

2022 Budget – Key Cost Drivers

Key Cost Drivers (in \$000s)	City / Shareholder	Inflationary	Other	Total
GENERAL				
Utilities (Hydro 4.8%, Natural Gas 5.6%, Water 3.0% and Waste 5.6%)		3,153		3,153
COLA and Collective Bargaining Non-discretionary increase		4,367		4,367
Mortgage P&I			4,358	4,358
Revenue impact: Transition of Market units to RGI	1,848			1,848
Municipal Taxes		534		534
SENIORS HOUSING				
Full year impact of 2021 mid-year hiring implementation	1,404			1,404
Full year impact from deferral of 2021 Annual unit inspections			1,333	1,333
OPERATIONS				
Rate increases for service contracts upon renewal		1,000	-	1,000
Preventative Maintenance programs			3,253	3,253
Contract Managed - East, Central and Seniors	1,621			1,621
CORPORATE				
HoMES annual license fee			2,100	2,100
HoMES transitional costs			1,530	1,530
Insurance program increases		1,375		1,375
Confronting Anti-Black Racism			807	807
IT Cyber security and End of Life system replacment			834	834
2022 Base Budget Pressures	4,873	10,428	14,215	29,517
City Subsidy Increase				(24,308)
One-Time Cost Drivers Funding				(9,509)
Revenue increases				(2,992)
Utility savings from investments made to reduce consumption				(1,985)
Line by line review for savings				(1,832)
Revenue Adjustments and Balancing Actions				(40,626)
Net 2022 Base Budget Drivers				(11,110)
One-Time Cost Drivers				9,509
Total Budget Change				(1,601)

2022 Budget – One Time Costs

One Time Costs (in \$000s)	Amount
Community Safety Unit supplies and maintenance costs	287
Legal and professional fees	3,233
Information Technology	
End user devices (eg laptops/desktops, monitors, keyboards, etc.)	1,050
Equipment for Hub projects and other devices	300
Software Costs	235
Additional resources/ Professional Services for Office 365	550
	2,135
Communications	
Tenant Focused Digital Content Strategy	225
External website scoping & development	250
	475
Utilities - timing of savings	3,379
Total One Time Costs	9,509

2022 Budget – COVID Impact

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

2022 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 build capital repair plan to achieve a 10% Facility Condition Index (FCI) by end of 2026
- Work to ensure zero closures and to maximize units 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	2019 Actuals	2020 Actuals	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Planned Capital	\$100	\$168	\$195	\$225	\$230	\$213	\$215	\$200	\$161	\$101	\$101	\$101	\$101
Demand Capital	\$119	\$123	\$90	\$89	\$84	\$84	\$84	\$76	\$65	\$51	\$51	\$51	\$51
Energy Programs	\$79	\$59	\$30	\$18	\$18	\$11	\$10	\$9	\$9	\$0	\$0	\$0	\$0
Capital Other	\$15	\$18	\$18	\$19	\$18	\$17	\$17	\$16	\$13	\$9	\$9	\$9	\$9
	\$313	\$367	\$333	\$350	\$350	\$325	\$325	\$300	\$247	\$160	\$160	\$160	\$160

TCHC 10 Year Facilities Condition Index													
	2019 Actuals	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Year End Capital Needs	1,578	1,618	1,650	1,580	1,512	1,413	1,297	1,180	1,151	1,176	1,266	1,314	1,334
Year End FCI	15.6%	15.7%	15.3%	14.4%	13.5%	12.4%	11.1%	9.9%	9.5%	9.5%	10.1%	10.2%	10.2%
Original FCI estimate (2017)	18.2%	18.4%	17.6%	15.9%	14.5%	13.1%	11.4%	10.1%	10.1%	10.2%	10.5%	10.0%	10.0%
FCI Improvement	2.6%	2.7%	2.3%	1.5%	1.0%	0.7%	0.3%	0.2%	0.6%	0.7%	0.4%	-0.2%	-0.2%

