

# **Toronto Community Housing**

## **2017 Budget**

### **Detailed Summary**

**December 2016**



# 2017 Budget: Overview

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- A **\$970.3M** budget compared with \$976.8M in 2016
  - Operating budget = **\$572.6M** vs. \$557.8M in 2016
    - Revenues: \$537.4M vs. \$538.6M in 2016
    - Includes a cash shortfall of \$35.2M
    - Projected City of Toronto subsidy: \$200.9M (includes 2.6% proposed subsidy reduction amounting to \$4M)
  - Capital budget = **\$397.7M**
    - Building repairs: \$250.0M vs. \$250.0M in 2016
    - Rental replacement : \$147.7M vs. \$169.0M in 2016

# Annual Consolidated Statement of Operations

(Amount in \$000s)

	<b>Budget 2017</b>	<b>Budget 2016</b>
<b>Revenue</b>		
Subsidies - TCHC	196,689	199,202
Subsidies - Additional	4,205	5,475
<b>Total Subsidies</b>	<b>200,894</b>	<b>204,677</b>
Rent		
Residential	300,454	298,481
Commercial	14,889	14,842
Amortization of deferred capital contributions	44,359	45,514
Parking, laundry and cable fees	17,243	17,221
Investment income	6,022	6,219
Joint venture income	32,362	444
Gain on sale of housing projects	2,000	5,000
Gain on sale of land	37,174	18,134
Plant revenue	2,378	1,985
Other revenue	1,576	1,434
<b>Total Revenue</b>	<b>659,351</b>	<b>613,950</b>
<b>Expenses</b>		
Utilities	148,437	142,303
Municipal taxes	15,607	15,535
Depreciation	156,245	149,718
Interest	82,446	78,127
Operating and maintenance	151,881	143,912
Resident and community services	12,383	11,637
Community safety services	18,414	17,500
Human resources	13,072	13,630
Information technology	12,847	11,278
Corporate services	35,977	36,929
Other	17,403	15,281
Plant	2,947	2,494
<b>Total Expenses</b>	<b>667,658</b>	<b>638,343</b>
Getting it done programs	4,205	5,475
<b>Final Total Expenses</b>	<b>671,863</b>	<b>643,818</b>
<b>Net income/(loss)</b>	<b>(12,512)</b>	<b>(29,868)</b>

# Annual Consolidated Operating Cash Flow

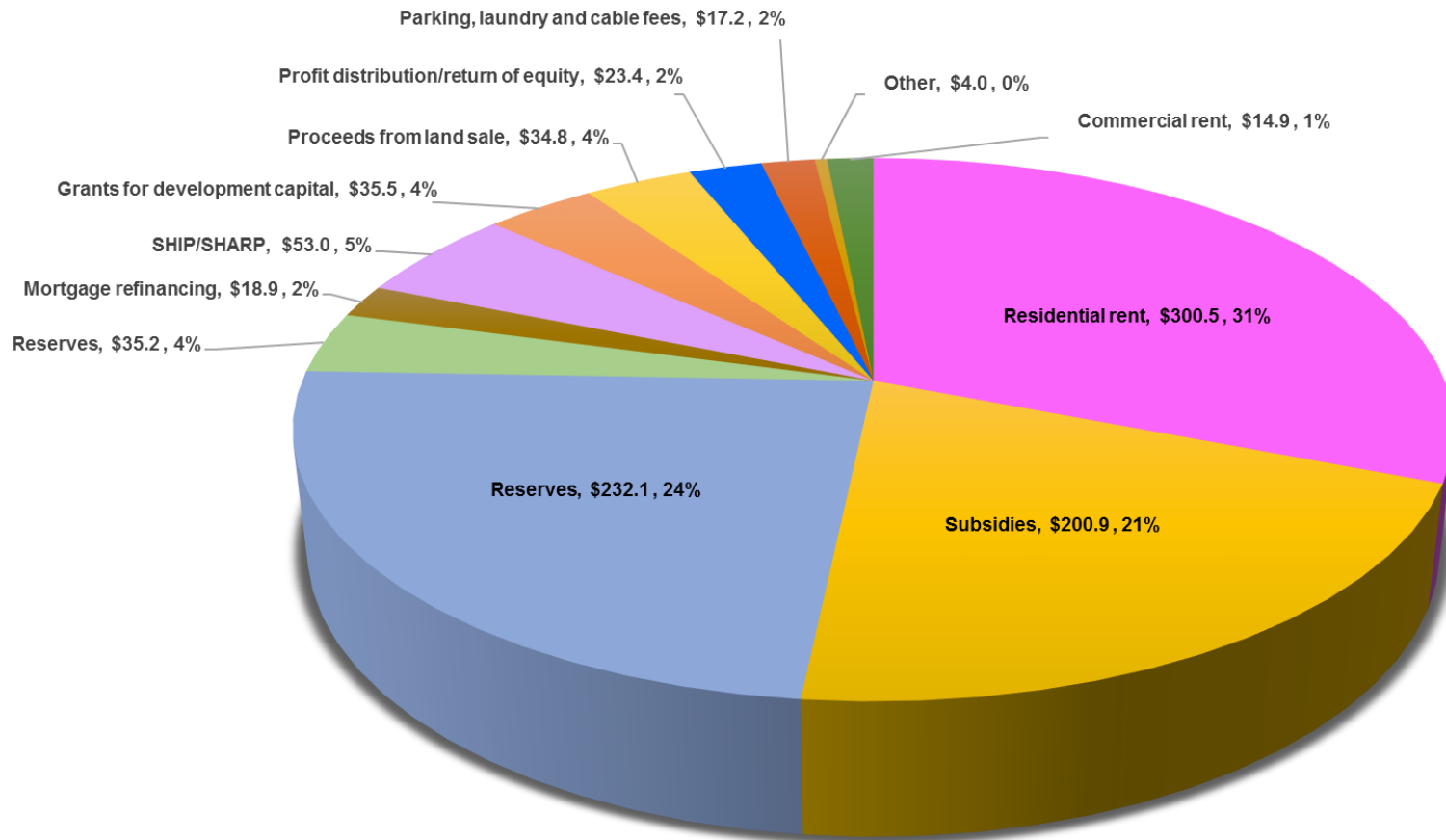
(Amount in \$000s)	<u>Budget 2017</u>	<u>Reforecast 2016*</u>	<u>Budget 2016</u>
<b>Cash Inflows</b>			
Rent - residential	300,454	299,103	298,481
Rent - commercial	14,889	14,850	14,842
Subsidies - City	196,689	199,058	199,202
Subsidies - Additional	4,205	5,059	5,475
Parking, laundry and cable fees	17,243	17,239	17,221
Other revenue	1,576	1,996	1,434
Plant revenue	2,378	1,480	1,985
	<u>537,434</u>	<u>538,785</u>	<u>538,640</u>
<b>Cash Outflows</b>			
Utilities	148,437	115,609	142,303
Municipal taxes	15,607	15,515	15,535
Mortgage Interest & Principle	127,923	127,794	129,258
Operating and maintenance	151,881	143,555	143,912
Resident and community services	12,383	10,417	11,637
Community safety services	18,414	16,275	17,500
Human Resources	13,072	11,339	13,630
Information Technology	12,847	10,056	11,278
Corporate Services	35,977	30,360	36,929
Other	17,403	14,417	15,281
Plant expense	2,947	2,355	2,494
Getting it done programs	4,205	5,059	5,475
IT Capital	8,042	4,835	9,020
Corporate Capital	3,500	3,500	3,500
	<u>572,637</u>	<u>511,085</u>	<u>557,751</u>
<b>Net operating cash surplus (shortfall)</b>	<b><u>(35,204)</u></b>	<b><u>27,700</u></b>	<b><u>(19,111)</u></b>

