

2021 Budget

Toronto Community Housing

December 15, 2020



Overview

Description

TCHC is an essential frontline service that provides housing opportunity and stability for economically vulnerable Torontonians. Through deeply affordable rents TCHC makes it possible for tens of thousands of low-income families to maintain their housing.

TCHC's overall priorities are to provide positive tenant experience, quality homes and vibrant communities. These priorities underscore our continuing focus on delivering clean, well-maintained buildings where tenants have opportunities to engage with their community. We are committed to ensuring that service delivery meets high standards consistently across the organization.

Why We Do It

Toronto Community Housing's mission is to provide clean, safe, well-maintained, affordable homes for residents.

Through collaboration and with residents' needs at the forefront, we connect residents to services and opportunities, and help foster great neighbourhoods where people can thrive.

What Services We Provide

Who We Serve:

TCHC's tenants are from all walks of life, with a primary eligibility being low-income, survivors of domestic violence or human trafficking, shelter residents, and applicants experiencing homelessness.

Notable statistics about TCHC tenants include:

- 43% of households have a member with a disability
- 29% of tenants live alone
- 26% of households are headed by a single parent
- 12% of households self-identify as having at least one member with a mental health concern
- Close to 75% of households rely on government funds as their primary source of income

What We Deliver:

TCHC provides affordable and subsidized housing to 110,000 tenants, in 58,500 units, across the city. 89% of tenancies are deep-affordable, with a subsidy value sufficient to reduce the cost of housing to one-third of tenant income, or as little as \$85 per month. TCHC manages and maintains an infrastructure portfolio of 2,100 buildings, worth over \$10B and invests over \$300M in capital repairs and improvements per year towards restoring this valuable public asset to a full state of good repair.

How Much Resources (net operating budget): \$37.5 million

2021 Budget Highlights

Like most organizations TCHC's operations, outcomes, and strategic planning have been overshadowed by the ongoing COVID-19 Pandemic.

Budget reflects that TCHC has continued to provide its essential services to tenants throughout the pandemic and that in collaboration with the City of Toronto we have developed a sustainable cost-effective plan to continue that service into the future.

Highlights:

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

2020 In Review

2020 Accomplishments – Core Business

Tenant Services and Building Operations	<ul style="list-style-type: none"> Organizational restructuring is ongoing, including the expansion of evening and weekend staffing. The Tenant Resolution Office and enhanced tenant case management functions have been implemented to support improved tenancy outcomes. New operations lead roles have been established, aligned with pillars of tenant service. This new management structure is supported by a Service Quality Indicator metrics system.
Community Safety and Supports	<ul style="list-style-type: none"> Phase 1 deployment of Special Constables in three high-needs communities completed, with a focus on community policing, relationship building and local intervention. Phase 2 rollout in progress. Development of youth action plans in communities with a high youth population and gang involvement is ongoing.
Building Capital Renewal	<ul style="list-style-type: none"> On track to deliver the 2020 SOGR budget of \$350 million even through the pandemic shutdown. Completed energy-efficient retrofits to ensure we meet our energy reduction targets tied to the national co-investment funding.
Seniors Housing Unit	<ul style="list-style-type: none"> Phase 1 of the Integrated Service Model (ISM) is currently underway Phase 2 planned and budgeted for rollout in 2021 as per Council direction
IT modernization (HoMES)	<ul style="list-style-type: none"> Completed implementation of Phase 1 as scheduled. Currently on-track to deliver Phase 2 to support tenancy management, reporting and performance accountability.

Organizational Restructure - TCHC Service Quality Indicators

Service Quality Indicators Process

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

Indicators

1



Cleaning

Sub-metrics: Indoor; Exterior; Moving Rooms; Garbage/Recycling Areas

2



Building Maintenance

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

3



Tenancy Management

Sub-metrics: Tenant Notifications; Staff Responsiveness

4



Community Supports

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

5

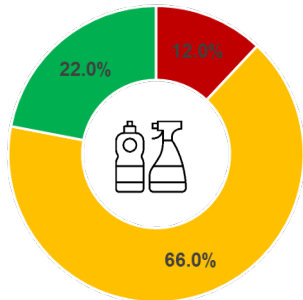


Community Safety and Well-Being

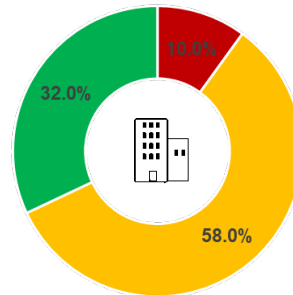
Sub-metrics: Building Infrastructure; Safety Incidents; CSU Presence

