

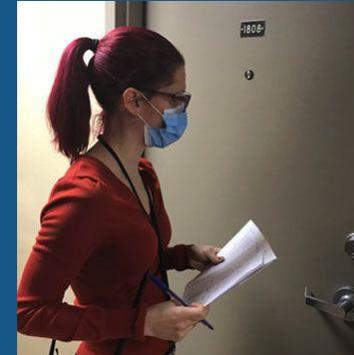
BUDGET TO

Toronto Community Housing Corporation

2022 Operating Budget and
2022-2031 Capital Budget & Plan
Briefing to Budget Committee

January 18, 2022

While we aim to provide fully accessible content, there is no text alternative available for some of the content within these pages. If you require alternate formats or need assistance understanding our charts, graphs, or any other content, please contact us at [phone number] or [email address].



Toronto Community Housing Corporation Services

Operating

Tenant Services



Building Operations



Community Safety and Supports

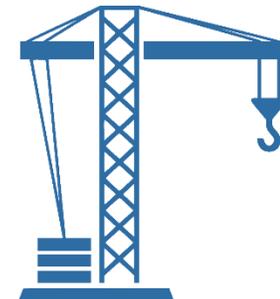


Capital

Building Repair Capital



Development Capital



Toronto Community Housing Corporation Outcomes

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



Tenants benefit from quality homes



Tenants receive consistent service to meet their needs



Tenants feel safe in their communities

TCHC Service Quality Indicators

Service Quality Indicators Process

- TCHC receives tenant feedback on the quality of service delivery across its 88 service hubs made up of 159 buildings/communities of buildings.
- The feedback is used to inform staff-to-tenant engagement and develop building level improvement plans aimed to improve frontline service quality and delivery.
- Feedback is collected across 17 service area metrics within the four service pillars.
- In the SQI model, staff and tenant jointly conduct building rounding and review the quality of service levels.

