

Implementing Tenants First: A New Funding Model for Toronto Community Housing

Executive Committee

November 14, 2019



Funding to TCHC: 2014-2017

- In 2016, the Mayor’s Task force noted that the funding model was unsustainable and that “the subsidy TCHC receives does not bridge the gap between rents and rising costs, and TCHC is anticipating increasing operating deficits simply to meet their current standard of tenant services.”

Historical City Subsidy

	2014 (actual) \$ millions	2015 (actual) \$ millions	2016 (actual) \$ millions	2017(actual) \$ millions
Operating Subsidy	203.932	201.192	203.539	240.599
Capital Funding	-	-	-	-
Other funding	-	-	-	-
Total	203.932	201.192	203.539	240.599

Funding to TCHC: 2018-2019

- In 2017 through the Tenants First Implementation Plan, Council directed staff to:
 - Create an interim funding model for 2018 and 2019; and
 - Report on a permanent funding model in 2019 to be ready for the 2020 budget process.
- Both funding models were to include operating and capital components.

Interim Funding Model

	2018 (actual) \$ millions	2019 (projected) \$ millions
Operating Subsidy	241.422	238.219
Capital Funding	160.000	40.000
Other funding	-	133.111 (one time provincial funding)
Total	401.422	411.330

Criteria for the Permanent Funding Model

1. Be predictable and stable to allow for strategic property and asset management;
2. Encourage investments that reduce operating expenses (e.g. utility consumption);
3. Allow for inflationary increases to operating expenses (e.g. utility rates);
4. Be simpler to administer than the current model;
5. Improve accountability; and
6. Be sustainable and adequately fund building repair capital costs once Toronto Community Housing Corporation's backlog has been addressed to an appropriate FCI.

- Tenants First - Phase 1 Implementation Plan, 2017

Proposed Rent Supplement Model

- TCHC is subsidized up to an amount equivalent to 75% of Average Market Rent for rent-geared-to-income units to create a baseline revenue amount
- \$160M of this subsidy must be directed towards capital
- Each year a cost factor is added to the operational portion of the subsidy
- This amount is adequate to provide the desired service level and achieve the mandate

Financial Impact of Proposed Model (2020)

		2020*1 (Baseline Subsidy Level estimate) (\$ millions)
Operating Subsidy	75% of Average Market Rent was calculated using 2019 actuals to determine the baseline subsidy level estimate for the 2020 budget.	250.960
Capital Funding		160.000
Total		410.960

*1: 2020 forms the baseline revenue for the proposed funding model.

Benefits of Proposed Model

- A new and strengthened accountability framework will accompany the funding model to ensure regular oversight
- Provides for flexibility to move RGI subsidy within the affordable housing system
- Council will monitor through the City budget process