

2023 Budget

Toronto Community Housing

December 22, 2022



Description

TCHC and TSHC (the Organization) delivers essential frontline service that involves providing housing and support for vulnerable Torontonians. Through deeply affordable rents the Organization makes it possible for tens of thousands of low-income families to maintain their housing.

TCHC's and TSHC'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 all 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

The Organization's mission is to provide clean, safe, well-maintained, affordable homes for residents.

The Organization's portfolio of social housing buildings represent the most cost effective way to meet the housing needs of Toronto's economically vulnerable residents. Housing the same number of people in the shelter system would cost more than \$3.5 billion a year.

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:

The Organization'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 the Organization's 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:

The Organization provides affordable and subsidized housing to 110,000 tenants, in 58,500 units (44,800 in TCHC and 13,700 in TSHC), 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. The Organization manages and maintains an infrastructure portfolio of 2,100 buildings, worth over \$10B and invests \$350M in capital repairs and improvements per year towards restoring this valuable public asset to a full state of good repair.

2023 Budget Highlights

Like most organizations, operations have been significantly impacted by inflationary pressures in 2022 and anticipate these pressures will continue in 2023. In addition, COVID-19 expenditures are expected to continue throughout 2023 but at lower levels when compared to previous years.

Even under significant pressures, TCHC and TSHC, in collaboration with the City of Toronto, have developed a break-even base budget for 2023.

Highlights:

- Mitigated \$81.5M in non-discretionary costs through efficiencies, improvements and City support
- Pre-COVID break-even base budget with increase in funding; COVID pressure of \$10.8M
- FCI improvements in 2023 continue a downward trend ahead of the original 2017 FCI estimates
- Continue construction on over 500 units representing 443 rental replacement units (RGI) and 63 affordable rental units

2022 In Review

2022 Forecast

(in \$000's)	Full Year Forecast *			Full Year Budget *			Forecast vs Budget	
	Base	COVID Expenses	Total	Base	COVID Expenses	Total	Base \$ Change	Base % Change
CASH INFLOWS								
Residential rent - RGI	260,709	-	260,709	259,170	(8,416)	250,754	1,538	1%
Residential rent - Market	89,455	(1,407)	88,048	91,870	(1,407)	90,463	(2,415)	-3%
Bad Debt Expense	(2,335)	(6,280)	(8,615)	(4,375)	(2,073)	(6,448)	2,040	47%
Subsidies - City	284,777	-	284,777	284,777	-	284,777	0	0%
Subsidies - Regent Park	(3,544)	-	(3,544)	(3,544)	-	(3,544)	0	0%
Parking, laundry and cable fees	19,194	(1,400)	17,794	19,289	(1,220)	18,069	(95)	0%
Commercial rent	18,662	-	18,662	17,208	-	17,208	1,453	8%
Other revenue	1,796	-	1,796	1,687	-	1,687	109	6%
RPEI revenue	6,011	-	6,011	6,011	-	6,011	0	0%
	674,725	(9,087)	665,638	672,094	(13,116)	658,978	2,632	0%
CASH OUTFLOWS								
Utilities	135,744	2,389	138,133	133,675	2,279	135,954	(2,069)	-2%
Municipal taxes	19,491	-	19,491	19,314	-	19,314	(178)	-1%
Mortgage Interest & Principal	136,408	-	136,408	137,031	-	137,031	623	0%
Operations	161,743	2,219	163,962	158,261	6,367	164,629	(3,482)	-2%
Operations (Other)	83,006	607	83,613	89,667	817	90,484	6,661	7%
Corporate	70,814	811	71,625	75,761	689	76,450	4,948	7%
Housing Equity Commissioner	1,238	-	1,238	1,226	-	1,226	(12)	-1%
Senior Housing Unit	33,901	2,294	36,195	32,494	3,573	36,067	(1,408)	-4%
Development	31	-	31	-	-	-	(31)	100%
Swansea Mews	14,919	-	14,919	-	-	-	(14,919)	100%
Other	19,097	46	19,143	19,172	-	19,172	75	0%
IT/Corporate Capital	3,813	-	3,813	6,720	-	6,720	2,907	43%
	678,967	8,366	687,333	672,094	13,725	685,819	(6,873)	-1%
Total Cash Surplus (Shortfall)	(4,242)	(17,453)	(21,695)	(0)	(26,842)	(26,842)	(4,242)	-100%

* The financials presented represents the consolidated results of TCHC and TSHC. The forecast is as of September.

