
Toronto Community Housing

2019 Budget

Detailed Summary

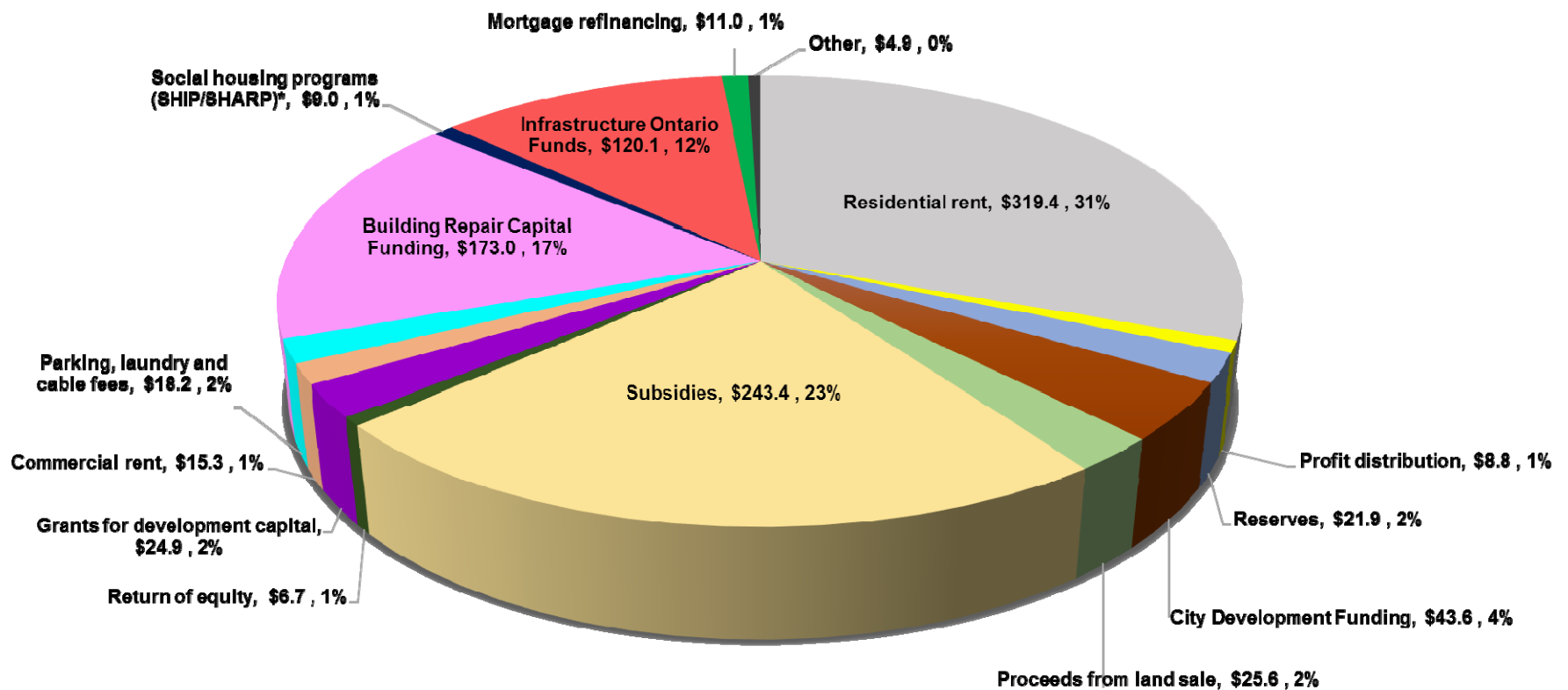
January 2019

Key Initiatives

- The 2019 budget reflects TCHC's strategic plan priorities and builds on our 2018 successes to improve outcomes for tenants and protect Toronto's supply of RGI housing by ensuring no unit closures.
- TCHC will continue to deliver operational efficiencies and reinvest savings of \$7 million into service and safety improvements for tenants.
- We will expand our violence reduction pilot into a full Violence Reduction Program that will deliver enhanced security and community engagement in high-risk communities across the city. We will also expand our fire life safety program to further enhance fire safety outcomes for tenants.
- The Building Capital Renewal Program will deliver repairs and upgrades to the benefit of thousands of households while improving energy efficiencies and furthering our goal of returning the TCHC portfolio to a state of good repair by 2026.
- In 2019 we will begin implementation of the Integrated Housing Management System (IHMS) project, to replace end-of-life information technology infrastructure and support more efficient and reliable service to tenants.

