

Budget Presentation

Budget Advisory Committee

February 2001

- **MTHC started operations January 1, 2001**
 - Provincial Devolution Social Housing Act
 - 8-member Board of Directors
 - Chair is Dr. Gordon Chong
- **MTHC is not MTHA - it's a new business corporation formed to take over:**
 - Ownership of properties
 - MTHA duties
 - Rent supplement program
 - Support functions from OHC
- **Costs billed to the City by OHC since 1998**

Overview - Housing Services

- **125,000 residents**
 - 62% families with children
 - 29% adults (non-seniors)
 - 9% seniors
- **MTHC manages**
 - 29,400 subsidized units
 - 100% rent-geared-to-income units
- **63,500 applicants on waiting list**
 - For Social housing in Toronto
- **Administers 2,600 rent supplement units**
 - Units in private sector buildings

- **MTHC also provides:**
 - **With Toronto Housing Company (THC) - applicant and registry services for the majority of social housing in Toronto**
 - **With Community partners - community services including security, and recreation programs**

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- **Reduce costs through greater operating efficiencies**
 - **Continue to use and enhance performance measures and benchmarking tools**
 - **Business results comparable to industry**
 - **Improve services to residents**
 - **Increase resident involvement**
 - **Effectively manage capital assets**
 - **Clear governance structure**

Distinctive Characteristics of MTHC

- **100% rent-geared-to-income, no market units**
- **Average of over 4 residents per unit, due to high ratio of families and children**
- **Unique resident groups**
- **Buildings mostly over 30 years old, and contain many large units**
- **Special security requirements**
- **Range of alternative service delivery methods are in use**
- **Low debt levels (debentures/mortgages)**

- In 1999-2000, \$12 million of operating savings were reinvested into the buildings
- 2000 operating subsidy up 2% from 1999 (would have been down 6% but for natural gas prices)
- 2000 manageable costs (operating costs less utilities and taxes) down 0.1% from 1999
- Over the 8 years to 2000:
 - Operating subsidy decreased 22%, for an average of almost 3% a year for 8 years
 - Manageable costs decreased 8%
 - Utilities and taxes increased 16%

Results To Datecontd.

- **Day-to-day management of 15% of units contracted to private management companies in 1999, bringing the total to 34% now contracted out**
- **Redesigned and tested core field business processes**
- **2 pilot offices and call centre implemented, to complete roll out in 2001**
- **City-wide Resident Advisory Council implemented**
- **Rent payments through banks implemented**
- **Community Based Business Planning implemented**

2001 Budget

Operating Expenses	
Maintenance and Labour	83,446,000
Utilities	54,482,000
Municipal Taxes	59,462,000
Private Lender Mortgage	478,000
Support Services	17,667,000
	215,535,000
Capital Repairs	56,078,000
Total Expenditures	271,613,000
Revenues	
Rent and Parking Revenue	123,719,000
Commercial Revenue	4,620,000
	128,339,000
<u>Net Subsidy - RGI Program</u>	143,274,000
<u>Rent Supplement Program</u>	15,907,000
TOTAL MTHC	159,181,000