2022 Accomplishments – Core Business

Tenant Services and Building Operations

- Along with the implementation of the new Choice-Based letting system, TCHC also worked with the Service Manager to house 525 households, representing 703 people through the RRH program, that includes short-term and long-term supports.
- The vacancy rate across TCHC was 1.93%, the lowest it has been since July 2021.
- A total of 1,486 tenant leaders have been established as a result of the implementation of Tenant Elections completed in spring 2022.
- Completed bringing the East and Central region’s Contract Managed buildings back to Direct Managed; implemented the conversion of Central (2,502 units), East (4,870 units) and Senior (993 units) Contract Managed buildings to Direct Managed

Community Safety and Supports

- Increased efficiencies through the Alternate Response Unit (ARU). A team dedicated to handling service calls remotely or over the telephone and a mobile response from a special constable is not required.
- Developed a Summer Safety Strategy program in collaboration with the City of Toronto, TPS and external community stakeholders
- CSU worked closely with internal and external stakeholders through participation in Hub Integrated Team Meetings
- CSU committee worked with Centre to implement a Cadet program to hire black youth from TCHC communities in 2023.

Building Capital Renewal

- Continued to deliver on the 2022 SOGR program amidst supply and labour shortages

Seniors’ Housing Unit

- Toronto Seniors Housing Corporation (TSHC) began operations as scheduled
- Implemented Phase 3 of the Integrated Service Model (ISM)

IT modernization

- Completed the final phases of the HoMES project and officially closed a three-year business transformation project below budget
- Deployed new technologies to enhance TCHC’s cyber security posture
- Implemented TSHC in all core ITS and HR systems , including HoMES.
- Completed ITS projects to convert Contract Managed to Direct Managed

Service Quality Indicators Process

- TCHC receives tenant feedback on the quality of service delivery across its service hubs implemented across numerous buildings/communities within the TCHC portfolio.
- Feedback is collected across 17 metrics within four (4) service pillars.
- The feedback is used to inform staff-to-tenant engagement and develop hub level improvement plans.
- Staff and tenants work in partnership to improve front line service delivery.