Indicators

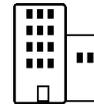
1



Cleaning

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

2



Building Maintenance

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

3



Tenancy Management

Sub-metrics: Tenant Notifications, Staff Responsiveness

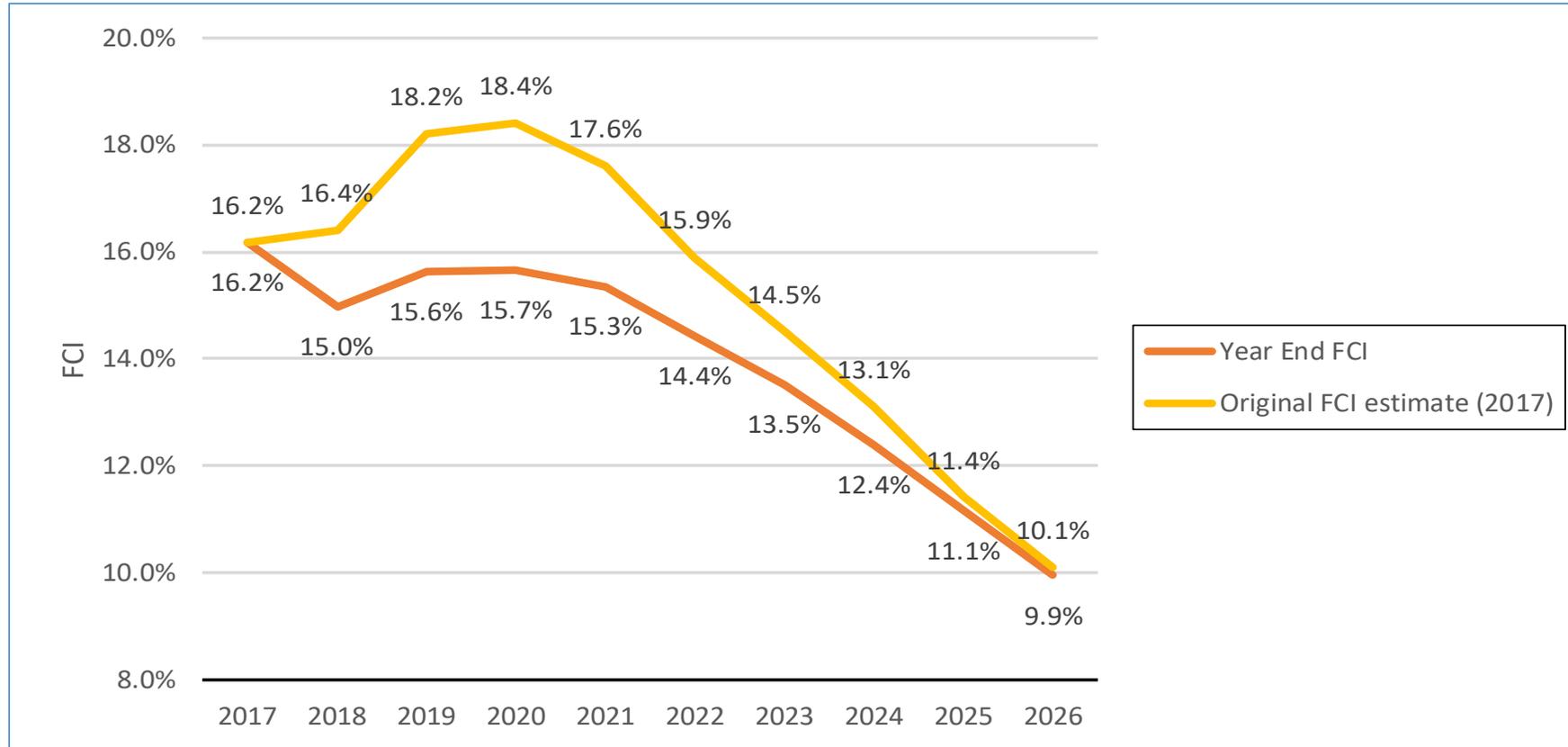
4



Community Safety and Supports

Sub-metrics: Access to Supports/Information; Partnerships; Isolation/Resiliency; Community Events; Tenant Empowerment; Building Infrastructure, Safety Incidents, CSU Presence

2021 Building FCI – Actuals and Projection



- The Facility Condition Index represents the number of building components reaching or exceeding the end of their useful life.
- An FCI of 10% or less is the industry standard for a state of good repair.
- With a fully funded capital repair plan, TCHC has reliably improved upon its capital projections and is on-track to reach a sustainable state of good repair in 2026

2022 Key Risks and Challenges



COVID-19 Impact and Recovery

- TCHC, like the City as a whole, has been significantly impacted by COVID-19, this is projected to continue into 2022 driving the following pressures:
 - (\$13.1M) shortfall in revenue, \$9.8M driven by reduced tenant incomes and COVID-related economic instability that is projected to result in a \$2.1M increase in arrears and unpaid fees.
 - \$13.7M in COVID related expenses driven by increased operational requirements (such as increased cleaning and PPE consumption) and increased utilities consumption by tenants who are home more often due to COVID restrictions in public spaces.



Non-COVID Pressures

- Non-COVID pressures, such as utilities rate increases, service contract rate increases, collective agreement pay increases, increase in mortgage P&I from the CMHC NHS loan, and the Seniors Housing Integrated Service Model, transfer of market rental units to RGI, will represent significant pressures against the city subsidy.

2022 Priority Actions



Service Delivery Model

- TCHC will continue to implement its restructuring of its service delivery model across the city, ensuring that tenants have easier, quicker and more accessible service, delivered safely and consistent with COVID-19 guidelines, through the opening of 88 Tenant Service Hubs across the City.



Integrated Service Model

- TCHC will continue to partner with the City to improve outcomes for tenants in the Seniors Portfolio.



Transition of Scattered Houses

- Work with City staff to continue the transition of TCHC scattered houses to new permanent management by non-profit housing providers.



Capital Plan Execution

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



Climate Change

- TCHC will continue to implement projects focused on reducing its impact to the climate

2022 Operating Budget Submission

2022 Operating Budget Overview

Operating Budget								
\$ Millions	2021 Budget	2021 Projection*	2022 Budget				Chg from 2021 Proj.	
			Base	One Time**	COVID	Total	\$	%
Revenues	\$612.4	\$622.8	\$662.6	\$9.5	(\$13.1)	\$659.0	\$36.2	5.8%
Gross Expenditures	\$649.9	\$656.3	\$662.6	\$9.5	\$13.7	\$685.8	\$29.5	4.5%
Net Expenditures	\$37.5	\$33.5			\$26.8	\$26.8	(\$6.7)	-20.0%