\*Preliminary estimates only, final results may vary



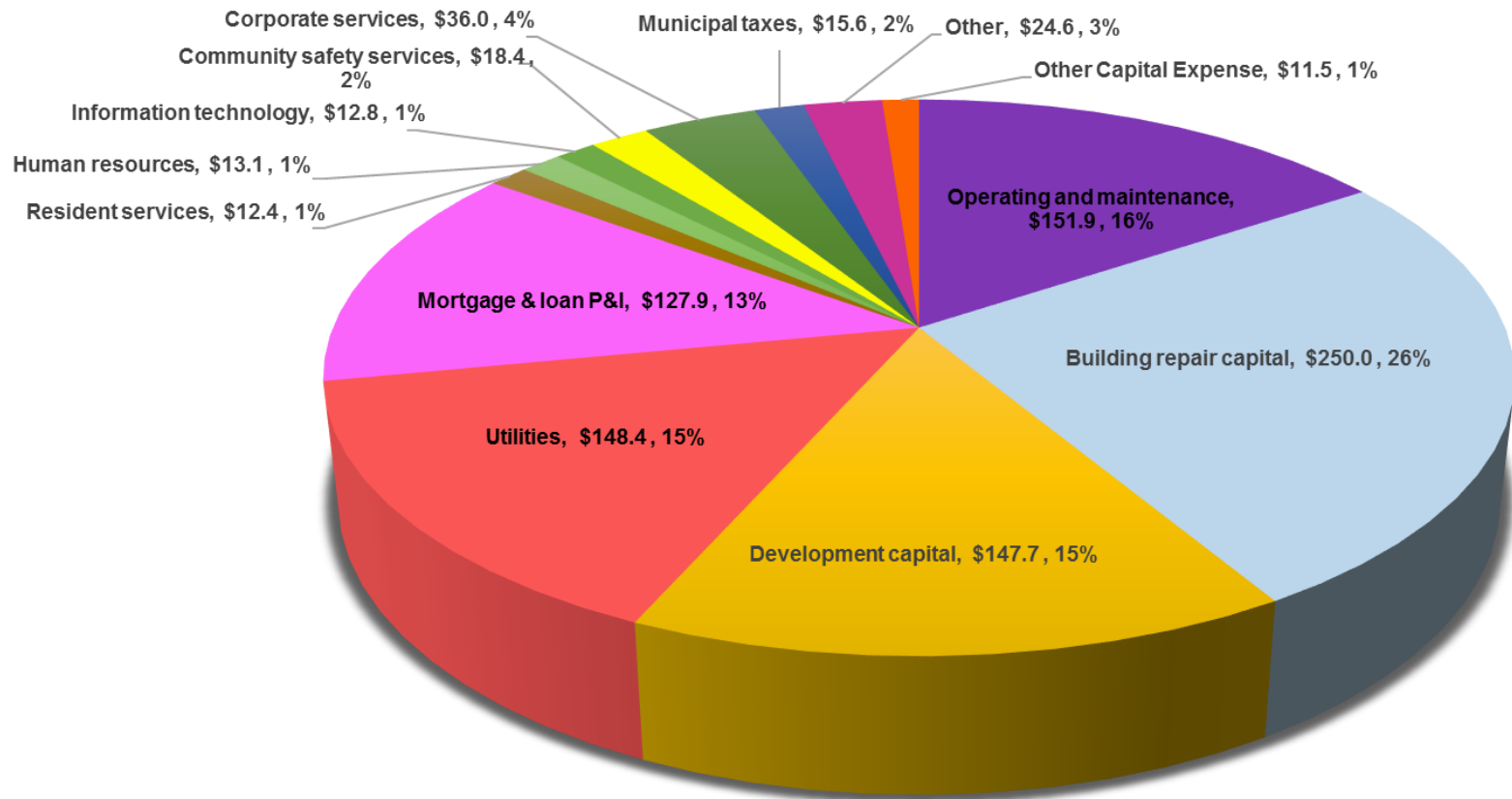
# 2017 Budget: Sources of Funds

Budget 2017 Sources of Funds \$970.3 million  
(\$ million)



# 2017 Budget: Uses of Funds

Budget 2017 Uses of Funds \$970.3 million  
(\$ million)