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

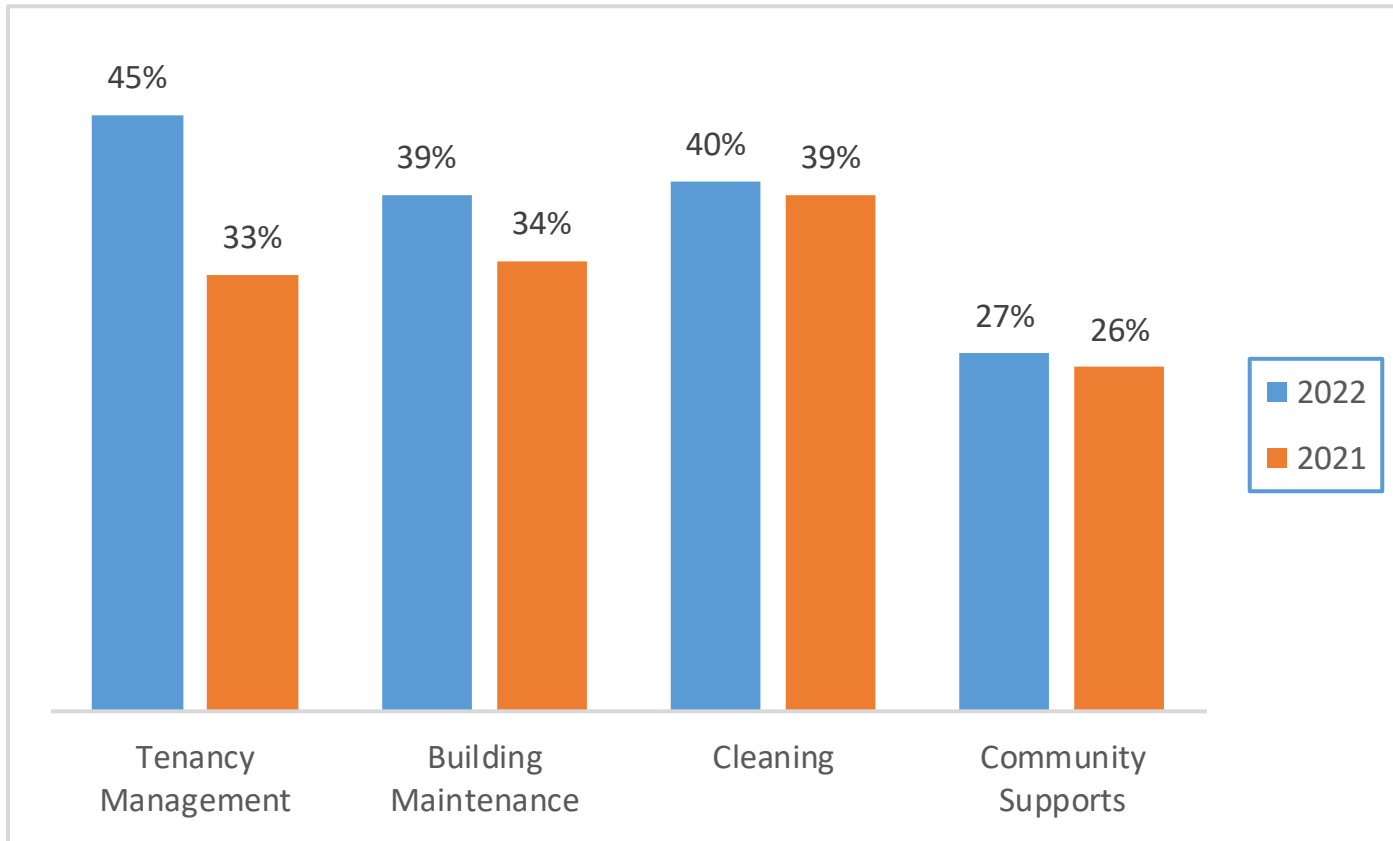
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Community Safety and Supports

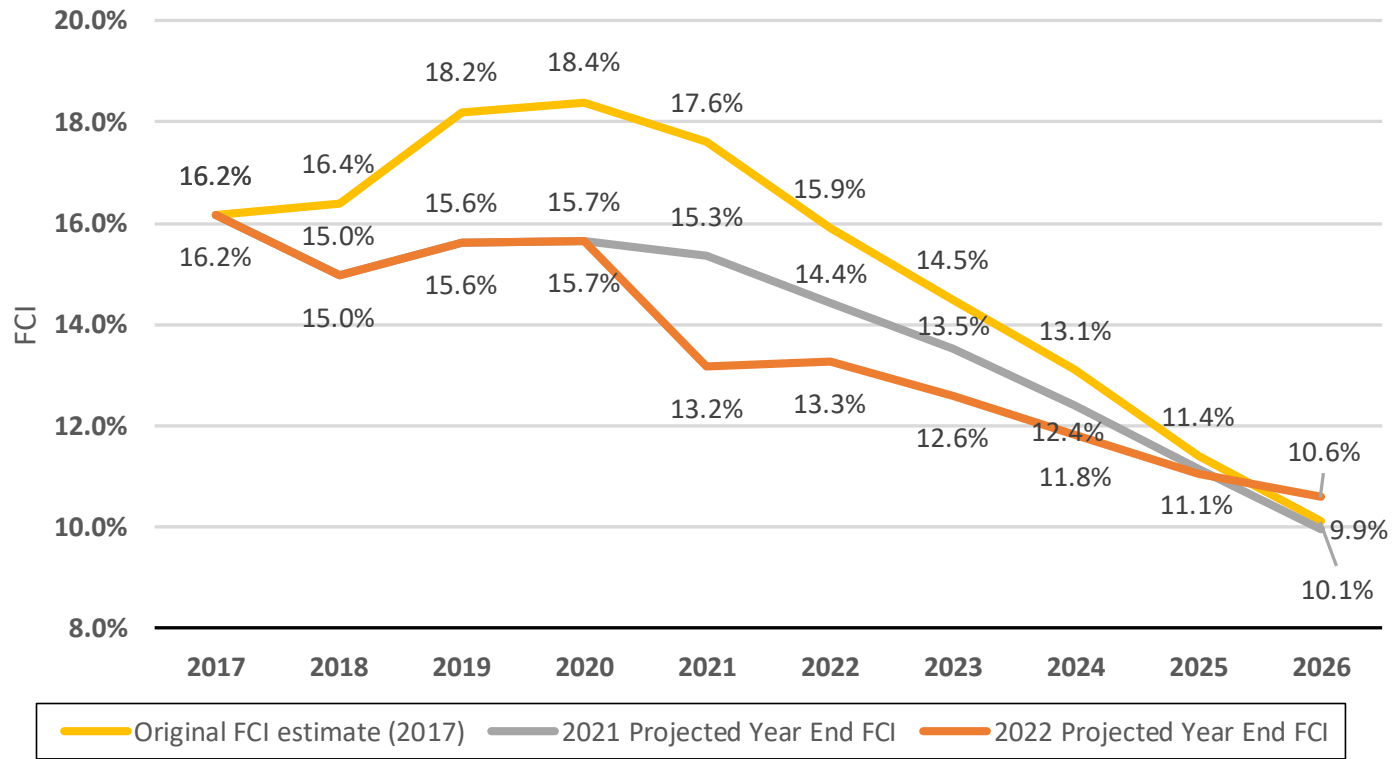
Sub-metrics: Access to Supports/Information; Partnerships; Isolation/Resiliency; Community Events; Tenant Empowerment; Building Infrastructure, Safety Incidents, CSU Presence