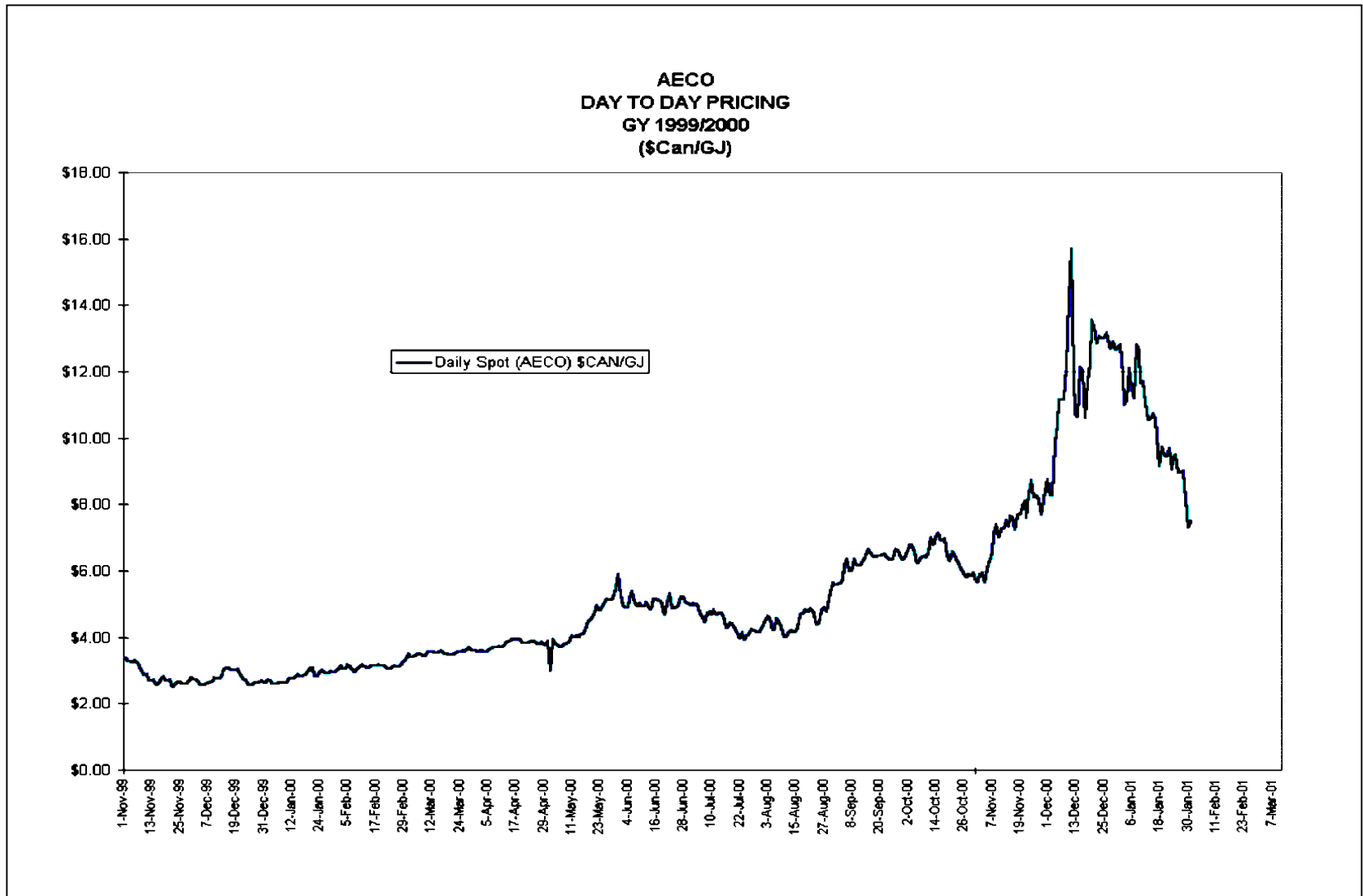
2001 Budget Highlights

- **No increase in operating budget - 2001
\$87,196,000 vs. 2000 \$87,916,000**
- **Increase in capital budget - is in line with long term needs**
- **45% of budget funded by tenant rents and commercial revenues**
- **55% shared between the Federal Government, Toronto and the GTA**

Cost Pressures - Built Into The 2001 Budget

- **Natural gas costs 73% higher than 2000 budget**
 - **37% in initial budget - \$5.808 million**
 - **36% reallocation of OHC replacement services - \$5.751 million**
- **Support functions transferred from OHC - \$3.6 million**
- **Salary and wage rates - \$2.1 million**
- **Property taxes - \$1.0 million**