*Projection is based on 9 month variance

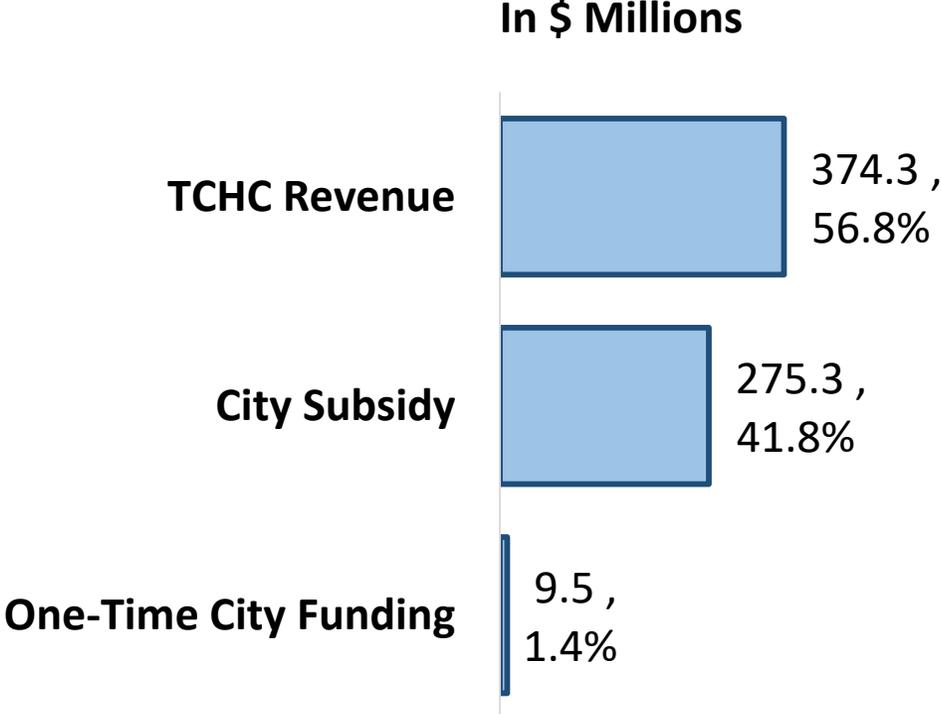
**One time costs will be funded by the City under separate funding

Key Points

- For 2022, TCHC has budgeted a net zero budget when COVID impacts are excluded, and net operating pressures of \$26.8M when including the impacts of COVID
- TCHC's COVID expense is included in the City's overall COVID budget of \$1.4B

How the Budget is Funded

Where the Money Comes From



Key Points

- The 2022 operating subsidy provided by the City increased by \$24.3M to \$275.3M to address inflationary pressures and other non-discretionary costs.
- In addition, one-time costs of \$9.5M were identified that will be funded through one-time City funding sources.

2022 Operating Budget Details

(In \$000s)	2020 Actual	2021 Budget	2021 Projection*			2022 Base Budget			2022 One-Time Costs	2022 Budget	Change v. 2021 Projection	
			Excluding COVID	COVID Impacts	Total Proj.	Excluding COVID	COVID Impacts	Total Base			\$	%
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Revenues												
Residential Rent - RGI	255,575.4	240,197.9	257,201.6	(7,805.4)	249,396.2	259,170.4	(8,416.1)	250,754.4		250,754.4	1,358.2	0.5%
Residential Rent - Market	93,855.9	93,435.1	92,374.8	(1,406.8)	90,967.9	91,870.0	(1,406.8)	90,463.2		90,463.2	(504.8)	(0.6%)
City Subsidy	250,959.6	250,959.6	250,960.0		250,960.0	275,267.9		275,267.9		275,267.9	24,307.9	9.7%
City One-Time Funding									9,509.0	9,509.0	9,509.0	
Other	25,391.3	27,802.2	34,267.2	(2,812.1)	31,455.0	36,275.2	(3,293.6)	32,981.6		32,981.6	1,526.6	4.9%
Total Revenues	625,782.2	612,394.7	634,803.6	(12,024.4)	622,779.2	662,583.6	(13,116.5)	649,467.1	9,509.0	658,976.1	36,196.9	5.8%
Expenditures												
Total Operating Expenses	637,495.7	649,900.4	636,405.4	19,906.4	656,311.8	662,583.6	13,725.4	676,309.0	9,509.0	685,818.0	29,506.2	4.5%
Total Gross Expenditures	637,495.7	649,900.4	636,405.4	19,906.4	656,311.8	662,583.6	13,725.4	676,309.0	9,509.0	685,818.0	29,506.2	4.5%
Net Expenditures	11,713.5	37,505.7	1,601.8	31,930.8	33,532.6	0.0	26,841.9	26,841.9		26,841.9	(6,690.7)	(20.0%)