2022 TCHC Service Quality Indicators



- TCHC is seeing positive improvements across all Service Quality Indicators in 2022 versus 2021:
- Tenancy Management satisfaction has increased 12%
 - Building Maintenance has improved 5%
 - Cleaning and Community Supports, each, are seeing increases in tenant satisfaction

2022 Building FCI – Actuals and Projection



- The Facility Condition Index (FCI) represents the number of building components reaching or exceeding the end of their useful life. An FCI of 10% or less is the industry standard for a state of good repair (SOGR).
- With a fully funded capital repair plan, TCHC has improved upon its original 2017 FCI projection and even against 2021’s projection

2023 Operating Budget

2023 Budget – Key Risks and Challenges

Key Risk and Challenges

- The implementation of cost saving measures will reduce the Organization's ability to maintain current service levels and negatively impact the tenant experience
- TCHC continues to face challenges in maintaining non-union staff. The disparity in financial compensation for these individuals when compared to market, and even to the City's pay bands, continue to drive significant turnover and impacts TCHC's ability to attract new talent and retain existing talent.
- The impact of COVID-19 is expected to continue through 2023 but these pressures will be managed on an ongoing basis.
- Non-COVID pressures, such as utility rate increases, service contract rate increases, collective agreement pay increases, increase in mortgage P&I from the CMHC NHS loan, the continued implementation of Toronto Seniors Housing, transfer of market rental units to RGI, will represent significant pressures against the City subsidy.
- Increased costs for labour and materials associated with the State of Good Repair capital program will add significant pressures in 2023 to deliver the same number of completed projects by year end

Priority Actions

- TCHC will look to reduce its non-union staffing turnover by aligning its compensation closer to that of the City and or the market.
- The continued implementation in restructuring the service delivery model across the city will ensure tenants have easier, quicker and more accessible service, delivered safely and consistently through the Tenant Service Hubs opened across the City.
- Continue working with City staff to transition TCHC scattered houses to new permanent non-profit housing providers.
- Continue to execute the Capital Plan and bring its building portfolio into a state of good repair by 2026. In 2022, the capital plan was reprioritized to account for labour and supply impacts to ensure that the Plan remained on schedule. In 2023 a flexible approach to its Capital Plan will continue.
- Working with the City's Office of the Chief Information Security Officer, TCHC will begin implementing its Cybersecurity program, which will include the replacement of many of TCHC's end-of-life IT systems.