Sources of Funds

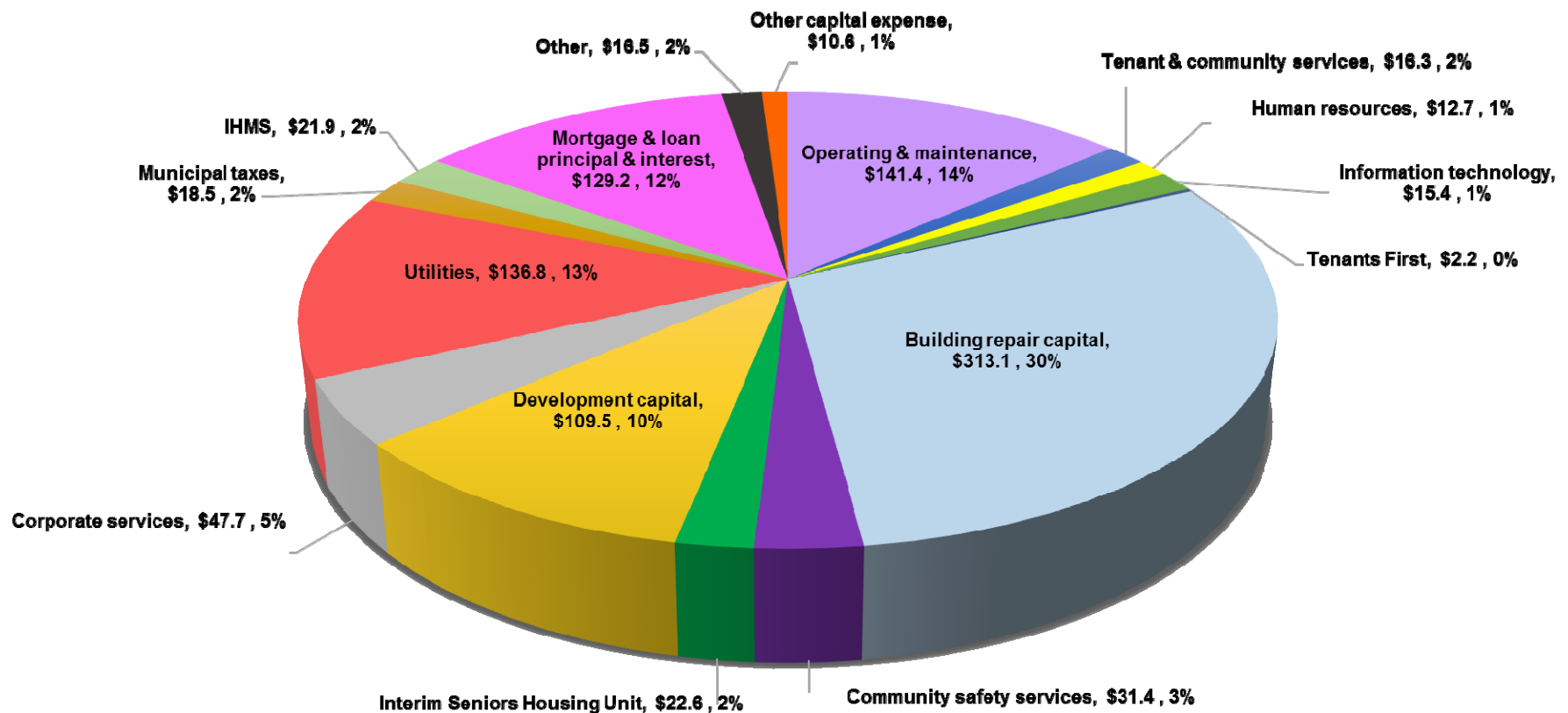
Budget 2019 Sources of Funds \$1,045.8 million
(\$ million)



*SHIP = Social Housing Improvement Program, SHARP = Social Housing Apartment Retrofit Program

Uses of Funds

Budget 2019 Uses of Funds \$1,045.8 million*
(\$ million)