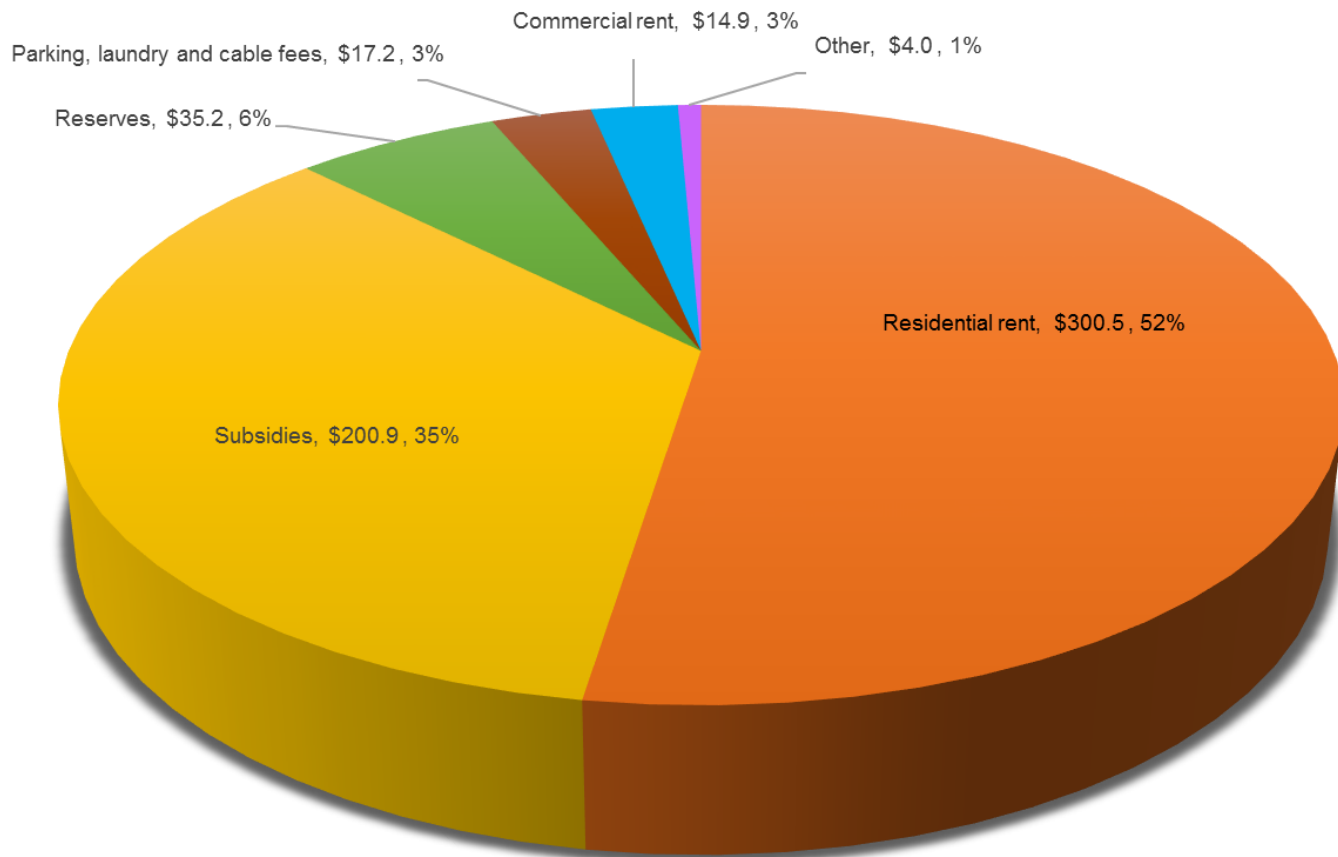
# Subsidies

(Amounts in \$000s)	<b>Budget 2017</b>	<b>Budget 2016</b>
Residual	70,565	72,692
Mortgage	75,638	77,024
Property tax	8,489	8,323
Education property tax	8,683	8,683
	<u>163,375</u>	<u>166,722</u>
Rent Supplement	37,533	36,737
Municipal tax clawback	(4,678)	(4,678)
Affordable Housing	359	421
Other	100	-
	<u>33,314</u>	<u>32,480</u>
Additional	4,205	5,475
<b>Total Subsidies</b>	<b><u>200,894</u></b>	<b><u>204,677</u></b>

# Operating Budget: Sources of Funds

Budget 2017 Operating Sources of Funds \$572.6 million

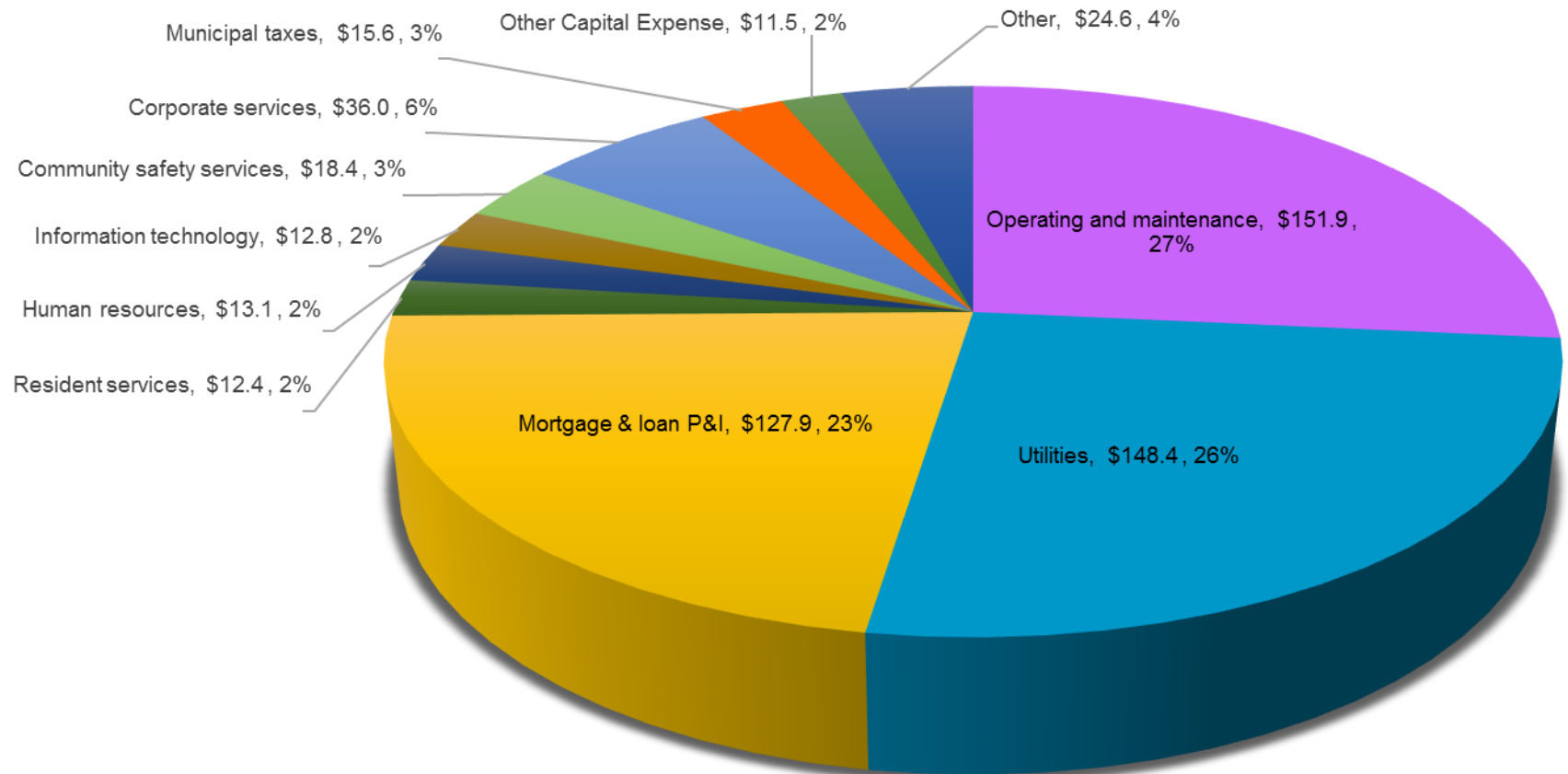
(\$ million)