Organizational Restructure - 2020 TCHC Service Quality Indicators

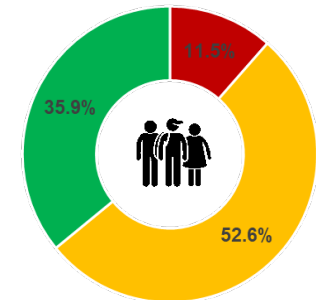
1 Cleaning



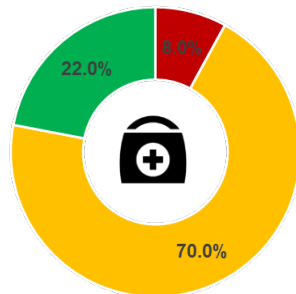
2 Building Maintenance



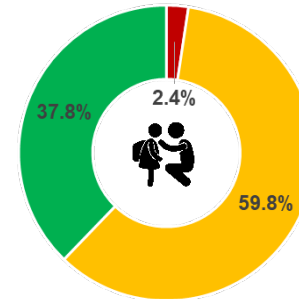
3 Tenancy Management



4 Community Supports



5 Community Safety and Well-Being



Legend:
Green - Good
Yellow - Fair
Red - Poor

2020 Accomplishments – COVID-19 Response

Continuity of Operations

- As an essential service to vulnerable households, TCHC has maintained and expanded its services continuously throughout the COVID-19 pandemic
- Increased cleaning and sanitation of building common areas and provided hand sanitizers in all lobbies
- Leveraged our existing tenant communications systems (including posters and social media) to rapidly deliver notices of public health direction and safety advice.
- Maintained a robust inventory of PPE and cleaning supplies throughout the pandemic

Supporting Vulnerable Torontonians

- Worked with City shelter staff to implement the Rapid Rehousing Program to house shelter residents with supports
- Conducted more than 19,000 wellness checks and made thousands of referrals to supports for high-risk tenants
- Worked with food security partners to deliver as many as 1,500 meals and food baskets a week to vulnerable households during the Phase 1 lockdowns
- Provided millions of dollars in rent deferments to tenants

2020 COVID – The Financial Pressures

COVID IMPACT	\$ in 000's
Pressures	
Increase in Arrears and unpaid fees (economic instability)	4,929
Utilities (increased consumption)	2,114
Operating Expenses (increased cleaning and PPE)	20,291
Program underspend	(2,500)
Total Covid Pressures	24,834
Offsets:	
Higher Residential RGI Rent	4,902
Delayed Hirings & lower G&A spend	5,090
Mortgage Interest	1,327
Total Offsets	11,319
Total Shortfall	(13,515)

- Residential Rent – Tenants' income higher than budgeted
- Interest costs – lower rates from CMHC National Housing loans
- COVID costs recoverable through Provincial / Federal COVID funding programs to the extent to cover shortfall of \$13.5M

2020 Updates – TCHC Funding

Operating Subsidy

- City subsidies for TCHC has increased beginning in 2017
- The ongoing subsidy to be received, as proposed by the City, is a result of their Permanent Funding Model, calculated on 75% of Average Market Rent
- 2021 Subsidy is flat with 2020

Capital Funding

- For 2021, the Federal and Municipal funding in conjunction with TCHC's own reserves funding provides for a fully funded 10-year Building Repair Capital plan for the first time in its history.
 - City of Toronto Funding: \$1.6B
 - CMHC National Housing Strategy: \$1.34B
 - TCHC Reserves Funding: \$130M

2021 Operating Budget

2021 Strategic Priorities – Summary

Support the rights of every tenant to have reasonable enjoyment of their homes

- Fully implement Service Delivery model (Tenant Service Hubs)
- Transition Contract-Managed to Direct-Managed in the West Region
- Continue implementation of the 10-year Building Renewal Capital program
- Implement tenant-centred strategic priorities