2023 Budget - At a Glance

Total Budget	\$1,134.6M	(2022: \$1,129.6M)
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Operating Budget	\$696.1M (Pre-COVID Impact)	(2022: \$672.1M)
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TCHC's and TSHC's 2023 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	(2022: \$350.0M)
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TCHC is budgeting to deliver \$350M in building capital repairs in 2023, similar to the anticipated capital spend for 2022. The 2023 year-end FCI is estimated to be 11.9% and TCHC is on track to achieving the FCI goal of 10% by 2026 year-end.

Development Capital	\$88.5M	(2022: \$98.0M)
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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	\$0.0M	(2022: \$9.5M)
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TCHC's multi-year investment to update their legacy and end-of-life systems will be completed in 2022, within the approved Budget.

2023 Operating Budget

	2023 BUDGET *			2022 FORECAST*			2023B vs 2022F	
	Base	COVID Expenses	Total	Base	COVID Expenses	Total	Base \$	Base %
CASH INFLOWS								
Residential rent - RGI	265,076	-	265,076	260,709	-	260,709	4,367	2%
Residential rent - Market	88,821	-	88,821	89,455	(1,407)	88,048	(634)	-1%
Bad Debt Expense	(3,669)	(5,662)	(9,331)	(2,335)	(6,280)	(8,615)	(1,334)	-57%
Subsidies - City	272,795	-	272,795	275,268	-	275,268	(2,473)	-1%
Subsidies - City (one-time)	23,027	-	23,027	9,509	-	9,509	13,518	142%
Subsidies - Regent Park	2,446	-	2,446	(3,544)	-	(3,544)	5,990	169%
Parking, laundry and cable fees	19,605	(1,245)	18,361	19,194	(1,400)	17,794	411	2%
Commercial rent	18,318	-	18,318	18,662	-	18,662	(343)	-2%
Other revenue	1,786	-	1,786	1,796	-	1,796	(10)	-1%
RPEI revenue	7,882	-	7,882	6,011	-	6,011	1,871	31%
	696,087	(6,907)	689,180	674,725	(9,087)	665,638	21,362	3%
CASH OUTFLOWS								
Utilities	152,440	1,443	153,884	135,744	2,389	138,133	(16,696)	-12%
Municipal taxes	20,303	-	20,303	19,491	-	19,491	(812)	-4%
Mortgage Interest & Principal	140,016	-	140,016	136,408	-	136,408	(3,608)	-3%
Operations	157,543	427	157,970	161,743	2,219	163,962	4,200	3%
Operations (Other)	92,299	41	92,340	83,006	607	83,613	(9,294)	-11%
Corporate	74,370	650	75,020	69,576	811	70,387	(5,014)	-7%
Housing Equity Commissioner	1,457	-	1,457	1,238	-	1,238	(219)	-18%
Senior Housing Unit	41,645	1,286	42,931	33,901	2,294	36,195	(7,744)	-23%
Development	-	-	-	31	-	31	31	100%
Swansea Mews	-	-	-	14,919	-	14,919	14,919	100%
Other	22,772	-	22,772	19,097	46	19,143	(3,675)	-19%
IT/Corporate Capital	6,241	-	6,241	3,813	-	3,813	(2,428)	-64%
Withdrawal from Reserves	(13,000)	-	(13,000)	-	-	-	13,000	100%
	696,087	3,847	699,934	678,967	8,366	687,333	(17,120)	-3%
Total Cash Surplus (shortfall)	0	(10,754)	(10,754)	(4,242)	(17,453)	(21,695)	4,242	100%

* The financials presented represents the consolidated results of TCHC and TSHC. The forecast is as of September.