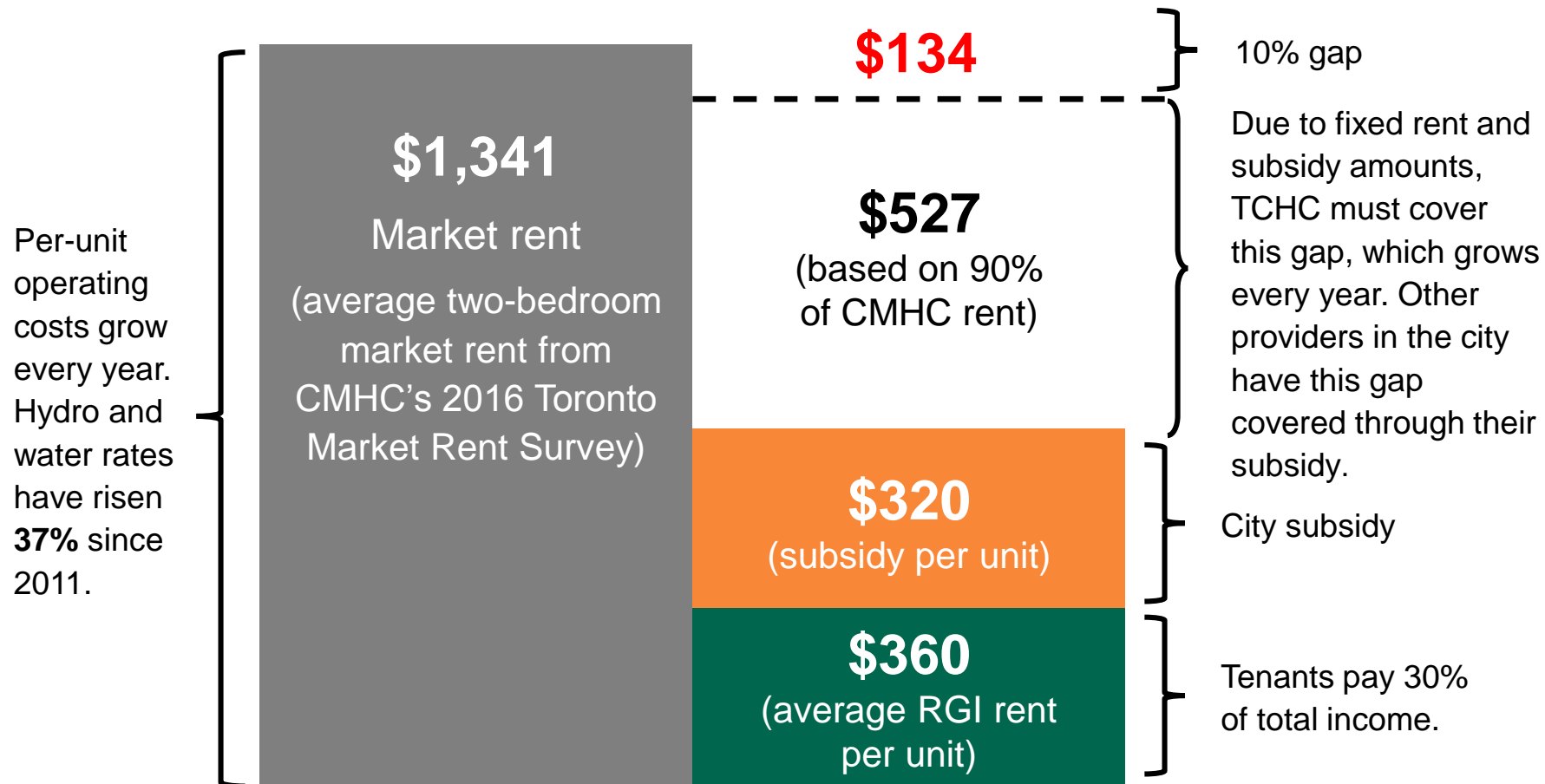


# Operating Budget: Uses of Funds

Budget 2017 Operating Uses of Funds \$572.6 million  
(\$ million)