2022-2031 Capital Budget & Plan Submission

2022 Capital Summary

Capital Assets

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

Capital Budget

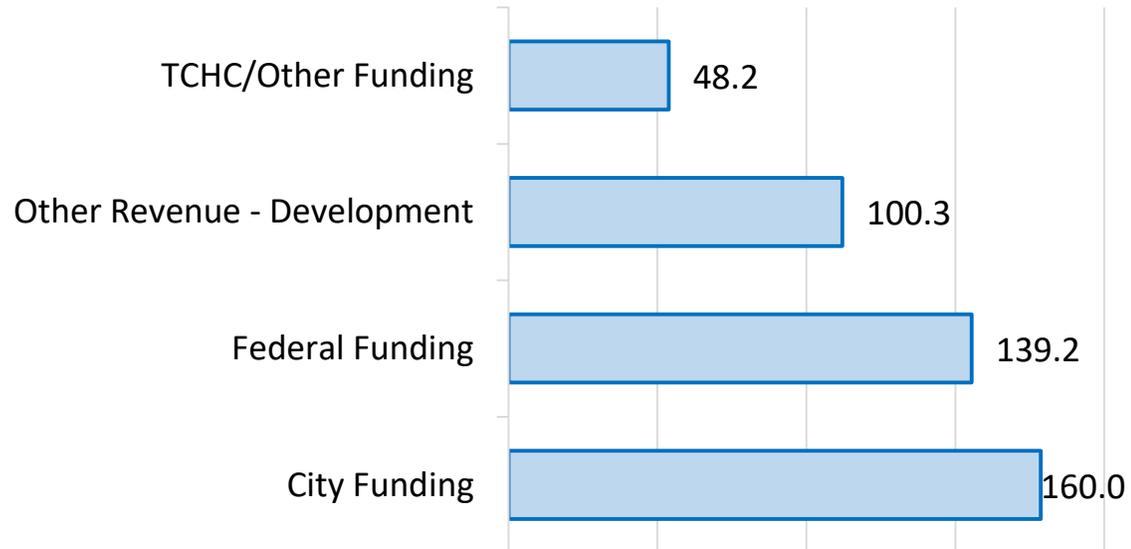
10 Year Capital Budget & Plan			
\$ Thousands	2022	2023-2031	Total
Gross Expenditures - Building Repair Capital	\$350,000	\$2,187,000	\$2,537,000
Gross Expenditures - Development Capital	\$97,700	\$626,420	\$724,120
City Funding - Building Repair Capital	\$160,000	\$1,440,000	\$1,600,000