Build high performing teams that bring to life a culture of tenant service

- Maintain vigilance around COVID-19 and the added financial pressures as a result

Transform the way we work through the implementation of effective and efficient tenant service processes, systems and tools

- Continue the implementation of HoMES business transformation project

Work with the City of Toronto to expeditiously deliver on Tenants First directives and commitments

- Implement the Integrated Service Model in partnership with the City of Toronto and local health partners

2021 Budget - At a Glance

Total Budget	\$1,110.1M	(2020: \$1,130.6M)
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Operating Budget	\$632.9M (Pre-COVID Impact)	(2020: \$629.7M)
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TCHC's 2021 Budget continues to focus on increasing the quality and availability of service to tenants. Accountability will be driven by the Service Quality Indicators which will integrate real-time service evaluations by staff and tenants to create a constant, responsive and publicly available system to measure the performance of TCHC's service systems.

Building Repair Capital	\$350.0M	(2020: \$350.0M)
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TCHC is budgeting to deliver \$350M in building capital repairs in 2021, similar to the anticipated capital spend for 2020. The 2021 year-end FCI is estimated to be 15.2% and TCHC is on track to achieving the FCI goal of 10% by 2026 year-end.

Development Capital	\$103.0M	(2020: \$130.5M)
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Development Capital will continue to be used in the creation of brand new housing units by leveraging the value of existing properties. Key objectives of this work include the wholesale replacement of aging RGI buildings, the development of new affordable rental, and the creation of diverse, welcoming communities.

HoMES	\$24.2M	(2020: \$20.4M)
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TCHC's multi-year investment to update their legacy and end-of-life systems is on track and within the approved Budget.

2021 Operating Budget

	2021 Budget Before Covid	2021 COVID Expenses	2021 Budget (Incl COVID)	2020 Reforecast	2020 Budget	2019 Actual	2021B vs 2020 RF		2021B vs 2020B		2021B vs 2019A	
							\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
(Amounts in \$000s)												
CASH INFLOWS												
Residential rent - RGI	256,198	(16,000)	240,198	253,615	251,104	248,755	(13,417)	-5%	(10,906)	-4%	(8,557)	-3%
Residential rent - Market	94,835	(1,400)	93,435	94,370	92,152	91,327	(935)	-1%	1,283	1%	2,108	2%
Bad Debt Expense	(4,500)	(3,744)	(8,244)	(8,673)	(4,540)	(7,698)	429	-5%	(3,704)	82%	(546)	7%
Subsidies - City	250,960	-	250,960	250,960	250,960	238,474	(1)	0%	(0)	0%	12,486	5%
Subsidies - Regent Park	(6,000)	-	(6,000)	(6,000)	(6,000)	(6,000)	-	0%	-	0%	-	0%
Parking, laundry and cable fees	18,698	(400)	18,298	18,701	19,196	18,974	(403)	-2%	(898)	-5%	(675)	-4%
Commercial rent	16,479	-	16,479	15,817	16,157	15,932	662	4%	322	2%	547	3%
Other revenue	1,857	-	1,857	2,929	1,998	4,458	(1,072)	-37%	(141)	-7%	(2,601)	-58%
RPEI revenue	4,408	-	4,408	3,427	4,146	1,565	981	29%	261	6%	2,842	182%
	632,934	(21,544)	611,390	625,146	625,173	605,787	(13,756)	-2%	(13,783)	-2%	5,603	1%
CASH OUTFLOWS												
Utilities	131,304	2,934	134,238	132,049	134,414	125,036	2,189	2%	(177)	0%	9,202	7%
Energy Efficiency savings	(7,169)	-	(7,169)	(4,551)	(6,268)	-	(2,618)	58%	(901)	14%	(7,169)	0%
Municipal taxes	18,943	-	18,943	19,238	19,751	18,489	(295)	-2%	(807)	-4%	454	2%
Mortgage Interest & Principal	134,830	-	134,830	130,670	131,998	130,032	4,159	3%	2,832	2%	4,798	4%
Operations	233,955	13,028	246,983	226,186	226,488	205,478	20,797	9%	20,495	9%	41,505	20%
Corporate	65,276	-	65,276	61,878	65,129	60,344	3,398	5%	148	0%	4,932	8%
Development	-	-	-	152	361	236	(152)	-100%	(361)	-100%	(236)	-100%
Senior Housing Unit	29,483	-	29,483	28,799	27,129	22,578	684	2%	2,355	9%	6,906	31%
Other Expense	5,266	-	5,266	18,144	3,612	3,995	(12,878)	-71%	1,654	46%	1,271	32%
CARR Reserve	9,090	-	9,090	9,177	9,005	9,177	(87)	-1%	85	1%	(87)	-1%
RPEI operating expenditure	3,870	-	3,870	3,742	3,529	3,250	127	3%	340	10%	619	19%
Guaranteed equity housing project	147	-	147	163	173	194	(16)	-10%	(26)	-15%	(48)	-24%
IT/Corporate Capital	7,939	-	7,939	7,244	6,983	8,889	695	10%	957	14%	(950)	-11%
Contribution to/(from) IO reserves	-	-	-	5,769	2,870	5,690	(5,769)	-100%	(2,870)	-100%	(5,690)	-100%
Contribution for Building Capital repairs	-	-	-	-	-	1,452	-	0%	-	0%	(1,452)	-100%
HoMES	24,189	-	24,189	-	20,361	10,946	24,189	100%	3,829	19%	13,244	121%
HoMES reserve withdrawal	(24,189)	-	(24,189)	-	(20,361)	-	(24,189)	-100%	(3,829)	19%	(24,189)	0%
COVID Reimbursement	-	-	-	(13,515)	-	-	13,515	-100%	-	0%	-	0%
	632,934	15,962	648,896	625,146	625,173	605,787	23,750	4%	23,723	4%	43,109	7%
Total Cash Surplus / (Shortfall)	-	(37,506)	(37,506)	-	-	-	(37,506)	-100%	(37,506)	-100%	(37,506)	-100%