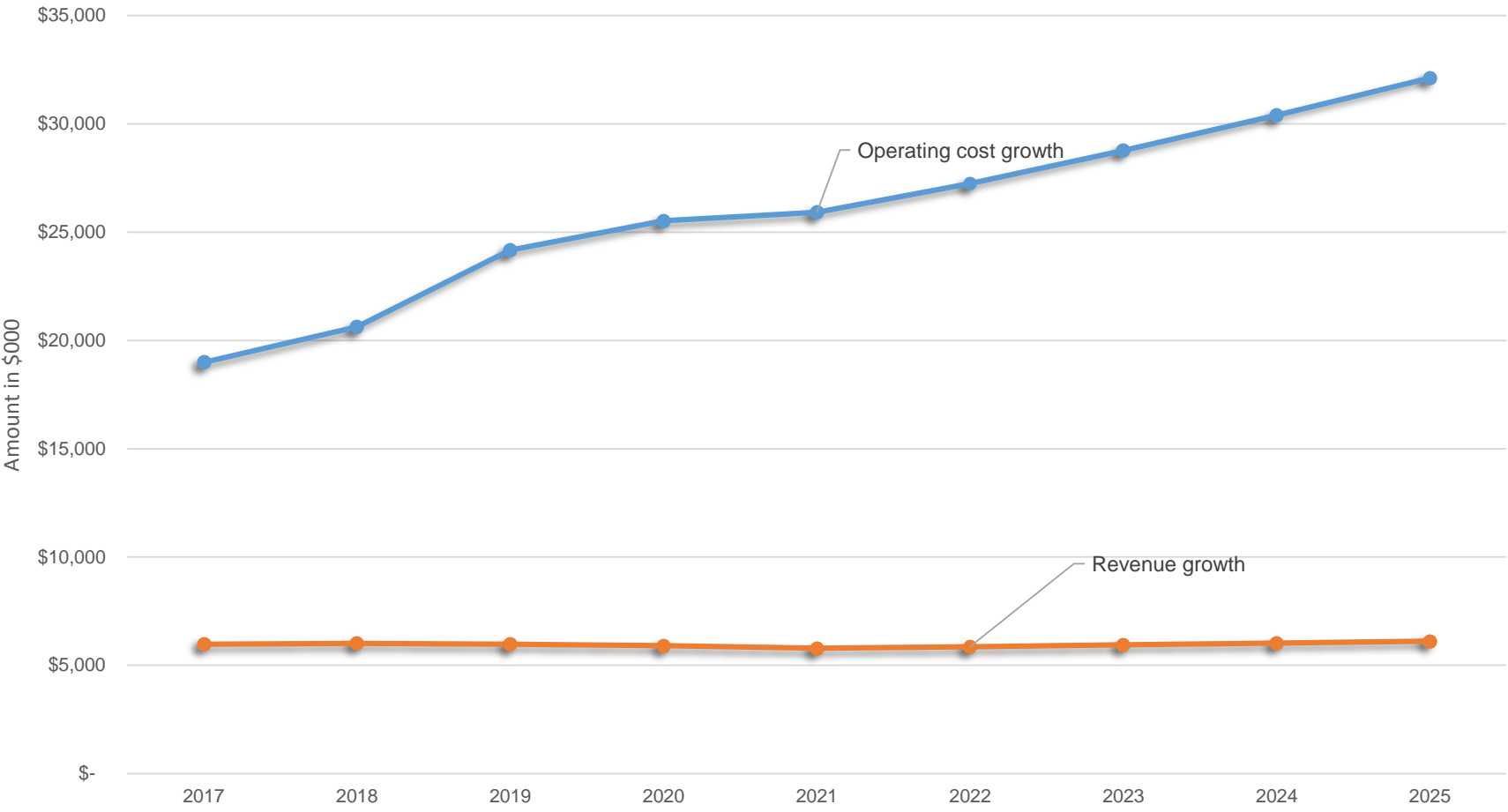


# The Operating Budget Gap



# Operating Outlook

### Operating Cost vs. Revenue Growth



# Residential Rent

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
RGI Rent	224,065	222,053
Market Rent	76,389	76,428
<b>Residential Rent Revenue</b>	<b>300,454</b>	<b>298,481</b>

## Average Monthly Rent Per Unit

RGI	\$ 364	\$ 358
Market	\$ 1,090	\$ 1,060

# Commercial and Parking Revenue

(Amounts in \$000s)	<b>Budget 2017</b>	<b>Budget 2016</b>
Commercial rental revenue	6,833	6,292
Antennas revenue	3,748	4,281
Recovery of taxes and operating cost	3,113	2,972
Other revenue (sign advertising, filming)	547	573
Solar revenue	592	564
Deferred rent revenue	56	160
<b>Total Commercial Revenue</b>	<b>14,889</b>	<b>14,842</b>
Tenant parking	8,263	8,115
Laundry commission	4,970	5,169
Commercial parking	2,729	2,696
Internet and home phone from providers	659	590
Cable TV from providers	622	651
<b>Total Parking, laundry and cable fees</b>	<b>17,243</b>	<b>17,221</b>

# Investment Income

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
Cash & Short term investments - funds	154,741	109,158
Interest Rate	0.95%	0.95%
Interest Income	1,470	1,037
Long-term investments - funds	569,923	262,000
Investment Rate of return	0.70%	1.69%
Investment Income	4,000	4,423
Development equity loans	2,932	2,083
Interest Rate	6.00%	6.00%
Interest from Line of Credit loans	176	125
Interest income on grants receivable	159	415
Amortization of mortgage receivable for 60 Richmond Mortgage	217	219
<b>Total Investment Income</b>	<b>6,022</b>	<b>6,219</b>

# Other Revenue

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
Sundry revenue	1,030	944
Tenant charges	476	420
Deferred gain	70	70
<b>Total Other Revenue</b>	<b>1,576</b>	<b>1,434</b>

# Joint Venture Income and Gain on Sale of Housing Projects

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
Profit Share:		
Regent Park	11,100	2,125
Allenbury Gardens	9,630	(1,048)
Alexandra Park	11,632	(633)
<b>Total joint venture income</b>	<b>32,362</b>	<b>444</b>
Sale of homes	2,000	5,000
Sale of land for development projects	37,174	18,134
<b>Total gain/loss on sale of housing projects</b>	<b>39,174</b>	<b>23,134</b>
<b>Total</b>	<b>71,536</b>	<b>23,578</b>



# Utilities

(Amounts in \$000s)	<b>Budget 2017</b>	<b>Budget 2016</b>
<u>Hydro</u>		
Electricity Consumption (kWh)	410,474,258	411,694,379
Average rate (\$/kWh)	\$ 0.1656	\$ 0.1499
Annual Costs	67,966	61,733
<u>Gas</u>		
Natural Gas Consumption (m3)	98,129,023	97,487,809
Average rate (\$/m3)	\$ 0.2955	\$ 0.3312
Annual Costs	28,996	32,284
<u>Water</u>		
Water Consumption (m3)	12,072,525	12,073,741
Average rate (\$/m3)	\$ 3.6224	\$ 3.4501
Annual Costs	43,731	41,656
<u>Waste Pick-Up</u>		
Waste Pick-Up Gross	16,964	17,139
Waste Pick-Up Rebate	(10,071)	(9,973)
Annual Costs	6,894	7,166
Less: Buildings to be demolished*		(1,105)
RPEI energy costs	850	570
Electric Heating Rebate	1,018	-
<b>Total Utilities</b>	<b>149,455</b>	<b>142,303</b>