*Amount includes IHMS of \$21.9M

2019 Building Renewal Capital Budget

Overview

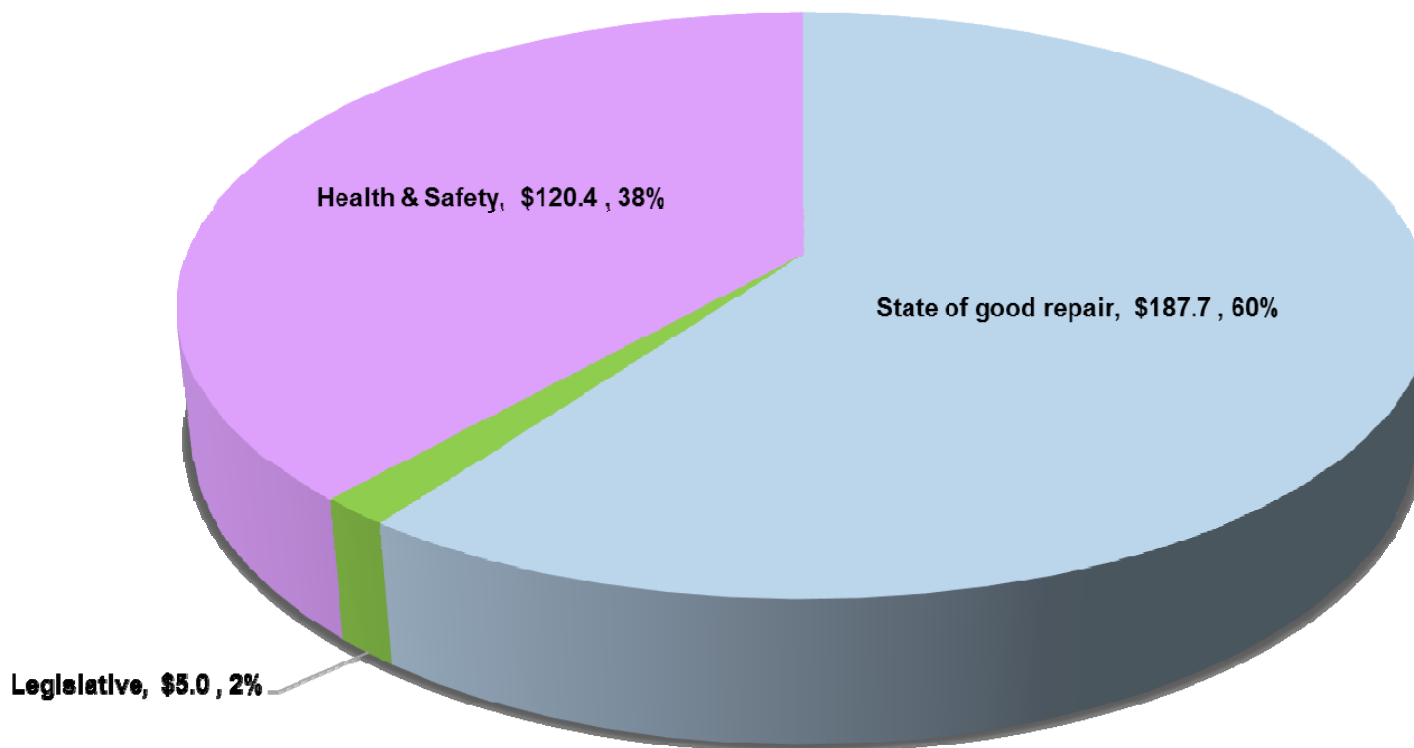
- \$313.1M spend in 2019; year-end FCI estimated at 18.2%
 - Four-year capital spend commitment being requested from the City to support long-term project planning
 - City has increased funding to \$173M for 2019 with incremental Social Housing Apartment Improvement Program (SHAIP) funding
- Annual capital spend increases to \$350M starting in 2020, but decreases to \$337M in 2026 when year-end FCI is projected to be 10.1%; annual \$160M spend in following years to maintain 10% FCI
- Funding solutions are being pursued to address the \$2.1B unfunded portion of the building renewal capital backlog

Prioritization

- Quality, well-maintained homes for tenants
- Avoid permanent unit closures
- Implement multi-year Building Renewal Capital Plan to achieve 10% FCI by end of 2026
- Continue energy-efficiency retrofits

Uses of Funds

Building Repair Capital Budget Uses of Funds \$313.1 million
(\$ million)



10-Year Building Capital Renewal Budget Financing and Forecasted FCI

TCHC - Ten Year Plan 2018-2027																
(in \$ millions)	Actuals					Forecast										2018 - 2027 Total
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Year End Capital Backlog Needs	914	896	1,022	1,343	1,516	1,560	1,763	1,825	1,773	1,638	1,527	1,405	1,242	1,131	1,150	1,150
Year End Facilities Condition Index (FCI):	9.5%	9.5%	11.1%	14.6%	16.2%	16.4%	18.2%	18.4%	17.6%	15.9%	14.5%	13.1%	11.4%	10.1%	10.1%	10.1%
TCHC Capital Cash Balances																
Opening Cash Balance	116	116	154	287	161	267	117	99	(11)	(150)	(294)	(449)	(584)	(741)	(891)	267
In Year Funding	176	165	309	111	356	(10)	-	-	-	-	-	-	-	-	-	(10)
Required funding through Debt	-	-	-	-	-	-	122	80	51	46	35	55	33	27	27	476
City Capital Funding	-	-	-	-	-	160	173	160	160	160	160	160	160	160	160	1,613
Funds Available for Capital	293	282	462	399	517	417	412	339	200	56	(99)	(234)	(391)	(554)	(704)	2,346
Total Capital Spend	(60)	(128)	(175)	(238)	(250)	(300)	(313)	(350)	(350)	(350)	(350)	(350)	(350)	(337)	(160)	(3,210)
Ending Cash on Hand (Shortfall)	233	154	287	161	267	117	99	(11)	(150)	(294)	(449)	(584)	(741)	(891)	(864)	(864)
Funds required							11	139	144	155	135	157	150	(27)		864

- \$160M City Capital Funding for 2020 and beyond requires City Council approval

4-Year Rolling Capital Plan

Multi-Year Funding Commitment

- Approval of four-year commitment:
 - improves value for money
 - minimizes tenant disruption
 - reduces premium costing for phasing