2022 Capital Program Breakdown - \$447.7 Million

Where the Money Comes From

2022 Capital Budget

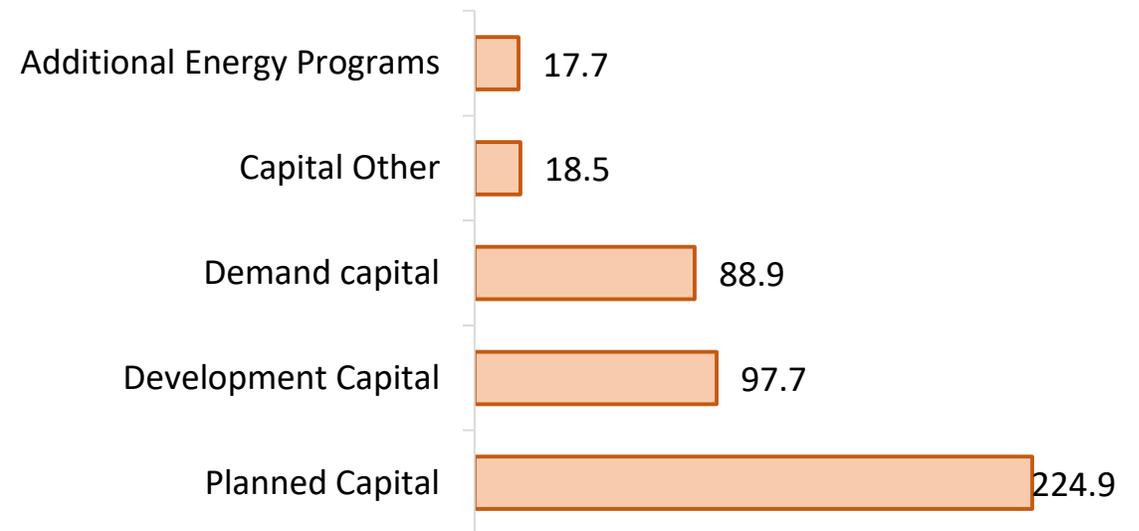
In \$ Millions



Where the Money Goes

2022 Capital Budget

In \$ Millions



\$3.3 Billion 10-Year Gross Capital Program

				
Planned Capital	Demand Capital	Additional Energy Programs	Capital Other	Development Capital
<p>\$1,647.2M 50.5%</p>	<p>\$682.7M 20.9%</p>	<p>\$74.8M 2.3%</p>	<p>\$132.4M 4.1%</p>	<p>\$724.1M 22.2%</p>
<ul style="list-style-type: none"> • Envelope • Grounds • Emergency generators • HVAC • Plumbing • Roofing • Structural • Large scale holistic energy retrofits • Common area accessibility upgrades 	<ul style="list-style-type: none"> • Accessibility upgrades • Waste equipment repairs • Risk management • Appliances and equipment • Local move-outs • MLS Issues 	<ul style="list-style-type: none"> • Energy initiatives • Water conservation • Energy retrofits 	<ul style="list-style-type: none"> • Project management • Building condition audits 	<ul style="list-style-type: none"> • In-flight revitalization projects

How the 10-Year Capital Program is Funded

City Funding		Federal Funding		Other Funding	
\$1,600.0M 49.1%		\$957.4M 29.4%		\$703.8M 21.5%	
City Funding for Building Repair Capital	\$1,600.0M	National Housing Co-Investment Fund	\$957.4M	Other Revenue from Development	\$512.8M
				TCHC/Other Funding*	(\$20.3M)
				Unfunded (Development)**	\$211.3M

*Negative balances represent the repayment of LOC or mortgages by TCHC. For Building Repair Capital, this includes redirected IO reserve funding.

**Net unfunded amount is \$91.8M as approximately \$116.2M is anticipated to be received by the end of 2035. The unfunded amount has been included in capital needs constraints.

Climate Lens – Energy Conservation Projects



TCHC has implemented and has ongoing projects focused on energy conservation and the reduction of green house gas emissions.

Projects ongoing and completed by TCHC over the years include:

- Social Housing Apartment Improvement Program (“SHAIP”) deep energy retrofits (over-cladding, windows, roof, HVAC, heat recovery, LED lighting) in 12 communities
- Social Housing Apartment Retrofit Program (“SHARP”) deep energy retrofits (windows, boilers, ventilation, LED lighting) in nine communities
- Tenant and Staff conservation engagement and education;
- Ventilation upgrades, including make-up air unit replacement and heat recovery;
- Various building envelope upgrades, including replacement of cladding, windows and roofs, as well as air sealing;
- LED lighting retrofits at 78 sites;
- Elevator retrofits at 36 buildings;
- BAS upgrades at 35 buildings;
- New Variable Frequency Drive (VFD) booster pumps at 27 buildings;
- Chiller replacement with high efficiency units at 3 buildings;
- Garage lighting sensors at 7 buildings;
- CO sensor-controlled exhaust fans for 14 garages; and,
- Solar PV installations at various locations

Climate Lens – Energy Savings

Summary of Energy Reductions

2020 Year-end Actuals (Adjusted for Covid-19)	Total Energy (GJ)	Electricity (kWh)	Natural Gas (m ³)
	$a = b \cdot 0.0036 + c \cdot 0.0373$	b	c
Adjusted Baseline Consumption (2013-2017)	4,924,698	398,093,849	93,607,522
Actual Consumption	4,509,088	368,308,023	85,339,921
Energy Reduction	415,610	29,785,826	8,267,601
% Energy Reductions	8.40%	7.50%	8.80%