\*For 2017, amount has been included within individual line consumption



# Municipal Taxes

(Amounts in \$000s)	<b>Budget 2017</b>	<b>Budget 2016</b>
<b>Municipal tax expense</b>		
Funded properties	8,489	8,323
Non-funded properties	4,939	4,775
Previously funded fire alarm charges	2,179	2,437
<b>Total municipal tax expense</b>	<b>15,607</b>	<b>15,535</b>

# Depreciation Expense

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(Amounts in \$000s)	<b>Budget 2017</b>	<b>Budget 2016</b>
Housing projects acquired or developed	49,334	51,406
Improvements to housing projects	106,911	98,312
<b>Total Depreciation Expense</b>	<b>156,245</b>	<b>149,718</b>

# Interest Expense

(Amounts in \$000s)	<b>Budget 2017</b>	<b>Budget 2016</b>
Mortgage interest	54,496	48,948
Bond A interest	12,193	12,193
Bond B interest, net of amount capitalized to projects	10,790	10,790
Interest paid on bank loan	892	1,924
Building renewal program loan interest	1,434	1,598
Mortgage interest paid to City	2,340	2,309
Amortization of deferred financing costs	161	150
Imputed interest on interest free loans	140	140
BNS lease interest payment	-	75
<b>Total Interest Expense</b>	<b>82,446</b>	<b>78,127</b>

# Payroll and Benefits

(Amounts in \$000's)	<b>Budget 2017</b>	<b>Budget 2016</b>
Asset Management	69,638	67,047
Facilities Management	25,808	24,196
Resident and community services	12,451	11,715
Community safety services	14,610	13,819
Human resources	6,180	6,553
Information technology	8,455	7,176
Corporate services	25,422	25,420
<b>Total Payroll and Benefits</b>	<b>162,564</b>	<b>155,926</b>



# Payroll and Benefits

(Amounts in \$000's)	<u>Budget 2017</u>	<u>Budget 2016</u>
Payroll and benefit costs	162,564	155,926

Budget 2016 Payroll & Benefit Costs (excl WSIB)	\$	155,926,253
Budget 2017 Payroll & Benefit Costs (excl WSIB)	<u>\$</u>	<u>162,563,647</u>
<b>Budget 2017 Increase</b>	<b>\$</b>	<b>6,637,394</b> (A)

## COLA and benefits by Staff Category

Affiliation	Total
Exempt	1,198,392
Union (contractually required)	3,190,417
<b>Total Increase for Exempt &amp; Union Staff</b>	<b>4,388,809</b> (B)

<b>Net Additional Staff Cost (TCHC Funded)</b>	<b>\$</b>	<b>2,248,585</b> (A) - (B)
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# Non-Labour Expense

(Amounts in \$000s)	<b>Budget 2017</b>	<b>Budget 2016</b>
Demand and preventive maintenance	70,082	66,429
Resident and community services	2,043	2,176
Community safety services	3,804	3,681
Human resources	6,891	7,077
Information technology	4,393	4,101
Corporate services	14,075	15,247
<b>Total Non-Labour Expense</b>	<b>101,287</b>	<b>98,711</b>



# Other Expense

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
Tribunal Fees	376	343
Bad Debts Expense	4,135	4,035
Employee Retirement Benefits	4,392	1,975
Legislated Capital Reserve Contribution	8,500	8,790
Other	-	138
<b>Total Other Expenses</b>	<b>17,403</b>	<b>15,281</b>

The variance in the Employee Retirement Benefits is due to a change in accounting for the costs as reported in the 2017 Budget. If the prior comparatives were restated to conform to the same reporting methodology as the 2017 Budget, the results would be as follows:

	<u>Budget 2017</u>	<u>Budget 2016</u>
Employee Retirement Benefits	4,392	4,264





# Regent Park Energy Inc.

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
<b>Revenues</b>	<b>2,378</b>	<b>1,985</b>
<b>Expenses</b>		
Fuel and consumables	1,594	1,415
Repairs and maintenance	1,157	454
Other production and operating expense	176	303
Administrative salaries and benefits	-	95
Professional fees	10	193
Other administrative expense	10	34
<b>Total Expenses</b>	<b>2,947</b>	<b>2,494</b>
<b>Net income/(loss)</b>	<b>(569)</b>	<b>(508)</b>
<b>RPEI Capital</b>	<b>4,600</b>	<b>4,600</b>