							Strategic 4 Year Capital Rolling Plan			
TCHC - Four Year Plan 2019 – 2022										
(in \$ millions)	Actuals						Forecast			
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Year End Capital Backlog Needs	914	896	1,022	1,343	1,516	1,560	1,763	1,955	2,148	2,294
TCHC Capital Cash Balances										
Opening Cash Balance	-	116	154	287	161	267	117	53	26	138
In Year Funding	176	165	309	111	356	(10)	-	-	-	-
Required funding through Debt	-	-	-	-	-	-	76	-	-	-
City Capital Funding	-	-	-	-	-	160	173	160	160	160
Additional Funding Shortfall	-	-	-	-	-	-	-	-	-	-
Funds Available for Capital	176	282	462	399	517	417	366	213	186	298
Total Capital Spend	(60)	(128)	(175)	(238)	(250)	(300)	(313)	(187)	(49)	(7)
Ending Cash on Hand (Shortfall)	116	154	287	161	267	117	53	26	138	291

Multi-year project spend

2019 Development Capital Budget

Overview

- Gross spend of \$109.5M
- Funding sources \$66.0M
 - \$41M: Land, return of capital, profit distribution
 - \$25M: Funding from the City and the provincial government
- 360 rental replacement units to be completed in 2019
- New projects: \$627K
 - New development – due diligence for potential projects: \$500K
 - Regent Park Phase 4 & 5 – planning: \$112K
 - Don Summerville – predevelopment: \$15K

Breakdown

Development Capital Breakdown

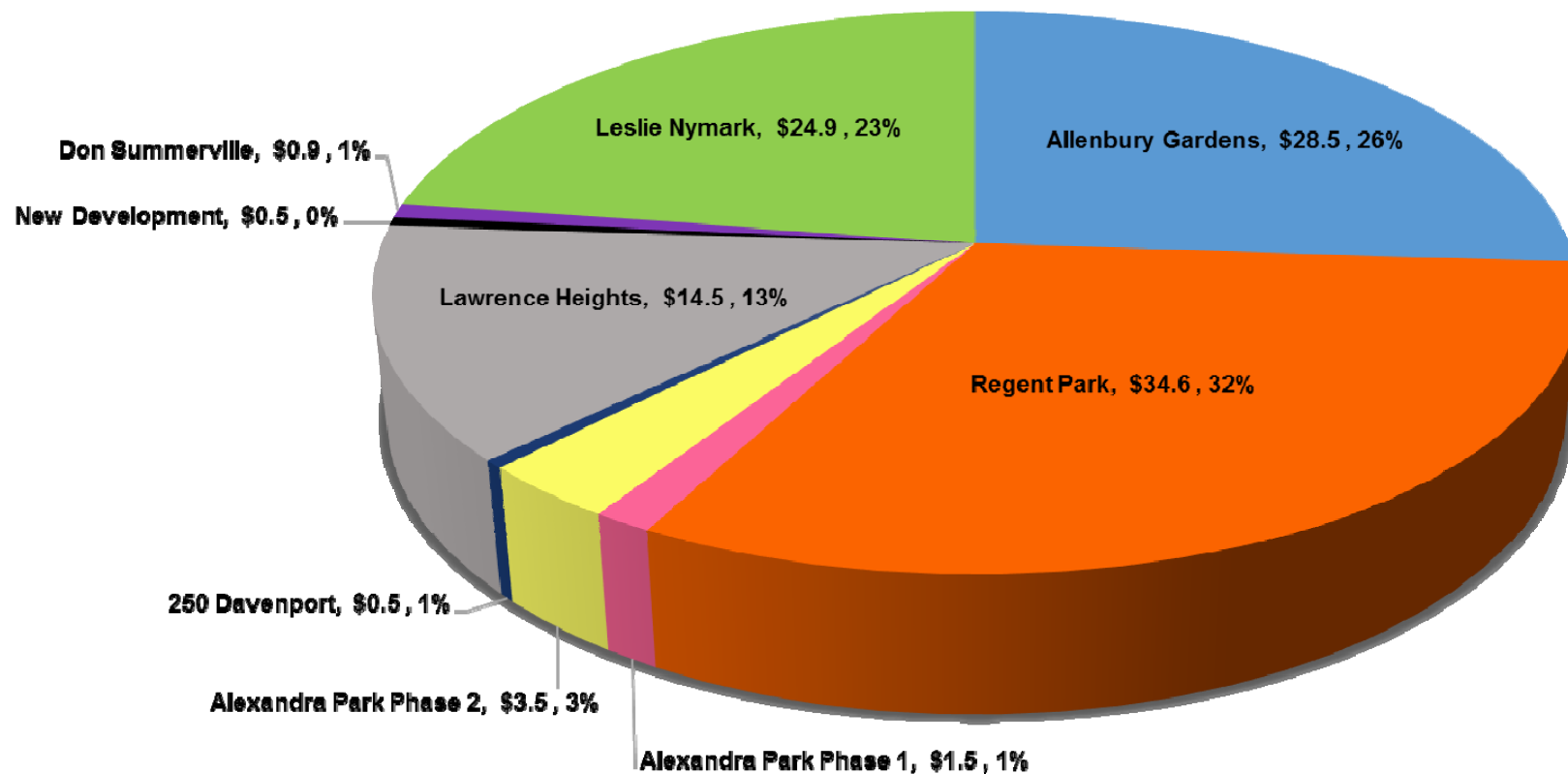
(Amounts in Millions)						
	<u>Equity</u>	<u>Grants</u>	<u>Land Sale</u>	<u>Equity Return</u>	<u>Profits</u>	<u>Net Investment</u>
Rental Buildings	98.0	(24.9)				73.2
Market Buildings	4.9		(25.6)	(6.7)	(8.8)	(36.2)
Development Department Costs						-
Development Division Unit	3.6					3.6
Asset Management Relocation Unit	0.6					0.6
Tenant Community Services Revitalization Unit	2.4					2.4
Total	109.5	(24.9)	(25.6)	(6.7)	(8.8)	43.6