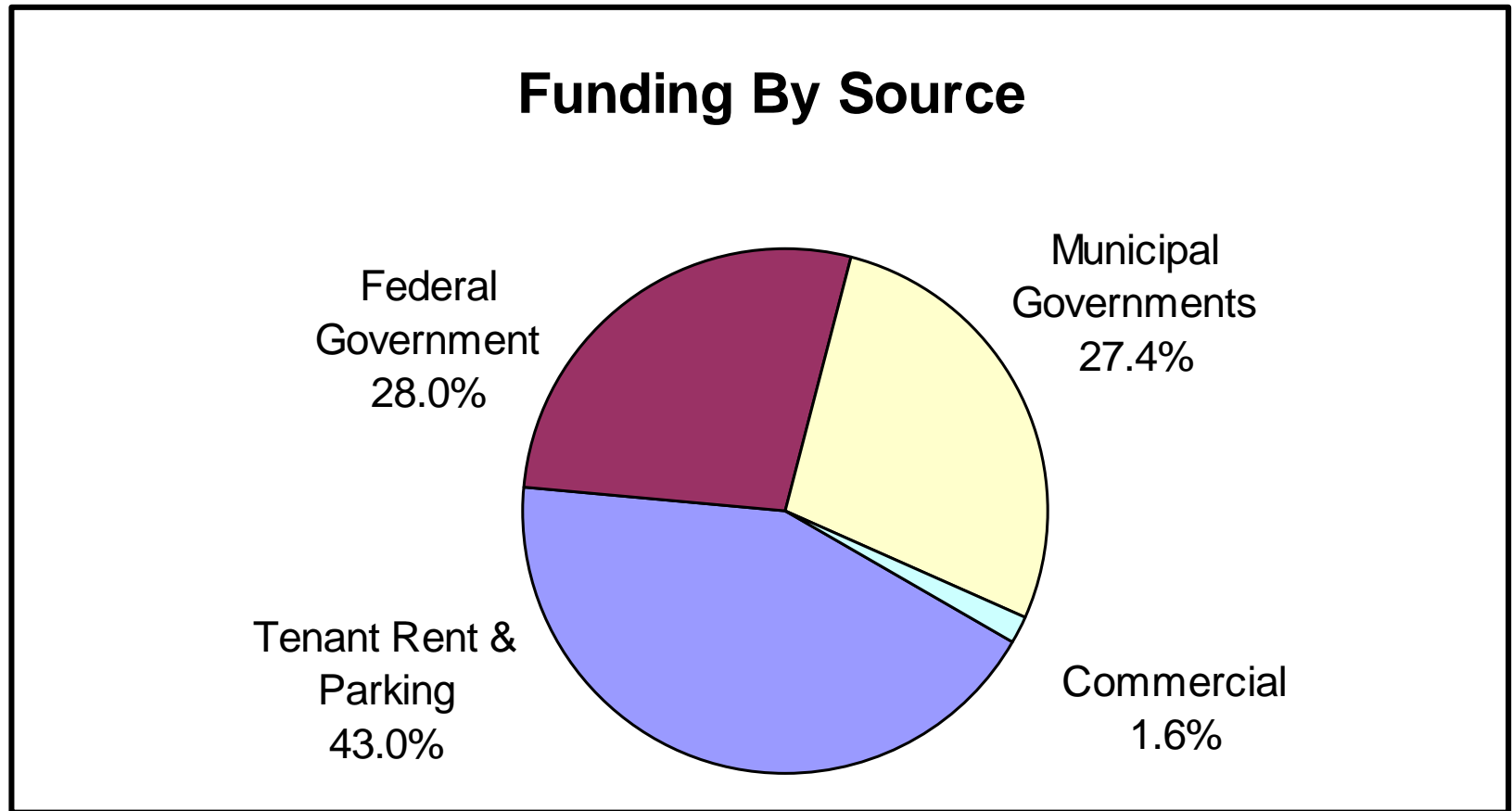
Natural Gas Price



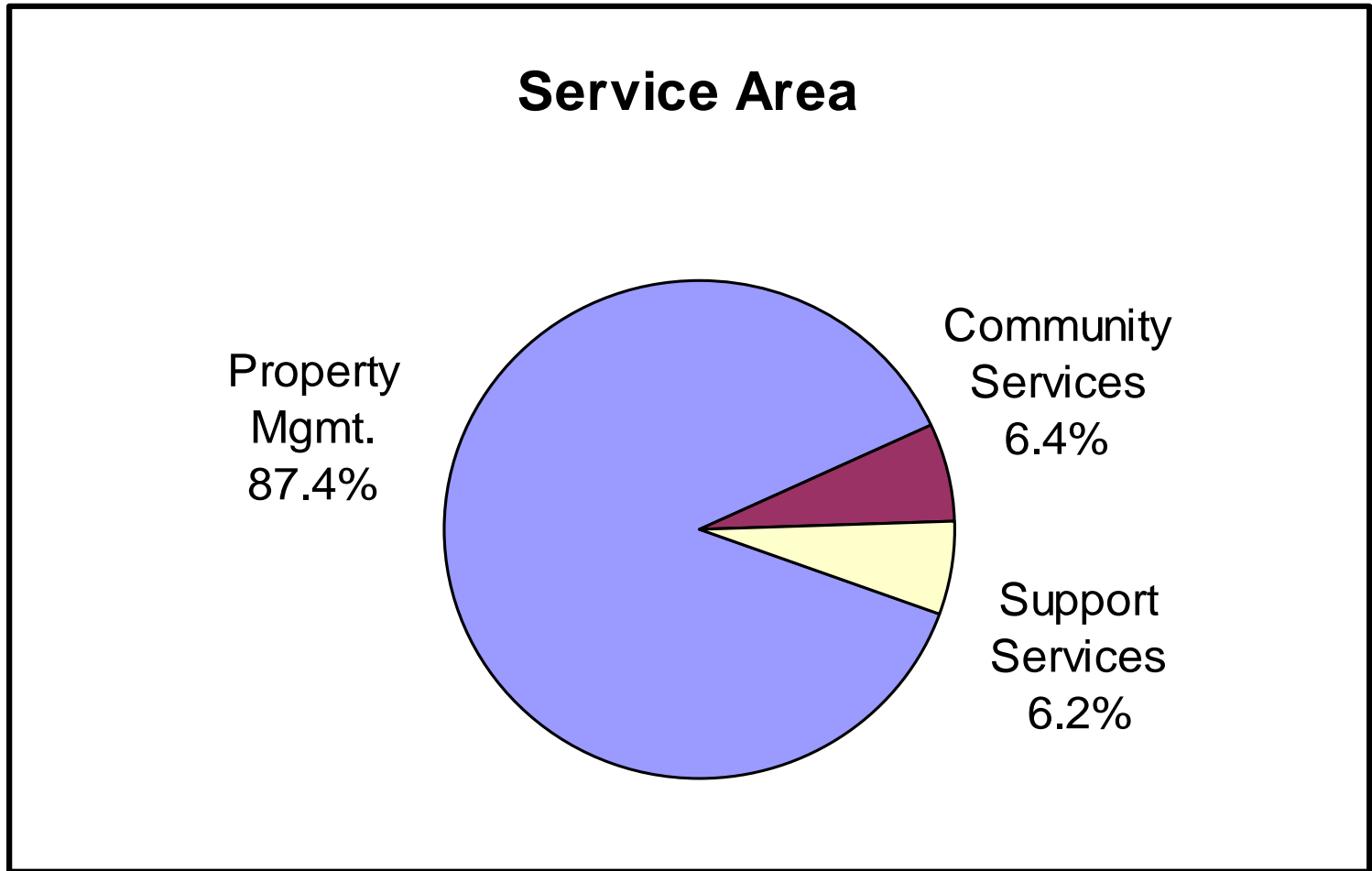
Potential 2001 Pressures - Not In The 2001 Budget

- **Natural gas prices - market prices currently higher than budget**
- **Rent revenue - could drop in a recession (1998 rent was \$16.2 million lower than 2001 budget)**
- **Property taxes - assessments are sharply higher, tax rate pressures**
- **Rent supplement payments to landlords - if market rents increase faster than RGI rents**

