 1,761.2 | 1,162.7 | (7.1) | (0.6%) | | |
| Contributions to Reserve/Res Funds | | | | | | | | 1,162.7 | 1,162.7 |
| Other Expenditures | 697,694.9 | 574,349.2 | 539,232.3 | 527,239.0 | 496,672.6 | (42,559.7) | (7.9%) | 503,111.1 | 509,678.7 |
| Interdivisional Charges | 1,100.3 | 56,618.9 | 1,011.7 | 1,084.9 | 1,111.5 | 99.8 | 9.9% | 1,111.6 | 1,111.6 |
| Total Gross Expenditures | 835,372.2 | 764,301.5 | 680,531.7 | 666,370.3 | 638,953.3 | (41,578.4) | (6.1%) | 649,733.3 | 658,633.3 |
| Interdivisional Recoveries | 38.9 | 148.0 | 11.3 | 11.3 | 11.3 | | 0.0% | 11.3 | 11.3 |
| Provincial Subsidies | 231,032.7 | 184,584.7 | 140,088.7 | 141,724.7 | 131,649.6 | (8,439.1) | (6.0%) | 130,412.5 | 129,922.2 |
| Federal Subsidies | 181,731.4 | 170,429.1 | 172,480.6 | 172,480.6 | 166,507.2 | (5,973.4) | (3.5%) | 157,448.8 | 148,485.2 |
| Other Subsidies | 113,932.9 | 113,963.3 | 113,935.6 | 113,935.6 | 75,957.1 | (37,978.5) | (33.3%) | 37,978.5 | |
| User Fees & Donations | 1,124.6 | 790.9 | 922.4 | 861.0 | 902.4 | (20.0) | (2.2%) | 902.4 | 902.4 |
| Transfers from Capital Fund | 872.9 | 424.2 | 68.1 | 71.8 | 149.6 | 81.5 | 119.7% | 149.6 | 149.6 |
| Contribution from Reserve Funds | 18,603.7 | 20,105.4 | 34,514.4 | 10,334.3 | 28,319.8 | (6,194.6) | (17.9%) | 196.7 | 196.7 |
| Contribution from Reserve | | | | 9,366.9 | | - | | | |
| Sundry Revenues | 2,979.2 | 2,221.2 | 696.8 | 783.3 | 38,015.6 | 37,318.8 | 5355.7% | 42.8 | 45.2 |
| Required Adjustments | | | | | | | | | |
| Total Revenues | 550,316.3 | 492,666.8 | 462,717.9 | 449,569.5 | 441,512.6 | (21,205.3) | (4.6%) | 327,142.6 | 279,712.6 |
| Total Net Expenditures | 285,055.9 | 271,634.7 | 217,813.8 | 216,800.8 | 197,440.7 | (20,373.1) | (9.4%) | 322,590.7 | 378,920.7 |
| Approved Positions | 763.5 | 739.2 | 723.9 | 723.9 | 718.6 | | 0.0% | | |

2014 Key Cost Drivers

The 2014 Recommended Operating Budget of \$638.953 million gross is \$41.579 million lower than the 2013 Approved Operating Budget of \$680.532 million gross and \$197.441 million net is \$20.373 million lower than the 2013 Approved Operating Budget of \$217.814 million net.

The gross expenditures are comprised of the following expenditure groupings: Other Expenditures is the largest expenditure category and accounts for 77.6% of total expenditures, followed by Services and Rents at 10.7%, and Salaries and Benefits at 10.5%. The remaining 1.2% 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 2013 to 2014 are primarily attributable to the following categories:

Salaries and Benefits

- The 2014 Recommended Operating Budget for salaries and benefits has increased by \$1.323 million to fund COLA, Progression Pay, and increases in Fringe Benefits.

Other Expenses

- The 2014 Recommended Operating Budget for other expenses of \$496.673 million is \$42.560 million or 7.9% lower than the 2013 Approved Operating Budget, and includes adjustments to the subsidy to social housing providers of \$25.798 million, (including a reduction due the reduction in subsidy funding to TCHC that was provided for property tax payments of \$18.428 million); a reduction in Affordable Housing grants of \$8.487 million; and a reduction in the Federal stimulus, and provincial programming of \$7.655 million.