2023 Budget – Key Cost Drivers and Balancing Actions

Key Cost Drivers (in 000's)	City / Shareholder	Inflationary	Other	Total
GENERAL (shared with Seniors Housing)				
Reduction of subsidy for sale of Scattered Homes	7,474			7,474
Utilities (Hydro 5%, Natural Gas 37%, Water 3%)		18,765		18,765
COLA and Collective Bargaining		7,675		7,675
Non-union salary		4,974		4,974
Mortgage P&I (CMHC capital funding loans)		2,985		2,985
Municipal taxes		990		990
Mark to Market Non-Union Salaries			3,000	3,000
SENIORS HOUSING				
TSHC Approved Corporate Functions (previously in transition budget)	8,358			8,358
ISM Phase 3 (costs in 2022 were absorbed by TCHC)	2,570			2,570
2023 TSHC implementation of functions offered by TCHC	802			802
TSHC staffing (to be reduced in gapping)	1,853			1,853
OPERATIONS (shared with Seniors Housing)				
Rate increases for service contracts		9,424		9,424
CORPORATE (shared with Seniors Housing)				
Insurance		905		905
TCHC Legal transition costs for Seniors Housing - 2023 Implementation	1,200			1,200
IT - AG-City council Direction on Cybersecurity	5,554			5,554
IT - BU applications, infrastructure and end users		3,570		3,570
IT - Data analytics and reporting services			1,408	1,408
2023 Base Budget Pressures	27,810	49,290	4,408	81,508
Net City Subsidy increase in 2023				(18,518)
Capitalizing of IT Costs				(5,190)
Gross Revenue Increase				(12,451)
TCHC Reserves Withdrawal (requires future City reimbursement)				(13,000)
Deferral of filling vacancies				(15,362)
Line-by-line expense review reductions				(16,989)
Revenue Adjustments and Balancing Actions				(81,508)
2023 Adjusted Base Budget Pressures				-

2023 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 (in \$M)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Planned Capital	203	212	218	208	207	204	89	89	89	89	89
Demand Capital	84	73	69	69	69	69	46	46	46	46	46
Energy Programs	18	21	20	20	20	20	-	-	-	-	-
Capital Other	35	44	44	44	41	40	25	25	25	25	25
	340	350	350	340	336	332	160	160	160	160	160

TCHC 10 Year Facilities Condition Index

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Year End Capital Needs	1,549	1,500	1,436	1,370	1,339	1,264	1,392	1,473	1,509	1,568	1,487
2022 Projected Year End FCI	13.3%	12.6%	11.8%	11.1%	10.6%	9.8%	10.6%	11.0%	11.0%	11.2%	10.4%
Original FCI estimate (2017)	15.9%	14.5%	13.1%	11.4%	10.1%	10.1%					

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
- The 2022 FCI projection for 2026 is 10.6% versus the original FCI projection of 10.1% (the lower the FCI the better). As mentioned earlier, the rising costs of materials and labour will impact the number of projects deliverable per year and thus the FCI.