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

- Building FCI is estimated to be better than originally anticipated in 2018 in all years leading up to 2026, where FCI will be at approximately 10% by year-end

Multi-Year Building Renewal Capital Commitment

Budget Category consolidated	Capital Envelope	RC Programs	2022	2023 Current Commitments	2024 Current Commitments	2025 Current Commitments
Planned Capital	CA01	Common Area Accessibility	\$ 11,750,000	\$ 750,000	\$ -	\$ -
	CC01	Commercial - Laundry Rooms	\$ 1,300,000	\$ -	\$ -	\$ -
	CC09	Commercial Retail Repairs	\$ 1,000,000	\$ -	\$ -	\$ -
	RC03	Electrical	\$ 5,000,000	\$ -	\$ -	\$ -
	RC05	Elevators	\$ 6,000,000	\$ -	\$ -	\$ -
	RC07	Envelope	\$ 40,000,000	\$ 14,094,119	\$ 3,793,458	\$ -
	RC08	Grounds	\$ 10,000,000	\$ -	\$ -	\$ -
	RC09	Interior	\$ 7,000,000	\$ 1,000,000	\$ -	\$ -
	RC10	Emergency Generators	\$ 4,000,000	\$ -	\$ -	\$ -
	RC12	Life Safety	\$ 9,000,000	\$ 4,049,852	\$ 1,866,998	\$ -
	RC15	HVAC	\$ 18,000,000	\$ 1,895,882	\$ 12,448	\$ -
	RC16	Plumbing	\$ 12,000,000	\$ 982,704	\$ -	\$ -
	RC18	Roofing	\$ 10,000,000	\$ 431,669	\$ 179,862	\$ -
	RC19	Cameras and Access Control	\$ 10,000,000	\$ -	\$ -	\$ -
	RC22	Single Dwelling Units	\$ 2,000,000	\$ -	\$ -	\$ -
	RC23	Structural	\$ 8,000,000	\$ 1,331,330	\$ -	\$ -
	RC24	Parking Garages	\$ 10,000,000	\$ 1,060,985	\$ -	\$ -
	RC39	Common Area Hallway Repairs	\$ 1,000,000	\$ -	\$ -	\$ -
	RC41	Swimming Pool Envelope	\$ 1,000,000	\$ 658,335	\$ -	\$ -
	RCHH	Heritage Houses	\$ 1,000,000	\$ -	\$ -	\$ -
	HBPR	Holistic Building Retrofit Program	\$ 40,000,000	\$ 25,691,354	\$ 6,908,456	\$ -
	RCXZ	Capital Contingency	\$ 14,103,616	\$ -	\$ -	\$ -
Planned Capital Total			\$ 222,153,616	\$ 51,946,230	\$ 12,761,222	\$ -
Demand Capital	CA02	Resident's Demand Unit Accessibility Upgrade	\$ 5,000,000	\$ -	\$ -	\$ -
	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	FM Demand Component Capital	\$ 50,000,000	\$ 21,253	\$ 7,677	\$ -
	LCXX	Resident Appliances and Equipment	\$ 2,000,000	\$ -	\$ -	\$ -
	LMXX	Local Moveouts	\$ 16,500,000	\$ -	\$ -	\$ -
	SOGI	State of Good Repair - Interior	\$ 5,000,000	\$ -	\$ -	\$ -
	SOGM	State of Good Repair - MLS Issues	\$ 4,000,000	\$ -	\$ -	\$ -
Demand Capital Total			\$ 88,850,000	\$ 21,253	\$ 7,677	\$ -
Energy Programs	AIP1	Apartment Investment Plan - SHAIP **	\$ 101,384	\$ 76,432	\$ -	\$ -
	RPEI	Regent Park Energy Initiatives	\$ 5,665,000	\$ -	\$ -	\$ -
	EW01	Water Conservation & Recommissioning	\$ 4,000,000	\$ -	\$ -	\$ -
	EW03	Energy Retrofit and Recommissioning	\$ 1,000,000	\$ -	\$ -	\$ -
	EW08	EW08 - Metering / Monitoring	\$ 2,650,000	\$ -	\$ -	\$ -
	EW09	EW09 - iBMS System Integration	\$ 3,080,000	\$ 18,063	\$ 18,063	\$ 10,536
	EW10	In-Suite LED Lighting and E Renewable Program	\$ 4,000,000	\$ -	\$ -	\$ -
Energy Programs - RPEI Total			\$ 20,496,384	\$ 94,495	\$ 18,063	\$ 10,536
Capital Other	ADM	FM Labour Costs - Project Management (5%)	\$ 17,500,000	\$ -	\$ -	\$ -
	RC01	Building Condition Audits	\$ 1,000,000	\$ 367,347	\$ 367,347	\$ 306,123
Capital Other Total			\$ 18,500,000	\$ 367,347	\$ 367,347	\$ 306,123
Grand Total			\$ 350,000,000	\$ 52,429,324	\$ 13,154,308	\$ 316,659