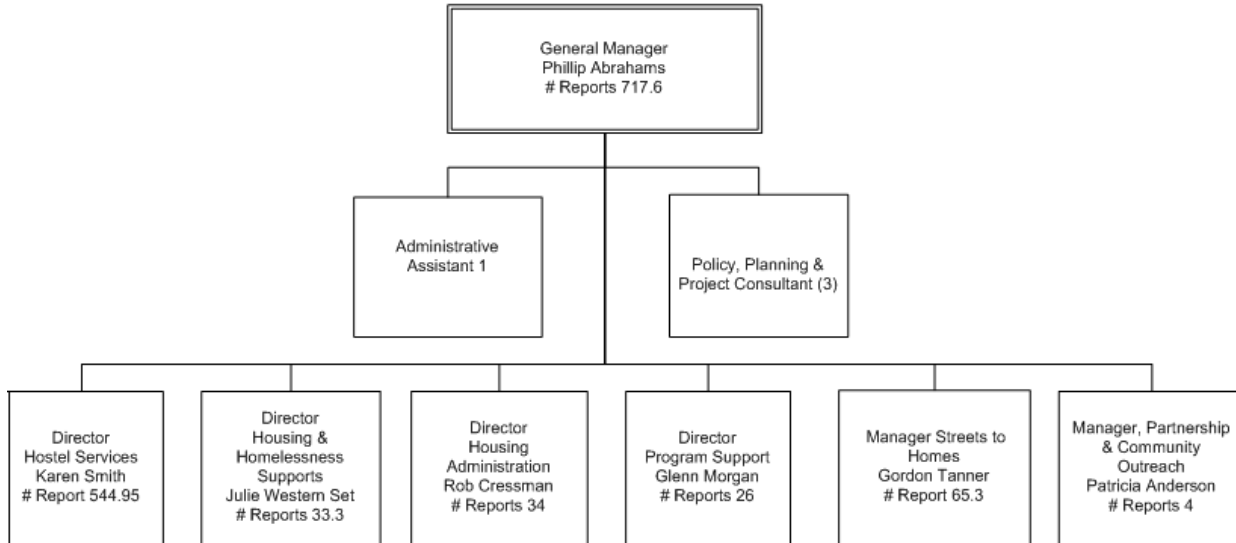
Revenues

- The 2014 Recommended Operating Budget includes a \$21.205 million reduction in revenues, reflecting a decrease of \$7.655 million in the Federal/Provincial stimulus funding and in other Provincial social housing grants; a reduction of \$8.487 million in Affordable Housing grants; and an additional reduction of \$4.729 million in Federal funding that supports social housing.

Other Subsidies / Sundry Reserves

- The 2014 Recommended Operating Budget includes the loss of Toronto Pooling Compensation of \$37.980 million reflecting the reduction in Other Subsidies, which is offset by the increase in Sundry Revenues of \$37.319 million, to provide a one-time funding of \$37.980 million from non-program to fill the funding gap.

Appendix 2 - Continued



2014 Full and Part Time Staff

| Category | Senior Management | Management | Exempt Professional & Clerical | Union | Total |
|--------------|-------------------|--------------|--------------------------------|--------------|--------------|
| Full-Time | 1.0 | 173.0 | 1.0 | 419.3 | 594.3 |
| Part-Time | | 16.7 | | 107.6 | 124.3 |
| Total | 1.0 | 189.7 | 1.0 | 526.9 | 718.6 |

Appendix 4

Summary of 2014 Recommended New / Enhanced Service Changes

2014 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

| Form ID | | Citizen Focused Services A Program: Shelter, Support & Housing Administration | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|---|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

| | | |
|------|--|--|
| 2076 | Purchase of Service Volume Change | |
|------|--|--|

| | | |
|----|---|---------------------|
| 72 | 1 | Description: |
|----|---|---------------------|

In the first half of 2013, shelters had consistently reported an occupancy of 96%. To ease some of the pressure of accessing shelter beds, Council requested staff to consider adding additional beds to bring occupancy down to 90%. To address this issue, \$1.487 million is recommended to provide increase funds offset by the Reserve Fund pressure next year.

Service Level Impact:

An additional 30,441 permanent bed nights to reduce occupancy rates with 71 beds to the emergency shelter system to help lower occupancy rates, service requirements primarily in the purchased service flex bed shelters.

Service: Homeless and Housing First Solutions

| | | | | | | |
|--------------------------|---------|-----|---------|-----|-----|-----|
| Total Staff Recommended: | 1,487.0 | 0.0 | 1,487.0 | 0.0 | 0.0 | 0.0 |
|--------------------------|---------|-----|---------|-----|-----|-----|

Service: Social Housing System Management

| | | | | | | |
|--------------------------|-----|---------|-----------|-----|-----|-----|
| Total Staff Recommended: | 0.0 | 1,487.0 | (1,487.0) | 0.0 | 0.0 | 0.0 |
|--------------------------|-----|---------|-----------|-----|-----|-----|

| | | | | | | |
|---|----------------|----------------|------------|------------|------------|------------|
| Staff Recommended New/Enhanced Services: | 1,487.0 | 1,487.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|---|----------------|----------------|------------|------------|------------|------------|