Multi-Year Building Renewal Capital Commitment

Budget Category	Envelope Name	Budget and Commitments (in \$000s)			
		2023	2024	2025	2026
Planned	CA01 - Common Area Accessibility	\$11,750	\$0	\$0	\$0
	CC01 - Commercial-Laundry Rooms	\$1,300	\$0	\$0	\$0
	CC09 - Commercial Retail Repairs	\$1,000	\$0	\$0	\$0
	HBRP - Holistic Building Retrofit Program	\$41,783	\$44,834	\$20,229	\$2,619
	QWSM - Queensway Windemere Swansea Mews	\$3,000	\$0	\$0	\$0
	RC03 - Electrical	\$5,000	\$0	\$0	\$0
	RC05 - Elevators	\$5,000	\$0	\$0	\$0
	RC07 - Envelope	\$42,516	\$21,143	\$7,133	\$3,068
	RC08 - Grounds	\$8,000	\$50	\$0	\$0
	RC09 - Interiors	\$9,347	\$2,819	\$0	\$0
	RC10 - Emergency Generators	\$1,902	\$0	\$0	\$0
	RC12 - Life Safety	\$8,279	\$964	\$80	\$0
	RC15 - HVAC	\$18,828	\$2,420	\$11	\$0
	RC16 - Plumbing	\$8,863	\$0	\$0	\$0
	RC18 - Roofing	\$8,000	\$333	\$0	\$0
	RC19 - Cameras and Access Control	\$8,000	\$0	\$0	\$0
	RC22 - Single Dwelling Units	\$500	\$0	\$0	\$0
	RC23 - Structural	\$7,583	\$1,128	\$0	\$0
	RC24 - Parking Garages	\$14,563	\$5,681	\$2,628	\$0
	RC39 - Common Area Hallway Repairs	\$653	\$0	\$0	\$0
	RC41 - Swimming Pool Envelope	\$640	\$0	\$0	\$0
RCHH - Heritage Houses	\$500	\$0	\$0	\$0	
SOGI - State of Good Repair-Interior	\$5,000	\$0	\$0	\$0	
TOTAL Planned		\$212,007	\$79,371	\$30,081	\$5,687
Demand	CA02 - Tenant Demand Units Accessibility	\$5,000	\$0	\$0	\$0
	CA03 - Common Area Demand Accessibility Upgrades	\$2,050	\$0	\$0	\$0
	CG01 - Waste Equipment Repairs	\$1,000	\$0	\$0	\$0
	CI01 - Risk Management and insurance Claims	\$4,000	\$0	\$0	\$0
	COXX - Component Capital	\$32,000	\$13	\$0	\$0
	LC - Local Demand & Residential Appliances	\$2,000	\$0	\$0	\$0
	LM - Local Moveouts	\$22,500	\$0	\$0	\$0
	SOGM - State of Good Repair-MLS Issues	\$4,000	\$0	\$0	\$0
TOTAL Demand		\$72,550	\$13	\$0	\$0
Energy	AIP1 - Social Housing Apartment Improvement Program-10 Bui	\$130	\$0	\$0	\$0
	EW01 - Water Conservation & Recommissioning	\$8,000	\$0	\$0	\$0
	EW03 - Energy Retrofit and Recommissioning	\$1,000	\$0	\$0	\$0
	EW08 - Metering / Monitoring	\$2,700	\$58	\$0	\$0
	EW09 - iBMS System Integration	\$1,000	\$19	\$11	\$0
	EW10 - In-Suite LED Lighting and E Renewable Program	\$3,000	\$0	\$0	\$0
	RPEI - Regent Park Energy Initiatives	\$5,665	\$0	\$0	\$0
TOTAL Energy		\$21,495	\$77	\$11	\$0
Capital	ADM - FM Labour Costs-Project Management (5%)	\$17,500	\$0	\$0	\$0
Operations	RC01 - Building Condition Audits	\$1,000	\$367	\$306	\$0
	RCXZ - Contingency	\$25,448	\$0	\$0	\$0
TOTAL Capital Operations		\$43,948	\$367	\$306	\$0
	TOTAL	\$350,000	\$79,828	\$30,398	\$5,687

2023 Development Capital Budget

Key Capital Objectives & Priority Actions

Objectives:

- Continue implementing the revitalization program in 8 TCHC communities across the City.
- Demolish 189 rental units, continue construction on 443 rental replacement units (RGI) and 63 affordable rental units and complete construction on 65 RGI units.

Priority Actions:

- Secure rezoning for Regent Park Phases 4/5
- Implementation of future phases of Lawrence Heights
- Continue construction work for Alexandra Park Phase 2 , Lawrence Heights Phase 1, Don Summerville, and Regent Park Phase 3.
- Completion of amenity space improvements at 250 Davenport.
- Working with the Housing Secretariat to:
 - Proceed with the next steps for sites with approved Initial Development Proposals
 - Assess the preferred affordable housing approach for Phase 2/3 of Lawrence Height
 - Determine next steps for Firgrove and Phase 2/3 of Lawrence Height based on finalized zoning for Firgrove (obtained in summer 2022) and City's MTSA work for Lawrence Heights.

Development – 2023 Capital Budget Breakdown

\$ Million	2023 Development Capital Breakdown				
	Equity	Grants *	Land Sale	Profits	Net Investment
Rental Buildings	80.4	(34.7)			45.8
Market Buildings			(29.1)	(24.8)	(53.9)
Development Department Costs	8.1				8.1
Total In-flight Development	88.5	(34.7)	(29.1)	(24.8)	-

* Includes \$15.9M of committed funding from the City

Summary of Units Under Construction in 2023	
Projects	Rentals
Alexandra Park	103
Don Summerville	138
Regent Park	213
Lawrence Heights	65
Total	519