



Facilities Condition Index's ("FCI") Role in Project Prioritization

Item 7A

September 8, 2023

Building Investment, Finance and Audit Committee

Report: BIFAC:2023-101

To: Building Investment, Finance and Audit Committee ("BIFAC")

From: Vice President, Facilities Management

Date: August 31, 2023

PURPOSE:

The purpose of this report is to provide the BIFAC with the information requested on the how the Facilities Condition Index ("FCI") plays a role in TCHC's allocation of capital funds.

RECOMMENDATIONS:

It is recommended that the BIFAC receive this report and the attached presentation for information.

REASONS FOR RECOMMENDATIONS:

At its June 23, 2023 meeting, the BIFAC directed Management to report back on the process to track the Facility Condition Index ("FCI") of buildings and how this information is used to prioritize capital work across the TCHC portfolio. Attachment 1 presents the requested information.

SIGNATURE:

"Allen Murray"

Allen Murray
Vice President, Facilities Management

ATTACHMENT:

1. Facilities Condition Index's Role in Project Prioritization Presentation

STAFF CONTACT:

Allen Murray, Vice President, Facilities Management

416-981-6955

Allen.Murray@torontohousing.ca

Facilities Condition Index's Role in Project Prioritization

Toronto Community Housing



Toronto
Community
Housing

Executive Summary

- TCHC funding sources
 - City of Toronto (funding objectives)
 - National Housing Co-Investment (funding requirements tied to potential funding payback)
 - TCHC/Other funding
- There are many factors which are taken into consideration when prioritizing projects
- FCI is a factor however it is not the dominant factor
- Examples of dominant factors are:
 - Health and Safety
 - Meeting funding requirements
 - No permanent unit closures
- Inputs to capital project prioritization include:
 - Building Condition Assessments
 - Health of critical building components
 - Input from FM staff, site staff, tenants
- TCHC's FCI objective is 10% (portfolio average) by the end of 2026
- TCHC is currently on track to obtain the FCI objective

TCHC's Annual Capital Plan

TCHC secured a 10 year capital plan ending 2027, and established a permanent stream of capital funding from the City of Toronto.

\$160M/yr

Reporting Requirements:

- Quarterly reporting to the City, including invoice submittal
- Cash flow forecast at the beginning of each calendar year

Funding Objectives:

- Facility Condition Index
- Avoiding permanent unit closures

TCHC's Annual Capital Plan

Administered by CMHC, this federal funding is tied to the delivery of energy reduction and accessible renovations. The funding is divided between loan and forgivable loan; contingent on achieving deliverables at the end of the co-investment period (2027/2028).

\$1.34B

Reporting Requirements:

- Quarterly reporting, including invoice submittal
- Cash flow forecast at the beginning of each calendar year

Funding Requirements:

- Unit count
- Tenant Demographics
- Affordability
- Accessible Units and Common Areas
- Energy Reduction