Summary of Units To Be Completed in 2019

Project	Rental
Alexandra Park	21
Regent Park	339
Total	360

Uses of Funds

Development Capital Budget Uses of Funds \$109.5 million
(\$ million)



2019 Operating Budget

2019 Priorities

- **Physical safety and security in TCHC communities**
 - Broader Dan Harrison community and Strathmore pilots
 - Violence Reduction Program in partnership with Toronto Police Service
- **Tenant-facing service improvements**
 - Priority Transfer Process in response to Ombudsman recommendations
 - Flood protection preventative maintenance
 - Improved vendor management to deliver better value for money and better service for tenants
 - After-hours service improvements
- **Fire life safety program**
 - Increased fire life safety preventative maintenance
 - Fire life safety program educator to enhance tenant awareness
 - Additional resources for fire alarm monitoring
- **Tenants First business plan**
 - Interim Seniors Housing Unit
 - Tenant Engagement System refresh
- **Business transformation**
 - Integrated Housing Management System
 - End user refresh

Key Changes

- **Breakeven budget before IHMS**
 - City subsidy remains constant
 - Increase in residential revenue of \$11.7M
- **Savings in several operating areas**
 - \$9.4M reduction in utilities primarily due to hydro rate decrease (temporary until 2021)
 - \$1.5M in elimination of positions in respective business units
- **Investments in key areas of tenant service**
 - An additional \$13.3M in Community Safety Services, including \$5.0M for the Violence Reduction Program
 - An additional \$6.0M for Operating and Maintenance costs
 - \$5.5M for Council-directed Initiatives, including the Seniors Housing Unit, the Tenants First project and the improved Crisis Priority Transfer system

Consolidated Operating Cash Flow

(Amounts in \$000s)	Budget 2019*	Reforecast 2018**	Budget 2018	2019B vs 2018B	
				\$	%
Cash Inflows					
Residential rent	319,373	322,953	307,630	11,743	4%
Subsidies	243,438	241,605	243,795	(357)	0%
Parking, laundry and cable fees	18,184	18,301	18,079	105	1%
Commercial rent	15,284	15,172	14,947	337	2%
Other revenue	4,923	3,835	5,361	(438)	-8%
	601,203	601,867	589,812	11,391	2%
Cash Outflows					
Utilities	131,226	122,578	140,594	(9,368)	-7%
Municipal taxes	18,477	18,432	17,628	850	5%
Mortgage Interest & Principle	129,217	124,757	129,700	(483)	0%
Operating and Maintenance	141,448	139,146	135,409	6,038	4%
Tenant and Community Services	16,258	13,097	15,715	543	3%
Community Safety Services	31,363	25,363	18,020	13,343	74%
Human Resources	12,705	10,874	12,355	350	3%
Information Technology	15,359	11,496	12,870	2,489	19%
Corporate Services***	47,691	41,684	44,375	3,316	7%
Interim Seniors Housing Unit	22,643	20,460	20,171	2,472	12%
Tenants First	2,176	1,410	2,968	(792)	-27%
Other	18,892	19,371	18,197	696	4%
RPEI operating expenditure	3,162	2,191	2,767	395	14%
Capital Transfers	10,586	16,940	5,143	5,443	106%
	601,203	567,800	575,911	25,292	4%
Net Operating Cash Surplus before IHMS	(0)	34,067	13,901	(13,901)	-100%