2021 Budget – Non-Discretionary Drivers

Key Cost Drivers	\$
	in 000's
Utilities - Rate increase (Hydro 6%, Gas 5%, Water & Waste 4%)	6,092
Mortgage P&I	4,165
Municipal Taxes	705
Seniors Housing *	684
Operations	
Air Conditioners replacement program	3,116
Service contract price increases	2,967
COLA, Collective Agreement Adjustments and Benefits	2,217
Other	1,983
Corporate	
Employee Retiree Benefits	1,684
Insurance premiums and liability claims	643
Total	24,257

* Seniors Housing is non-discretionary for TCHC but discretionary for the City

2021 Budget Efficiencies / Offsets

Efficiencies/ Offsets	\$
	in 000's
Utilities - Energy Efficiencies	7,169
Corporate efficiencies and reductions	3,795
Unit vacancy reduction	1,300
Maximization of pooled Blue Cross Funds	1,200
Reduction of False Fire Alarms	1,000
	14,464
IO Reserve Contribution	5,769
Weather Contingency	2,465
Full year rent impact from 2020 increases	1,559
Total	24,257

2021 COVID Pressures

Covid Pressures	\$
	in 000's
Residential Rent (Provincial Rent Cap)	17,400
Increase in Arrears and unpaid fees (economic instability)	4,144
Utilities (increased consumption)	2,934
Operating Expenses (increased cleaning and PPE)	15,028
Program underspend	(2,000)
Total	37,506

2021 Building Renewal Capital Budget

Key Capital Objectives & Priority Actions

Objectives:

To deliver repairs and upgrades that maintain and build communities which will improve and enhance the quality of life for the tenants TCHC currently houses.