Project Prioritization and Selection

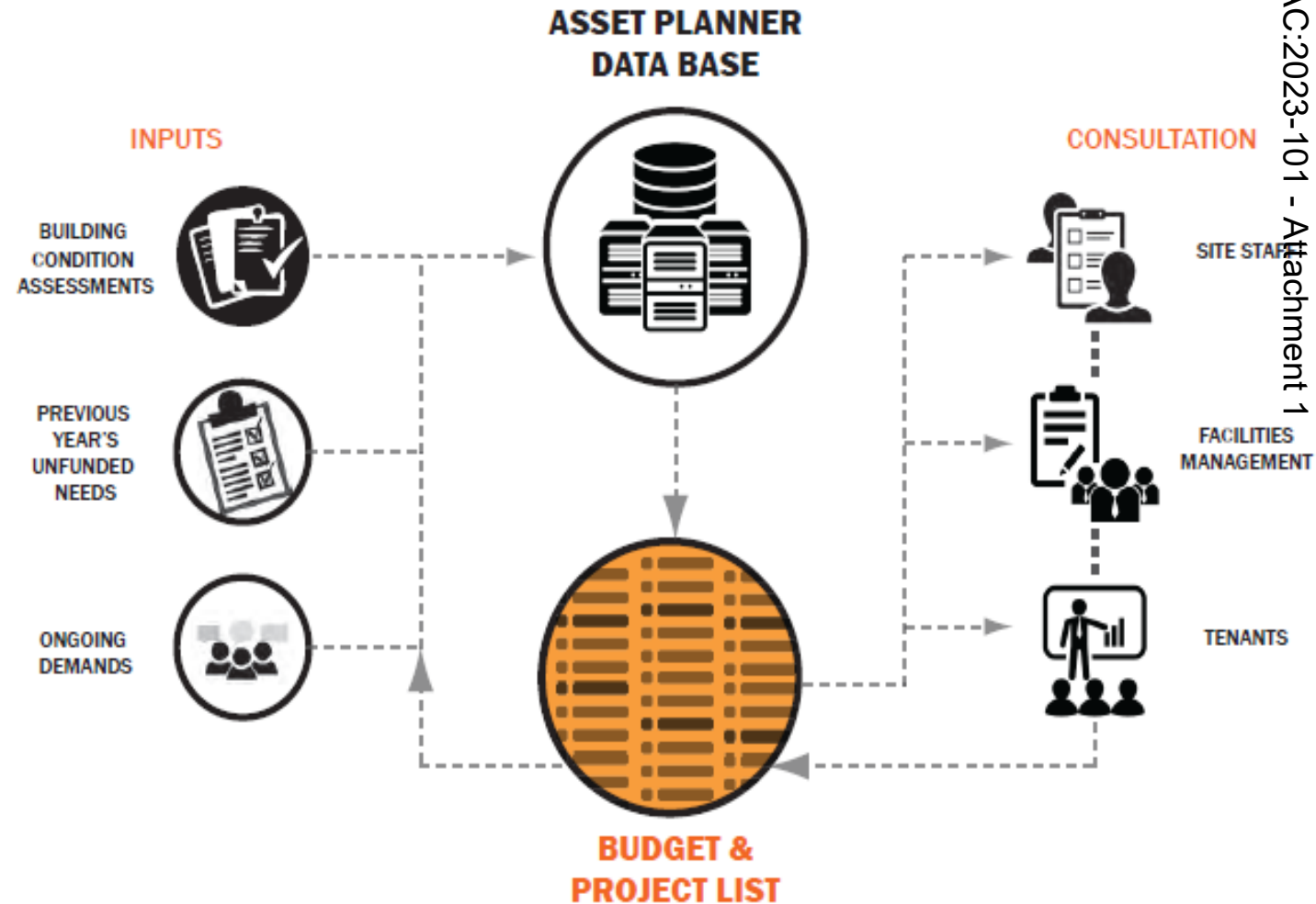
Project prioritization factors:

Primary:

- Health and life safety
- Critical building components
- Secondary damage
- Funding requirements
 - Energy reduction
 - Accessibility
- No permanent unit closures
- FCI reduction
- High FCI

Secondary:

- Project delivery efficiency
- High, urgent requests
- Demand capital programs



Building Condition Assessments (BCA's)

Toronto Community Housing CA Report as of 2021-12-18 15:38:51

B30 - Roofing [1]

Discipline	Shell
Category	B30 - Roofing
Element Number	1
Maintenance Type	Reactive
Replacement Cost	\$300,000
Last Major Action	2012
Location/Name	
Brief Description	Modified bitumen roofing system.
Overall Condition	Fair
Commentary	Membrane is aged and worn, some blistering and previous repairs observed.

Pictures

Custom Details

Actions

Action Summary:	Replace component at the end of life cycle.
Action Type	Replacement
Life Safety?	Not Applicable
Code Related?	Not applicable
If component fails does building shut down?	No
Consequential Damage	N/A
Urgency of Action	Low
Energy & Efficiency	Not applicable or not apparent.
Are there signs of Mould?	No
Status	Needs
Funding Source	

069_3485 St. Clair Ave. E. 9 Storey High Rise Apt. B30g Page 17 of 72

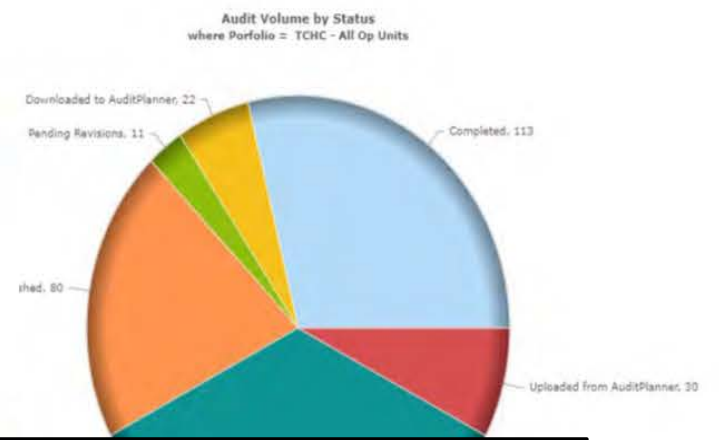
Toronto Community Housing CA Report as of 2021-12-18 15:38:51