Summary of Green House Gas (GHG) Reductions

2020 Year-end Actuals (Adjusted for Covid-19)	Total (tonnes CO ₂)	Electricity (tonnes CO ₂)	Natural Gas (tonnes CO ₂)
Adjusted Baseline Greenhouse Gases	194,943	17,118	177,825
Actual Greenhouse Gases	177,956	15,837	162,119
Reduction in Greenhouse Gases	16,987	1,281	15,706
% GHG Reductions	8.70%	7.50%	8.80%

*GHG emission factors from The Atmospheric Fund (TAF) Carbon Emissions Quantification Methodology, July 2019
<https://taf.ca/wp-content/uploads/2019/07/Carbon-Emissions-Quantification-Methodology-July-2019.pdf>

Thank You



Appendices

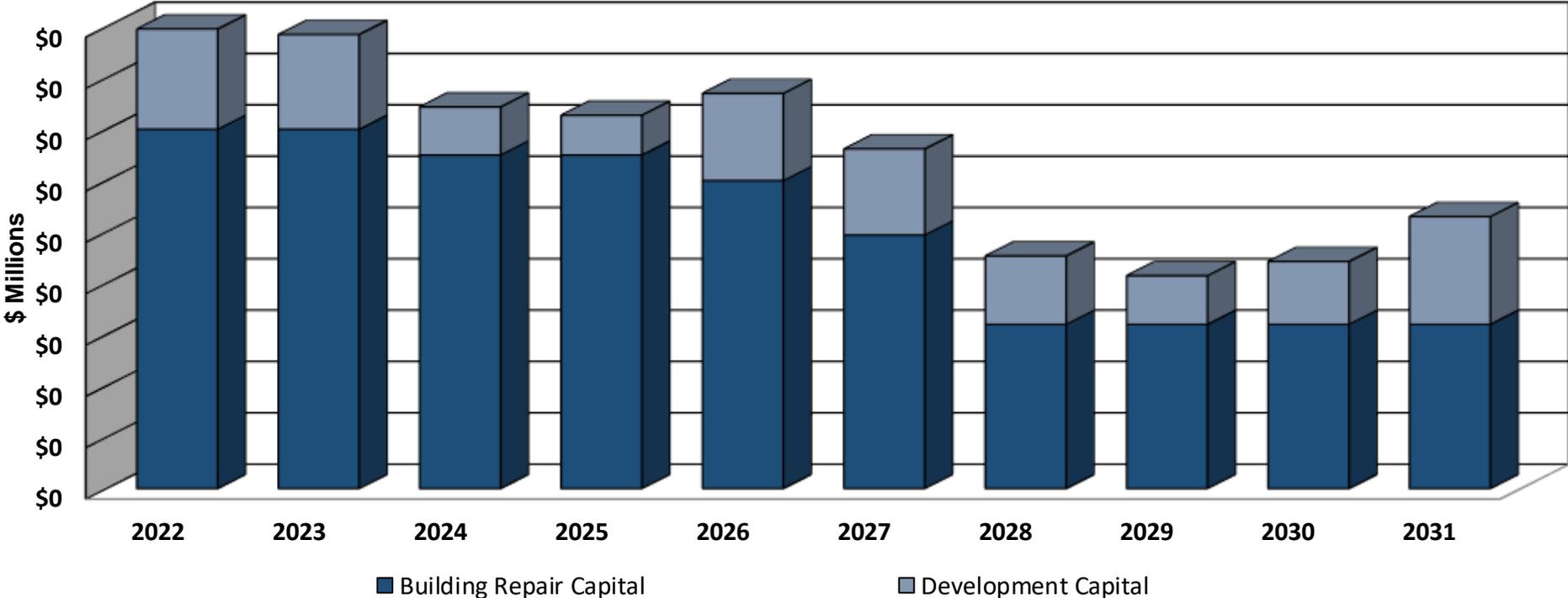
COVID-19 Financial Impact - Operating

COVID-19 Impacts (in \$000s)	In \$ Thousands			
	2021 Forecast	2022 Budget		
Revenue Loss				
RGI Rent	7,805	(8,416)		8,416
Bad Debt	1,759	(2,073)		2,073
Market Rent	1,407	(1,407)		1,407
Parking Revenue	1,053	(1,220)		1,220
Sub-Total	12,024	(13,116)		13,116
Expenditure Increase				
PPE	7,601		6,454	6,454
Overtime	8,568		4,303	4,303
Utilities	2,934		2,279	2,279
Information Technology	804		689	689
Sub-Total	19,906		13,725	13,725
Total COVID-19 Impact	31,930	(13,116)	13,725	26,842