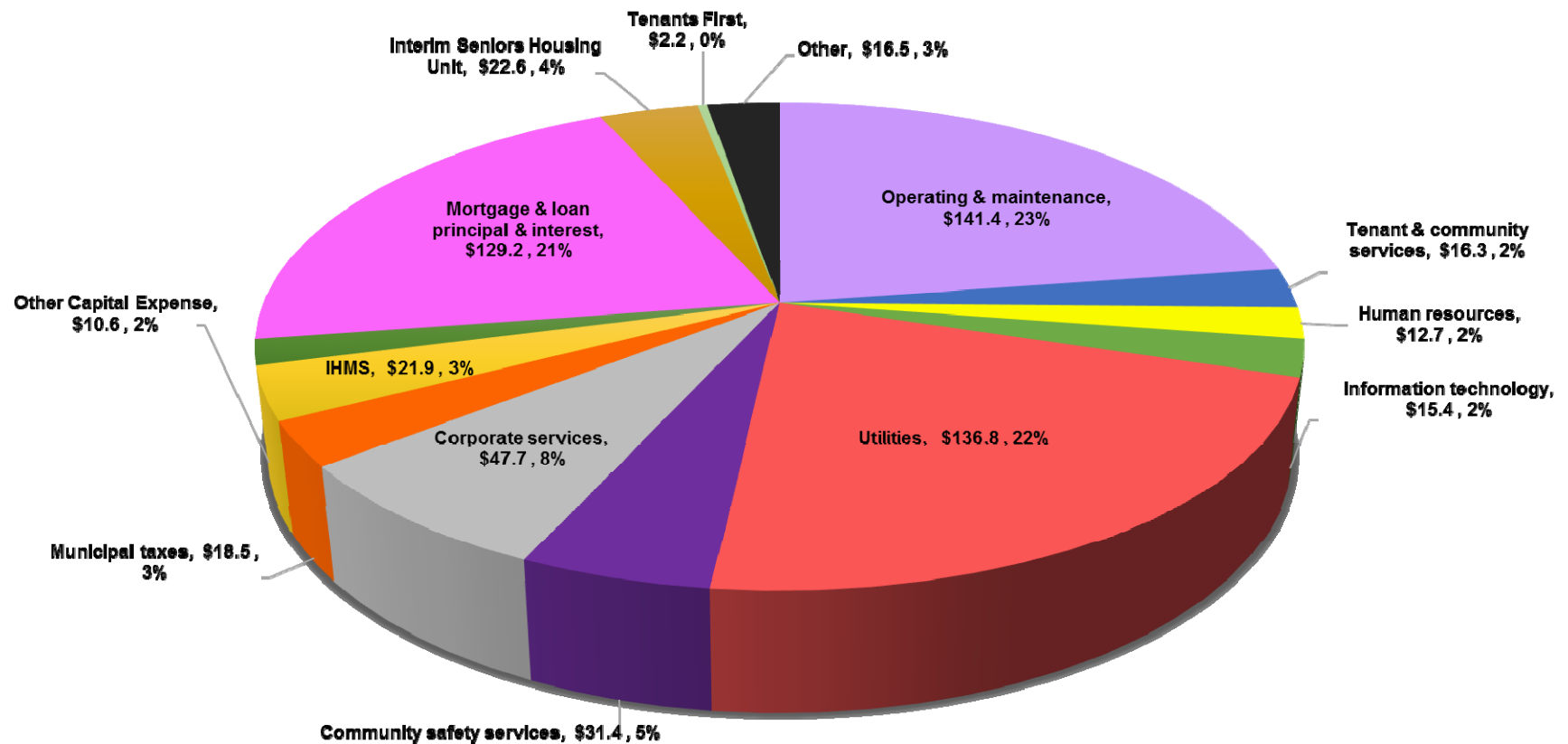
* Budget includes Council Directives of \$5.5M

** 2018 Surplus will fund 2019's IHMS spend of \$21.9M (surplus includes \$11.7M that was budgeted in 2018 and deferred to 2019)

*** Includes Chief Executive Office, Commercial, Communications, Development, Finance, Legal, Risk & Fire Safety, Procurement, Service Integration & Delivery, Strategic Planning, and Commissioner of Housing Equity

Uses of Funds

Budget 2019 Operating Uses of Funds \$623.1 million*
(\$ million)



*Amount includes IHMS of \$21.9M

Payroll and Benefits

(Amounts in \$000s)	Budget 2019	Budget 2018	2019B vs 2018B
Asset Management	56,226	55,444	782
Chief Executive Office	511	597	(86)
Commercial	793	998	(205)
Communications	1,541	1,693	(152)
Community Safety Services	22,904	15,308	7,596
Facilities Management	8,255	7,660	595
Finance	7,541	7,664	(123)
Commissioner of Housing Equity	1,195	1,070	125
Human Resources	5,937	5,911	26
Information Technology	9,045	7,531	1,514
Legal, Risk & Fire Safety	6,577	6,190	387
Procurement	3,523	3,413	110
Interim Seniors Housing Unit	15,049	14,071	978
Service Integration & Delivery	7,695	8,043	(348)
Strategic Planning	1,472	1,278	194
Tenant and Community Services	13,396	13,053	343
Tenant First Unit	1,221	1,437	(216)
Total Net Salaries	162,881	151,361	11,520