- Continue to implement a building capital repair plan to achieve a 10% Facility Condition Index (FCI) by the end of 2026
- Work to maintain all units are available for rental (enhance unit availability)
- Reduce portfolio-wide energy consumption by 25% by the end of 2028
- Maximize accessibility for our tenants, including building common areas and accommodations at 20% of TCHC units by the end of 2028

10-Year Building Renewal Capital Budget and Forecasted FCI

TCHC 10 Year Building Renewal Capital Budget														
Budget Category	2017 Actuals	2018 Actuals	2019 Actuals	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Planned Capital	\$137	\$188	\$100	\$198	\$213	\$236	\$236	\$212	\$213	\$201	\$162	\$100	\$100	\$100
Demand Capital	\$74	\$91	\$119	\$68	\$91	\$86	\$86	\$86	\$86	\$74	\$63	\$51	\$51	\$51
Energy Programs	\$26	\$6	\$79	\$66	\$30	\$11	\$11	\$10	\$9	\$8	\$7	\$0	\$0	\$0
Capital Other	\$12	\$15	\$15	\$18	\$16	\$17	\$17	\$17	\$17	\$17	\$15	\$9	\$9	\$9
	\$250	\$300	\$313	\$350	\$350	\$350	\$350	\$325	\$325	\$300	\$247	\$160	\$160	\$160

TCHC 10 Year Facilities Condition Index														
	2017 Actuals	2018 Actuals	2019 Actuals	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Year End Capital Needs	1,516	1,425	1,578	1,616	1,607	1,529	1,468	1,404	1,280	1,158	1,128	1,111	1,233	1,261
Year End FCI	16.2%	15.0%	15.6%	15.6%	15.2%	14.2%	13.4%	12.6%	11.2%	9.9%	9.5%	9.2%	10.0%	10.0%
Original FCI estimate (2017)	16.2%	16.4%	18.2%	18.4%	17.6%	15.9%	14.5%	13.1%	11.4%	10.1%	10.1%	10.2%	10.5%	10.0%
FCI Improvement			2.6%	2.8%	2.4%	1.7%	1.1%	0.5%	0.2%	0.2%	0.6%	1.0%	0.5%	0.0%

NOTE: The forecasted backlog of capital repair needs and corresponding FCI are calibrated annually by a third party audit and subject to ongoing adjustment.

Year-end FCI for 2019 was 15.6% representing a 14.2% improvement over the 2017 baseline FCI of 18.2%