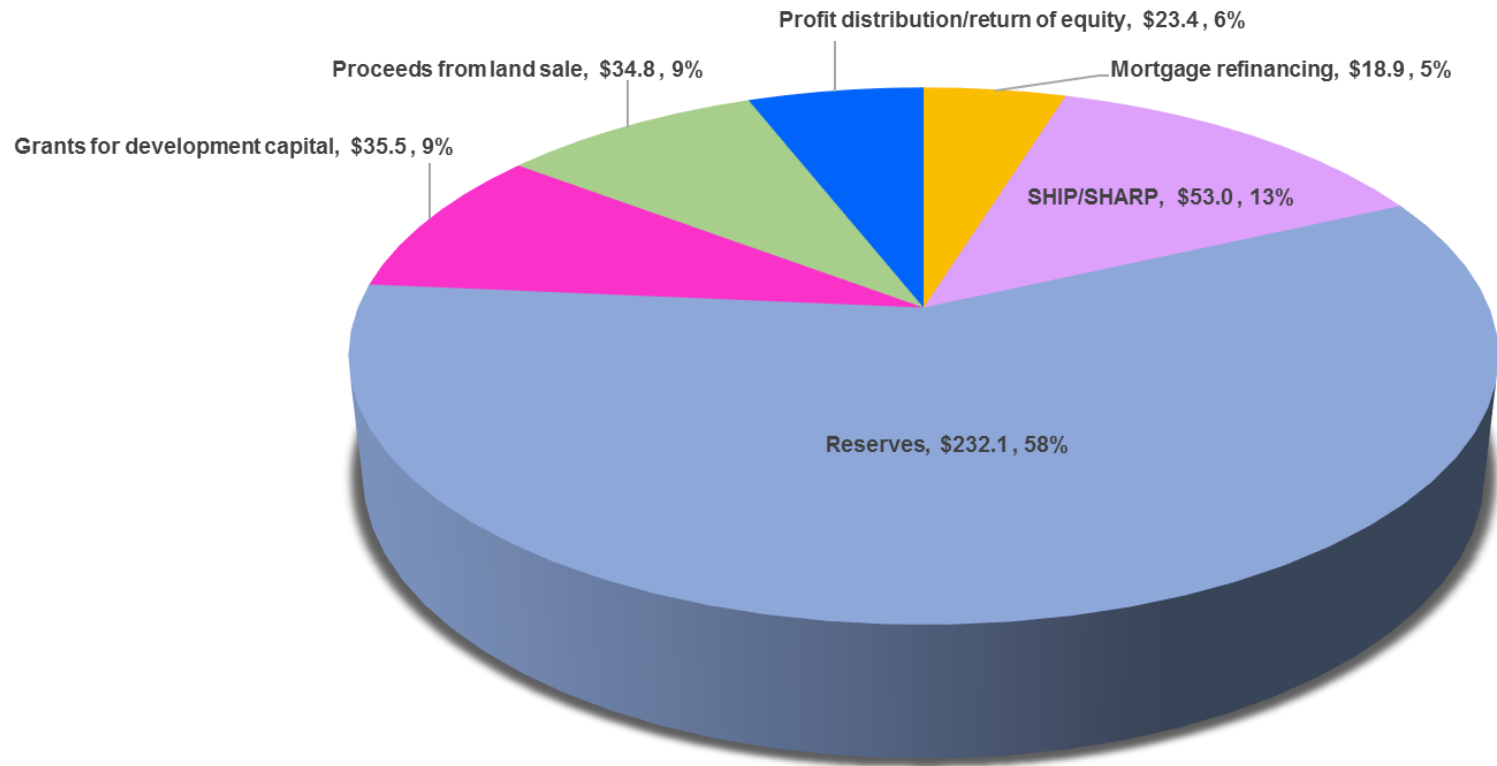
# Capital Budget

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
Building capital	250,000	250,000
Development capital	147,662	169,787
<b>Total Capital</b>	<b>397,662</b>	<b>419,787</b>



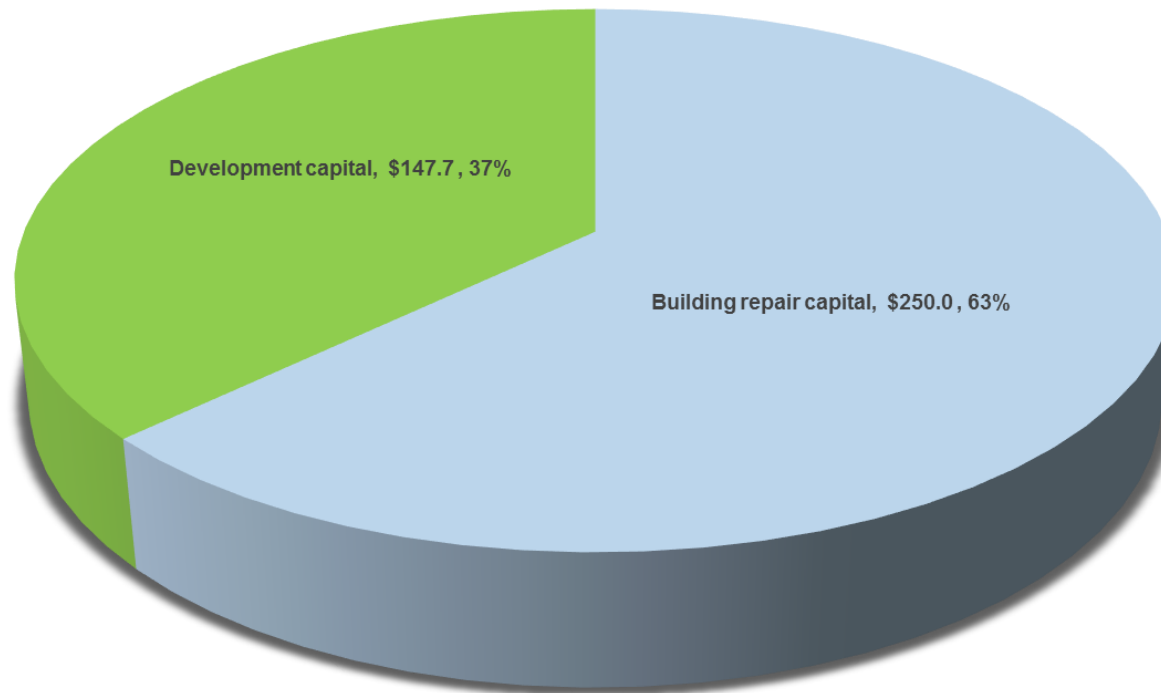
# Capital Budget: Sources of Funds

Budget 2017 Capital Sources of Funds \$397.7 million  
(\$ million)



# Capital Budget: Uses of Funds

Budget 2017 Capital Uses of Funds \$397.7 million  
(\$ million)