Impacts and Recovery

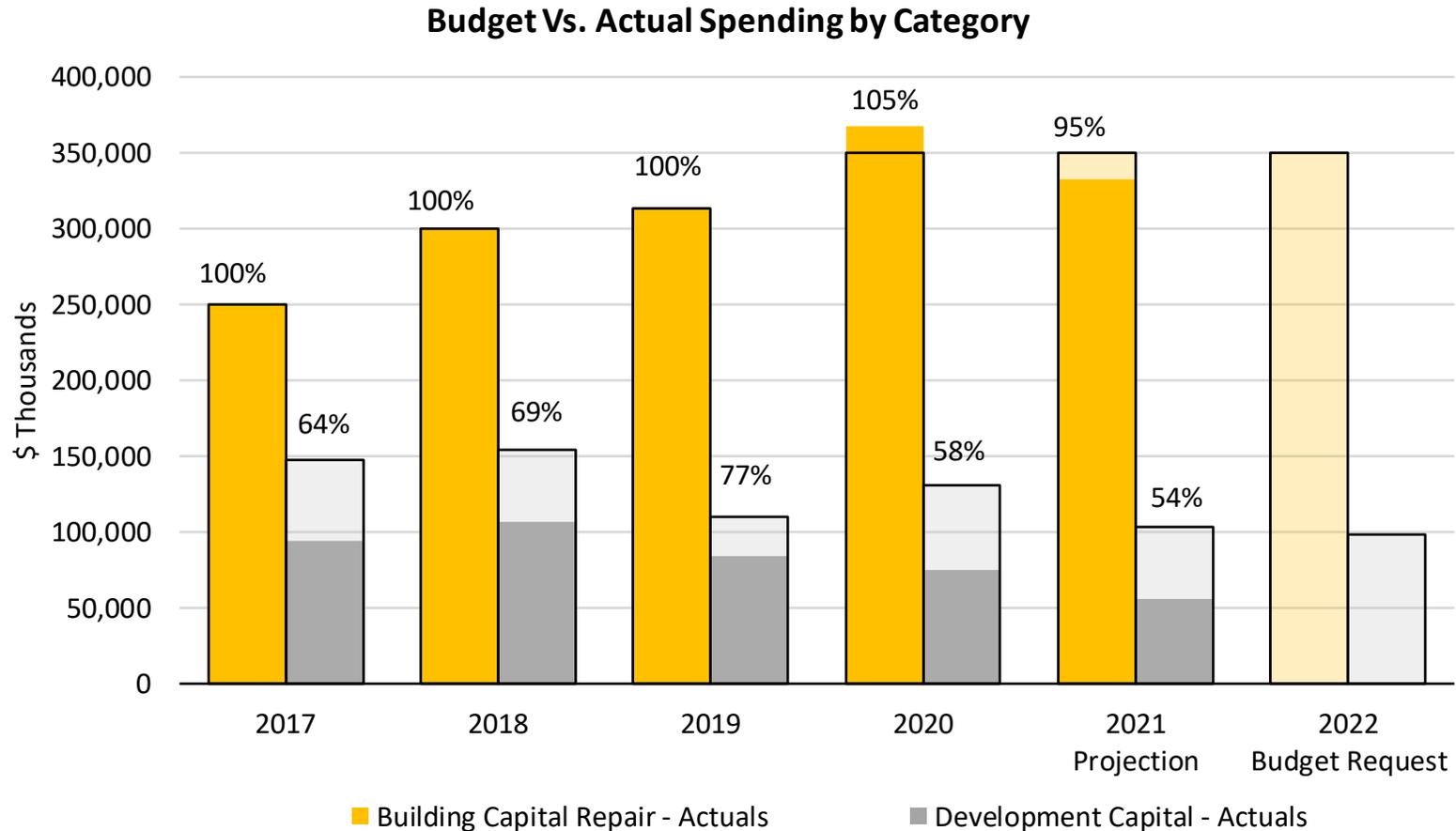
- Lost revenues of \$13.1M due to a \$9.8M reduction in rent receivable driven by a decrease in tenant income (RGI rent) as well as a carry-over of the Provincial rent cap that was started late 2020 (Market rent), \$2.1M in bad debts on residential and commercial rents, as well as \$1.2M in lost parking revenues.
- Expenditures of \$13.7M, which are lower than the 2021 Projection, including \$6.5M for PPE, \$4.3M in staff overtime costs and \$2.3M in higher utilities usage by tenants and \$0.7M in IT costs.