2022 Development Capital Budget

Key Capital Objectives & Priority Actions

Objectives:

- Continue implementing the revitalization program in 8 TCHC communities across the City.
- Demolish 102 rental units and begin construction on 223 rental replacement units (RGI) and 39 affordable rental units and continue construction on 254 RGI units.

Priority Actions:

- Implementation of future phases of Regent Park and Lawrence Heights
- Continue construction work for Alexandra Park Phase 2 , Don Summerville, and demolition in Firgrove
- 250 Davenport – Completion of amenity space improvements and finalization of use of space agreements with COTA.
- Working with the Housing Secretariat to:
 - Proceed with the next steps for sites with approved Initial Development Proposals
 - Finalize City costs for infrastructure, streets, parks and community amenities for inclusion in 10 year capital plans for Lawrence Heights Phase 2/3 and Firgrove
 - Finalize a funding application to CMHC for the Co-Investment Fund at Firgrove
 - Determine the preferred affordable housing approach for Phase 2/3 of Lawrence Heights

Key Capital Issues & Challenges for 2022 and Beyond

<p>Uncommitted funding for ongoing development revitalizations</p>	<p>Regent Park Phases 4 & 5 Lawrence Heights Phases 2-4, Alexandra Park Phase 2 and Firgrove are projecting a shortfall with no identified funding source to cover the gap of approximately \$475M over the next 10 years and <u>2024 will require City funding to cover the projected shortfall across these sites.</u></p> <p>Regent Park will save TCHC an estimated \$71M in capital repair backlog for phases 4 and 5 over the next ten years, Lawrence Heights Phases 2-4 of \$122M, Alex Park Phase 2 of \$46.1M and Firgrove of \$41M in avoided capital costs</p> <p>In 2019, Toronto City Council approved the relocation and demolition of the remaining 102 occupied units at Firgrove. If a plan to rebuild does not move forward, the City will lose 234 rent geared to income units from TCHC's portfolio.</p>
<p>Transfer to Create TO</p>	<p>The pending move of TCHC's Development team to Create TO has created considerable uncertainty as to how projects will be managed and where responsibilities will lie</p>
<p>Delays with construction in 2021</p>	<p>Supply chain issues, labour shortages and construction costs have impacted timelines and budgets.</p> <p>Phase 1 Lawrence Heights construction has been slowed due to the delayed delivery of the second rental building which has impacted the start of demolition and site servicing work for new roads.</p>

Development – 2022 Capital Budget Breakdown

2022 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	90.1	(32.8)			57.3
Market Buildings			(45.8)	(21.7)	(67.5)
Development Department Costs	7.6				7.6
Total In-Flight Development	97.7	(32.8)	(45.8)	(21.7)	(2.6)
Total Non In-Flight Development	0.3				0.3
Total Development Capital	98.0	(32.8)	(45.8)	(21.7)	(2.3)

Summary of Units Under Construction in 2022

Project	Rental Units
Alexandra Park	124
Don Summerville	138
Regent Park	189
Lawrence Heights	65
Total	516