Summary

- Operating efficiencies reallocated to services (e.g., safety and security) that directly benefit tenants
 - Positions eliminated or consolidated (\$1.5M savings)
 - Reduction of swap loan interest rate by 1.69% (approx. \$422K/year)
 - Continuous review of expenses and process improvements (e.g., procurement and vendor management, reduction in number of offsite meetings, renegotiated agreement for employee benefits, energy-saving strategies)
 - Explore revenue opportunities
- Four-year rolling capital plan ensuring better value for money
- 2019 operating breakeven budget (excluding IHMS)
- Capital Budget = \$422.6M
 - Building Renewal: \$313.1M vs \$300M in 2018
 - Development: Gross: \$109.5M vs \$156M in 2018
Net: \$43M vs \$57M in 2018

Appendix

Additional Information

IT and Corporate Capital

(Amounts in \$000s)	Budget 2019	Reforecast 2018	Budget 2018
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IT CAPITAL

Business Projects

Integrated Housing Management System	15,430	345	11,730
Other business projects	5,905	828	1,143
Total IT Capital	21,335	1,173	12,873

CORPORATE CAPITAL

Non-building capital	981	800	800
Fleet	1,600	1,100	1,100
Capital contingency	700	700	700
Repurchase of guaranteed equity housing project	1,400	1,400	1,400
Total Corporate Capital	4,681	4,000	4,000

Development Capital

Year-over-Year Budget Comparison

(Amounts in \$000s)	Budget 2019	Reforecast 2018	Budget 2018	Actual 2017
Projects				
250 Davenport	500	1912	883	4,808
Allenbury Gardens	28,512	7,113	18,714	5,212
Alexandra Park Phase 1	1,488	7,369	5,549	3,120
Alexandra Park Phase 2	3,541	2,266	1,727	51
Don Summerville	907	655	1,733	142
Lawrence Heights	14,505	20,429	25,733	11,618
Leslie Nymark	24,866	8,225	24,274	3,657
Regent Park Phase 2	761	3,283	6,520	22,535
Regent Park Phase 3	33,764	54,588	68,614	51,321
Regent Park Phase 4 & 5	112	-	-	-
New Development	500	1,000	2,233	95
Total Development Capital	109,456	106,840	155,980	102,559

Consolidated Statement of Operations

(Amounts in \$000s)	Budget 2019	Reforecast 2018	Budget 2018	Actual 2017
Revenue				
Subsidies	243,438	235,605	243,795	234,540
Rent				
Residential	319,373	322,953	307,630	309,848
Commercial	15,284	15,172	14,947	16,141
Amortization of deferred capital contributions	46,056	44,976	42,036	45,268
Parking, laundry and cable fees	18,185	18,301	18,079	17,781
Investment income	8,195	7,797	6,463	6,472
Joint venture income (loss)	4,929	5,978	11,761	19,222
Gain on sale of housing projects and other capital assets	28,329	48,472	17,162	53,230
Plant revenue	2,657	1,743	3,632	1,459
Other revenue	2,266	2,092	1,729	1,740
Total Revenue	688,711	703,089	667,234	705,701
Expenses				
Utilities	131,226	122,578	140,594	131,314
Municipal taxes	18,477	18,432	17,628	17,247
Depreciation	178,329	172,996	169,341	163,004
Interest	83,479	80,381	81,238	75,769
Operating and Maintenance	141,448	139,146	135,409	131,573
Tenant and Community Services	16,258	13,097	15,715	11,752
Community Safety Services	31,363	25,363	18,020	17,536
Human resources	12,705	10,874	12,356	10,700
Information technology	21,854	11,496	12,870	9,876
Corporate Services	47,691	41,684	44,375	37,577
Interim Seniors Housing Unit	22,643	20,460	20,170	19,190
Tenants First	2,176	1,410	2,968	-
Other	18,892	19,371	18,197	17,644
Plant	3,162	2,191	2,767	2,112
Total Expenses	729,701	679,478	691,648	645,295
Net income/(loss)	(40,990)	23,611	(24,414)	60,406

Subsidies Revenue

(Amounts in \$000s)	Budget 2019	Budget 2018	Actual 2017
Residual	112,540	115,969	109,182
Mortgage	74,183	75,023	75,587
Property tax	12,884	8,276	8,452
Education property tax	8,683	8,683	8,683
	208,290	207,951	201,903
Rent Supplement	39,710	40,406	37,199
Municipal tax clawback	(4,678)	(4,678)	(4,678)
Other	117	116	117
	35,149	35,844	32,637
Total Subsidies	243,438	243,795	234,540

Residential Rent

(Amounts in \$000s)	Budget 2019	Budget 2018	Actual 2017
RGI Rent	236,961	227,869	230,754
Market Rent	82,412	79,761	79,094
Residential Rent Revenue	319,373	307,630	309,848

Average Monthly Rent Per Unit

RGI	\$ 389	\$ 364	\$ 388
Market	\$ 1,133	\$ 1,090	\$ 1,092

JV Income & Gain on Sale of Housing Projects

(Amounts in \$000s)	Budget 2019	Budget 2018	Actual 2017
Regent Park	-	1,453	12,249
Allenbury Gardens	-	10,308	(205)
Alexandra Park	2,108	-	6,922
Lawrence Heights	2,821	-	-
Total Joint Venture Income (Loss)	4,929	11,761	19,222
Sale of homes	-	-	835
Sale of land	28,329	17,162	52,395
Total Gain on Sale of Housing Projects	28,329	17,162	53,230