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

**2014 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)**

| Form ID | | Citizen Focused Services A Program: Shelter, Support & Housing Administration | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|---|----------------------|--------------|------------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 2087 | | Purchase of Service Rate Increase | | | | | | |
| 72 | 1 | Description: | | | | | | |
| | | To address the inflationary impacts on the City's 46 purchased service providers, an additional 1% per diem increase for the Purchase of Service shelter system for \$0.850 million is recommended. Purchased service providers have not received a per diem increase since 2011. | | | | | | |
| | | Service Level Impact: | | | | | | |
| | | The recommended funding increase of \$0.850 million will be used to support cost of living increases for salaries and benefits and other operating costs. | | | | | | |
| | | Service: Homeless and Housing First Solutions | | | | | | |
| | | Total Staff Recommended: | 850.3 | 0.0 | 850.3 | 0.0 | 0.0 | |
| | | Service: Social Housing System Management | | | | | | |
| | | Total Staff Recommended: | 0.0 | 850.3 | (850.3) | 0.0 | 0.0 | |
| | | Staff Recommended New/Enhanced Services: | 850.3 | 850.3 | 0.0 | 0.0 | 0.0 | |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

**2014 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)**

| Form ID | | Citizen Focused Services A Program: Shelter, Support & Housing Administration | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|---|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

2348 **Enhance Security Service at 129 Peter Street**

72 | 0 **Description:**

In order to enhance the safety of clients and staff, additional security services are required at the 129 Peter Street Assessment and Referral Centre for \$0.087 million. There will be no change in staff complement, as services will be provided by Facilities Management through an IDC.

Service Level Impact:

The recommended funding increase of \$0.087 million will allow Program to enhance security services required at the 129 Peter Street Assessment and Referral Centre.

Service: Homeless and Housing First Solutions

| | | | | | | |
|--------------------------|------|-----|------|-----|-----|-----|
| Total Staff Recommended: | 87.0 | 0.0 | 87.0 | 0.0 | 0.0 | 0.0 |
|--------------------------|------|-----|------|-----|-----|-----|

Service: Social Housing System Management

| | | | | | | |
|--------------------------|-----|------|--------|-----|-----|-----|
| Total Staff Recommended: | 0.0 | 87.0 | (87.0) | 0.0 | 0.0 | 0.0 |
|--------------------------|-----|------|--------|-----|-----|-----|

| | | | | | | |
|---|-------------|-------------|------------|------------|------------|------------|
| Staff Recommended New/Enhanced Services: | 87.0 | 87.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|---|-------------|-------------|------------|------------|------------|------------|

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

**2014 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)**

| Form ID | | Citizen Focused Services A Program: Shelter, Support & Housing Administration | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|--|----------------------|--------------|------------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 2975 | | Increase Bed Purchased Service at Women's Shelter | | | | | | |
| 72 | 0 | Description: | | | | | | |
| | | A new 30 bed purchased service women's shelter is recommended, with service projected to begin from July, 2014. | | | | | | |
| | | The recommended funding increase of \$1.200 million (\$0.600 million required from July to December 2014, and \$0.600 million required from January to June, 2015), additional 10,950 bed nights will be provided starting in July 2014. | | | | | | |
| | | Service: Homeless and Housing First Solutions | | | | | | |
| | | Total Staff Recommended: | 600.0 | 0.0 | 600.0 | 0.0 | 600.0 | 0.0 |
| | | Service: Social Housing System Management | | | | | | |
| | | Total Staff Recommended: | 0.0 | 600.0 | (600.0) | 0.0 | (600.0) | 0.0 |
| | | Staff Recommended New/Enhanced Services: | 600.0 | 600.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

| Form ID | | Citizen Focused Services A Program: Shelter, Support & Housing Administration | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|---|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

Summary:

| | | | | | | |
|---|----------------|----------------|------------|------------|------------|------------|
| Staff Recommended New/Enhanced Services: | 3,024.3 | 3,024.3 | 0.0 | 0.0 | 0.0 | 0.0 |
|---|----------------|----------------|------------|------------|------------|------------|

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds (In \$000s)

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Projected Balance as of Dec. 31, 2013 \$ | Proposed Withdrawals (-) / Contributions (+) | | |
|---|-------------------------------|---|--|-----------------|-----------------|
| | | | 2014 \$ | 2015 \$ | 2016 \$ |
| Projected Beginning Balance | XR2105 | 55,169.1 | 55,169.1 | 27,045.3 | 27,045.3 |
| Social Housing Federal Reserve Fund | | | | | |
| <i>Proposed</i> | | | | | |
| <i>Withdrawals (-)</i> | | | (28,123.8) | | |
| <i>Contributions (+)</i> | | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | 55,169.1 | 27,045.3 | 27,045.3 | 27,045.3 |
| Balance at Year-End | | 55,169.1 | 27,045.3 | 27,045.3 | 27,045.3 |