Multi-Year Building Renewal Capital Commitment

Budget Category consolidated	Capital Envelope	RC Programs	2021	2022 Commitments	2023 Commitments	2024 Commitments
Planned Capital	CA01	Common Area Accessibility	\$ 10,750,000	\$ 1,546,679	\$ -	\$ -
	CC01	Commercial - Laundry Rooms	\$ 2,000,000	\$ -	\$ -	\$ -
	CC09	Commercial Retail Repairs	\$ 1,000,000	\$ -	\$ -	\$ -
	RC03	Electrical	\$ 6,000,000	\$ -	\$ 200,000	\$ -
	RC05	Elevators	\$ 6,000,000	\$ 1,060,000	\$ -	\$ -
	RC07	Envelope	\$ 45,000,000	\$ 26,174,611	\$ 4,165,308	\$ -
	RC08	Grounds	\$ 9,000,000	\$ 2,910,000	\$ 2,365,000	\$ 4,650,000
	RC09	Interior	\$ 8,000,000	\$ 500,000	\$ 500,000	\$ -
	RC10	Emergency Generators	\$ 13,900,000	\$ -	\$ -	\$ -
	RC12	Life Safety	\$ 9,000,000	\$ -	\$ -	\$ -
	RC15	HVAC	\$ 15,000,000	\$ 5,299,244	\$ 1,008,820	\$ -
	RC16	Plumbing	\$ 12,000,000	\$ 5,541,481	\$ 1,000,000	\$ -
	RC18	Roofing	\$ 10,000,000	\$ 1,000,000	\$ -	\$ -
	RC19	Cameras and Access Control	\$ 8,000,000	\$ 4,000,000	\$ -	\$ -
	RC22	Single Dwelling Units	\$ 2,000,000	\$ 1,500,000	\$ -	\$ -
	RC23	Structural	\$ 8,000,000	\$ 6,325,000	\$ -	\$ -
	RC24	Parking Garages	\$ 10,000,000	\$ 1,583,804	\$ -	\$ -
	RC39	Common Area Hallway Repairs	\$ 2,000,000	\$ 820,000	\$ -	\$ -
	RC41	Swimming Pool Envelope	\$ 1,000,000	\$ -	\$ -	\$ -
HBRP	Holistic Building Retrofit Program	\$ 16,000,000	\$ 51,434,429	\$ 37,675,000	\$ 16,085,000	
RCXZ	Capital Contingency	\$ 18,743,999	\$ -	\$ -	\$ -	
Planned Capital Total			\$ 213,393,999	\$ 109,695,247	\$ 46,914,127	\$ 20,735,000
Demand Capital	CA02	Resident's Demand Unit Accessibility Upgrades	\$ 6,000,000	\$ -	\$ -	\$ -
	CA03	Common Area Demand Accessibility Upgrade	\$ 1,350,000	\$ -	\$ -	\$ -
	CG01	Waste Equipment Repairs	\$ 1,000,000	\$ -	\$ -	\$ -
	CI01	Risk Management and Insurance Claims	\$ 4,000,000	\$ -	\$ -	\$ -
	COXX	Component Capital	\$ 50,000,000	\$ -	\$ -	\$ -
	LMXX	Local Moveouts	\$ 16,500,000	\$ -	\$ -	\$ -
	SOGI	State of Good Repair - Interior	\$ 8,000,000	\$ 500,000	\$ -	\$ -
	SOGM	State of Good Repair - MLS Issues	\$ 4,000,000	\$ -	\$ -	\$ -
Demand Capital Total			\$ 90,850,000	\$ 500,000	\$ -	\$ -
Energy Programs	AIP1	Apartment Investment Plan - SHAIP **	\$ 13,103,000	\$ -	\$ -	\$ -
	RPEI	Regent Park Energy Initiatives	\$ 7,153,001	\$ -	\$ -	\$ -
	EW01	Water Conservation & Recommissioning	\$ 4,000,000	\$ -	\$ -	\$ -
	EW03	Energy Retrofit and Recommissioning	\$ 1,000,000	\$ -	\$ -	\$ -
	EWXX	BAS and Recommissioning	\$ 1,000,000	\$ -	\$ -	\$ -
	EWXX	In-Suite LED Lighting and E Renewable Program	\$ 3,000,000	\$ -	\$ -	\$ -
	EW08	Metering / Monitoring	\$ 1,000,000	\$ -	\$ -	\$ -
Energy Programs - RPEI Total			\$ 30,256,001	\$ -	\$ -	\$ -
Capital Other	ADM	FM Labour Costs - Project Management (5%)	\$ 15,000,000	\$ -	\$ -	\$ -
	RC01	Building Condition Audits	\$ 500,000	\$ -	\$ -	\$ -
Capital Other Total			\$ 15,500,000	\$ -	\$ -	\$ -
Grand Total			\$ 350,000,000	\$ 110,195,247	\$ 46,914,127	\$ 20,735,000

2021 Development Capital Budget

Key Capital Objectives & Priority Actions

Objectives:

- Continue implementing the revitalization program in 8 TCHC communities across the City.
- Deliver 309 rental replacement units in 2021 which were delayed from 2020, with a further 514 rental replacement units under construction.

Priority Actions:

- Implementation of future phases of Regent Park and Lawrence Heights
- Starting construction work for Alexandra Park Phase 2 and Don Summerville, and demolition in Firgrove
- 250 Davenport – Implementation of a service agreement with COTA to provide tenant supports and completion of the rental portion of the revitalization
- Working with the Housing Secretariat to finalize a funding application to CMHC for the Co-Investment Fund for Firgrove and Lawrence Heights

Development – 2021 Capital Budget Breakdown

2021 Development Capital Breakdown

(Amounts in Millions)

	<u>Equity</u>	<u>Grants</u>	<u>Land Sale</u>	<u>Profits</u>	<u>Net Investment</u>
Rental Buildings	(87.0)	50.8			(36.2)
Market Buildings			39.4	22.9	62.3
Development Department Costs	(7.5)				(7.5)
Total In-Flight Development	(94.5)	50.8	39.4	22.9	18.6
Total Non In-Flight Development	(8.6)				(8.6)
Total Development Capital	(103.0)	50.8	39.4	22.9	10.0

* For 2021, Development is projecting a surplus from in-flight projects of \$18.6M and expenditures from non in-flight projects of \$8.6M

Summary of Units To Be Complete in 2021

Project	Rental Units
250 Davenport	13
Allenbury Gardens	97
Lawrence Heights	78
Leslie Nymark	121
Total	309