2022 – 2031 Capital Budget & Plan by Project Category



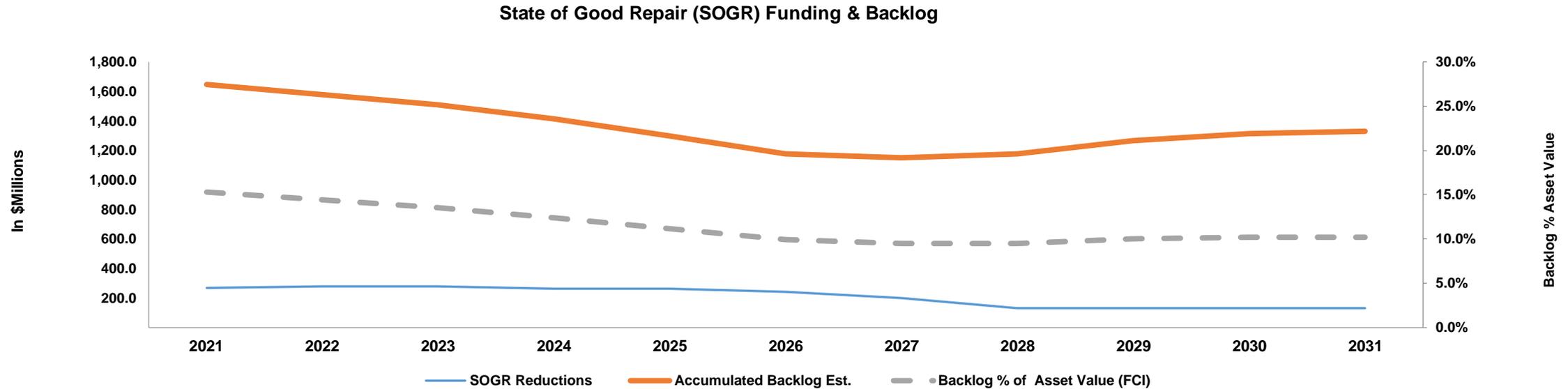
2022 - 2031 Staff Recommended Capital Budget and Plan by Category											
\$ Millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Building Repair Capital	350.0	350.0	325.0	325.0	300.0	247.0	160.0	160.0	160.0	160.0	2,537.0
Development Capital	97.7	92.3	46.8	38.6	84.9	83.9	66.6	47.3	61.2	104.9	724.1
Total	447.7	442.3	371.8	363.6	384.9	330.9	226.6	207.3	221.2	264.9	3,261.1

Capacity to Spend



- 105% spending in 2020 is from a Board approved acceleration of spending to use up available Provincial funding by the deadline; a lower spending rate in 2021 will offset by the accelerated spending in 2020.
- Development capital is underspent in 2021 due to delayed construction start in Regent Park phase 3 building.

State of Good Repair (SOGR) Funding and Backlog



\$ Millions	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
SOGR Additions	297.8	210.5	211.6	161.5	143.7	122.9	168.5	153.1	217.9	176.2	147.1
SOGR Reductions	265.7	280.0	280.0	260.0	260.0	240.0	197.4	128.0	128.0	128.0	128.0
Accumulated Backlog Est.	1,649.7	1,580.2	1,511.9	1,413.4	1,297.1	1,180.0	1,151.1	1,176.2	1,266.1	1,314.3	1,333.4
Backlog % of Asset Value (FCI)	15.3%	14.4%	13.5%	12.4%	11.1%	9.9%	9.5%	9.5%	10.1%	10.2%	10.2%
Total Asset Value	10,749.3	10,964.2	11,183.5	11,407.2	11,635.3	11,868.0	12,105.4	12,347.5	12,594.5	12,846.4	13,103.3

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

Capital Needs Constraints



Capital Needs Constraints: \$0.5 Billion, including:

- \$208.1M for in-flight development projects for the 10-year period from 2022-2031 (decreases to \$91.8M by the end of 2035)
- \$264.4M for not-in-flight development projects