Other Revenue

(Amounts in \$000s)	Budget 2019	Budget 2018	Actual 2017
Plant Revenue	2,657	3,632	1,459
Other	2,266	1,729	1,740
Total Other Revenue	4,923	5,361	3,199

Expenses by Division

(Amounts in \$000s)	Budget 2019	Budget 2018	Change [Inc/(Dec)]	% Change
Asset Management	112,149	109,260	2,889	3%
Facilities Management	44,829	42,247	2,582	6%
Tenant and Community Services	20,324	19,394	930	5%
Community Safety Services	31,363	18,020	13,343	74%
Human Resources	10,445	10,095	350	3%
Information Technology	16,471	14,339	2,132	15%
Legal	9,047	7,097	1,950	27%
Procurement	3,568	3,546	22	1%
Finance	8,679	8,687	(8)	0%
Commercial	2,442	2,533	(91)	-4%
Chief Executive Office	594	653	(59)	-9%
Development	3,632	3,362	270	8%
Commissioner of Housing Equity	1,295	1,136	159	14%
Service Integration & Delivery	9,171	8,514	657	8%
Strategic Planning	1,930	1,491	439	29%
Communications	2,070	2,033	37	2%
Interim Seniors Housing Unit	22,629	20,171	2,458	12%
Tenants First	2,176	2,968	(792)	-27%
Total Gross Departmental Expenses	302,814	275,545	27,269	10%
Capitalized Operating Expenses				
Asset Management	(612)	(1,092)	481	-44%
Facilities Management	(15,000)	(15,006)	6	0%
Tenant and Community Services	(4,066)	(3,679)	(387)	11%
Information Technology	(912)	(1,269)	356	-28%
Development	(3,632)	(3,362)	(270)	8%
Total Net Departmental Expenses	278,592	251,137	27,455	11%
WSIB	2,358	2,260	98	4%
Legal and Insurance Claims	7,016	6,833	183	3%
Commercial expenses	1,878	1,853	25	1%
IT recoveries	(200)	(200)	-	0%
Total Net Expenses (excludes IHMS)	289,643	261,883	27,760	11%

Utilities

(Amounts in \$000s)	Budget 2019	Budget 2018	Actual 2017
<u>Hydro</u>			
Electricity consumption (kWh)	401,348,886	398,361,177	375,073,800
Average rate (\$/kWh)	\$ 0.1129	\$ 0.1419	\$ 0.1347
Annual costs	45,329	56,514	50,531
<u>Gas</u>			
Natural gas consumption (m ³)	97,816,973	97,330,321	93,371,426
Average rate (\$/m ³)	\$ 0.2880	\$ 0.2959	\$ 0.2780
Annual costs	28,172	28,803	25,959
<u>Water</u>			
Water consumption (m ³)	12,108,577	12,018,439	12,041,417
Average rate (\$/m ³)	\$ 3.9392	\$ 3.8025	\$ 3.6232
Annual costs	47,698	45,700	43,628
<u>Waste pick-up</u>			
Waste pick-up gross	18,557	18,046	9,723
Waste pick-up rebate	(10,247)	(10,218)	-
Annual costs	8,310	7,829	9,723
RPEI energy costs	1,006	832	543
Electric heating rebate	711	916	929
Total Utilities	131,226	140,594	131,314

Other Expense

(Amounts in \$000s)	Budget 2019	Budget 2018	Actual 2017
Tribunal fees	467	467	448
Bad debt expense	4,100	4,240	4,895
Post retirement benefit	4,482	4,592	2,346
Capital reserve contribution	9,000	8,500	9,005
Guaranteed equity housing projects	285	398	421
Impairment loss	-	-	529
Total Other Expense	18,334	18,197	17,644

Total Mortgage P&I

(Amounts in \$000s)	Budget 2019	Budget 2018	Actual 2017
Principal			
Mortgage payable to City	4,303	2,959	2,874
Mortgage payable to CMHC	8,771	13,220	14,391
Mortgage payable to Others	11,101	10,417	11,086
Mortgage payable to IO	20,178	19,370	13,633
	44,353	45,966	41,984
Loans payable to Others	2,220	2,496	2,496
Subtotal - Principal	46,572	48,462	44,480
Interest			
Mortgage payable to City	2,471	2,542	2,643
Mortgage payable to CMHC	10,473	11,652	14,600
Mortgage payable to Others	7,379	8,063	8,941
Mortgage payable to IO	34,743	33,774	25,047
	55,067	56,031	51,231
Loans payable to Others	4,595	2,225	3,510
Debenture Loans	22,983	22,983	22,983
Subtotal - Interest	82,645	81,238	77,723
Total Principal and Interest	129,217	129,700	122,203
Total Debt (Balance Sheet)	1,750,790	1,795,471	1,682,225

S&P Rating for TCHC	AA-
Bond A and B Rating Requirement	AA-