# Building Repair Capital

Budget Category	Capital Envelope	RC Programs	2014 Budget	2015 Budget	2016 Budget	2017 Budget	
Planned Capital	RCXX	Advanced Projects		\$61,482,200	\$55,000,000	\$45,400,000	
	CA01	Common Area Accessibility	\$1,550,000	\$3,500,000	\$5,500,000	\$4,700,000	
	CC0X	Commercial - Laundry Room Accessibility				\$1,500,000	
	CC0X	Commercial - Retail Space	\$1,580,000	\$1,318,000	\$1,700,000	\$1,100,000	
	RC03	Electrical	\$420,000	\$225,900	\$3,276,900	\$1,560,000	
	RC05	Elevators	\$3,613,000		\$14,000,000	\$2,100,000	
	RC07	Envelope	\$6,290,300	\$3,017,400	\$20,950,000	\$16,380,000	
	RC08	Grounds	\$1,250,000	\$758,100	\$5,060,000	\$3,742,000	
	RC09	Interior	\$2,528,884	\$186,200	\$3,430,000	\$2,545,000	
	RC11	Emergency Generators Program			\$10,940,000		
	RC12	Safety Systems	\$4,537,500	\$1,406,600	\$853,000	\$5,700,000	
	RC15	HVAC	\$6,133,000		\$7,420,000	\$4,450,000	
	RC16	Plumbing	\$5,075,000	\$1,141,800	\$5,270,000	\$5,910,000	
	RC18	Roofing	\$8,097,000	\$700,000	\$5,890,000	\$6,124,000	
	RC19	Cameras and Access Control	\$1,000,000	\$2,000,000	\$6,000,000	\$7,000,000	
	RC22	Single Dwelling Units	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	
	RC23	Structural	\$5,675,800	\$3,975,000	\$11,300,000	\$3,965,000	
	RC24	Parking Garages	\$7,962,000		\$5,320,000	\$6,975,000	
	RCHH	Heritage Houses	\$2,500,000	\$2,000,000	\$2,000,000	\$2,000,000	
	RCMH	Re-Set Community Transformation (3 Pilot Sites)	\$1,000,000	\$1,500,000	\$7,000,000		
	PB01	Participatory Budget	\$5,000,000	\$8,000,000	\$5,000,000		
	RCXZ	Capital Contingency	\$4,054,963	\$10,988,800	\$9,890,100	\$9,799,000	
			Additional Capital Projects				\$20,700,000
<b>Planned Capital Total</b>			<b>\$70,267,447</b>	<b>\$104,200,000</b>	<b>\$187,800,000</b>	<b>\$153,650,000</b>	
Demand Capital	CA02	Resident's Demand Unit Accessibility Upgrades	\$750,000	\$2,500,000	\$2,500,000	\$5,000,000	
	CA03	Common Area Demand Accessibility Upgrade	\$150,000	\$500,000	\$500,000	\$700,000	
	CGXX	Waste Equipment Repairs/ Pools	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	
	CI01	Risk Management and Insurance Claims	\$3,500,000	\$3,000,000	\$3,000,000	\$2,000,000	
	COXX	FM Demand Component Capital	\$7,464,000	\$12,000,000	\$16,900,000	\$17,350,000	
	LCXX	Resident Appliances and Equipment	\$1,600,000	\$1,900,000	\$2,000,000	\$2,000,000	
	LMXX	Local Moveouts	\$8,000,000	\$10,000,000	\$10,000,000	\$8,000,000	
	SOGI	State of Good Repair Interior	\$11,000,000	\$15,000,000	\$4,500,000	\$5,000,000	
	SOGE	State of Good Repair Envelope	\$4,000,000	\$4,000,000		\$0	
	SOGM	State of Good Repair - MLS Issues	\$2,800,000	\$6,000,000	\$4,000,000	\$4,000,000	
	<b>Demand Capital Total</b>			<b>\$39,764,000</b>	<b>\$55,900,000</b>	<b>\$44,400,000</b>	<b>\$45,050,000</b>
	Energy Programs	BE05	Tower Renewal (Moss Park)		\$500,000		\$5,500,000
EW06		Building Automation Systems		\$1,800,000			
RPEI		Regent Park Energy Initiatives			\$4,600,000	\$4,600,000	
<b>Energy Programs Total</b>			<b>\$0</b>	<b>\$2,300,000</b>	<b>\$4,600,000</b>	<b>\$10,100,000</b>	
Capital Other	ADM	FM Labour Costs - Project Management (5%)	\$7,668,706	\$11,600,000	\$12,700,000	\$12,700,000	
	RC01	Building Condition Audits	\$2,300,000	\$1,000,000	\$500,000	\$500,000	
<b>Capital Other Total</b>			<b>\$9,968,706</b>	<b>\$12,600,000</b>	<b>\$13,200,000</b>	<b>\$13,200,000</b>	
SHARP - 9 Buildings	RERC	Energy Repair Capital (9 Buildings)		\$0	\$0	\$28,000,000	
<b>SHARP Sub-total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,000,000</b>	
			<b>\$120,000,153</b>	<b>\$175,000,000</b>	<b>\$250,000,000</b>	<b>\$250,000,000</b>	



# Development Capital

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
<b>Projects</b>		
Allenbury Gardens	10,201	10,047
Alexandra Park Phase 1	8,377	13,889
Alexandra Park Phase 2	1,046	527
Lawrence Heights	23,474	25,191
Leslie Nymark	12,738	2,525
Regent Park Phase 2	25,624	16,467
Regent Park Phase 3	58,322	85,215
New Development	2,092	1,581
Railway Lands	-	843
250 Davenport	4,269	13,412
Don Summerville	1,517	88
<b>Total Development Capital</b>	<b>147,662</b>	<b>169,787</b>



# Information Technology Capital

(Amounts in \$000s)	Budget 2017	Budget 2016
<b>Business Projects</b>		
Sharepoint & Business Intelligence	-	742
Website Upgrade	-	109
HMS Upgrade	-	1,053
IT Security	-	243
JDE Phase II	-	440
HRIS	201	265
CSU Parking	-	100
CSU Incident Management System	-	400
Integrated Housing Management System	6,000	2,200
Evictions for Cause	100	-
Unidata Implementation	25	-
Access Manager to F5 Migration	80	-
Data Communication Conversion	450	-
<b>Total Projects</b>	<b>6,856</b>	<b>5,552</b>
<b>Sustainment</b>		
CCTV	510	300
End user computing	349	415
Infrastructure: Data Centres	68	2,651
New installation	-	68
Software	-	34
Avaya PS	10	-
Enghouse PS	35	-
HMS PS	50	-
Service Now PS	124	-
Suite Spot	40	-
<b>Total Sustainment</b>	<b>1,186</b>	<b>3,468</b>
<b>Total IT Capital</b>	<b>8,042</b>	<b>9,020</b>

# Corporate Capital

(Amounts in \$000s)	<u>Budget 2017</u>	<u>Budget 2016</u>
Non-building capital	300	300
Fleet	800	600
Carl Hall upgrades:		
Fire code compliance	-	280
Other leasehold improvements	-	320
Capital contingency	1,000	600
Repurchase of guaranteed equity housing project	1,400	1,400
<b>Total Corporate Capital</b>	<b>3,500</b>	<b>3,500</b>