Cost	\$300,000
Year	2028
Repeat Interval	20
Action: Commentary	Roof requires a full replacement at the end of its service life

B3300 - Canopy Roofing* [1]

Discipline	Shell
Category	B3300 - Canopy Roofing*
Element Number	1
Maintenance Type	Reactive
Replacement Cost	\$25,000
Last Major Action	1968
Location/Name	
Brief Description	North ground floor corrugated metal patio overhang only visible from the ground
Overall Condition	Fair
Commentary	Damaged sections of corrugated panel were observed during the site inspection, however the overall condition is fair.

Pictures

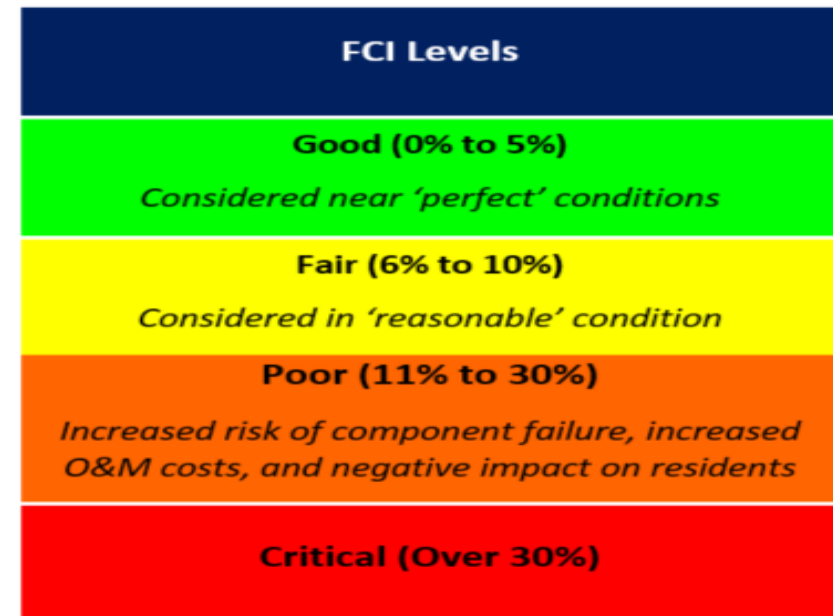


- **BCA's are conducted by third party engineering firms who conduct visual inspections and non-intrusive testing**
- **They are an integral part of building assessment process and provide an inventory of building components and their condition**

Facilities Condition Index

FCI is the industry standard to measure the condition of buildings and physical infrastructure. It assesses the value of required repairs against the asset replacement value. TCHC calculates FCI at an asset level.

- TCHC has an FCI portfolio average target of 10%, established at time of the City funding commitment, for the end of 2026, which represents a “Fair/Reasonable” condition rating.
- This is achieved when deferred repair is valued at approximately 10% of an asset’s overall replacement value.
- A lower FCI generally indicates better building condition however a deeper dive into what is driving the FCI number is always required.



Source: Ameresco

Facilities Condition Index

- FCI is a metric followed closely by the City of Toronto
- TCHC committed to a portfolio wide average target of 10% for FCI by the end of 2026
- In 2021, TCHC improved the FCI score of its portfolio to **13.2%**. To continue to track towards its' goal and achieve a **10% FCI** by **2026/2027**,

Year	Fully Funded Capital Plan (\$)	Original 2017 Forecasted FCI	2023 FCI
2017	\$250M	16.20%	16.20%
2018	\$300M	16.40%	15.00%
2019	\$313M	18.20%	15.60%
2020	\$350M	18.40%	15.70%
2021	\$350M	17.60%	13.20%
2022	\$350M	15.90%	12.50%
2023	\$350M	14.50%	13.30%*
2024	\$350M	13.10%	12.60%*
2025	\$350M	11.40%	11.70%*
2026	\$326M	10.10%	10.90%*
2027	\$322M	10.10%	10.30%*