Funding Sources

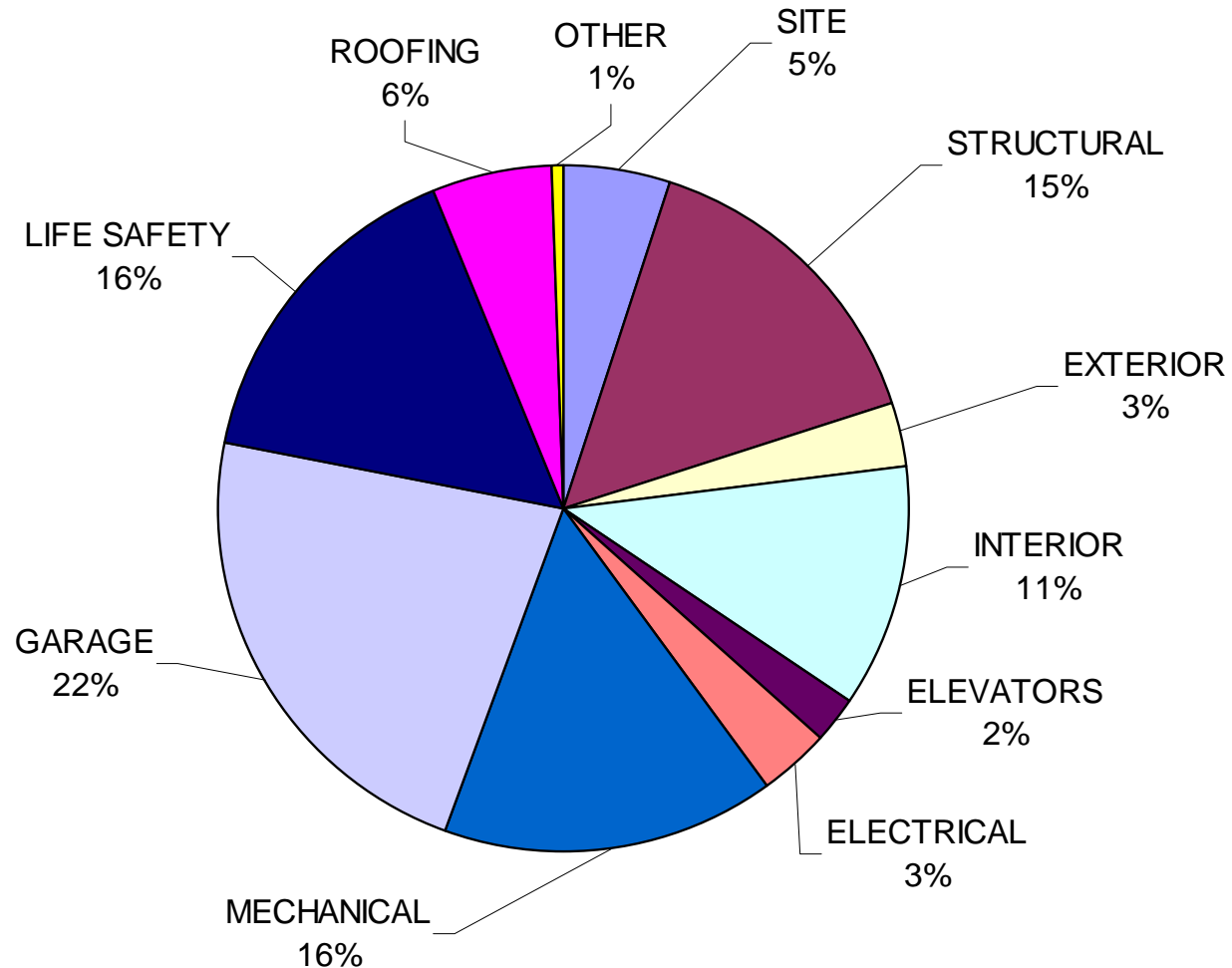


Expenditures By Service Area



Capital Budget

2001 CAPITAL BUDGET \$56 MILLION



Potential Pressures - Longer Term

- **Capital repairs - long term needs projected to be \$55 million annually, which is greater than past funding**
- **In addition, a \$20 million backlog exists**
- **No capital reserves exist**
- **Subsidy pressure - if rents increase more slowly than cost inflation**
- **Expiry of Federal funding - will occur from 2006 to 2026**

Potential Pressures - Longer Termcontd.

- **Wage rates - collective agreement rates are in place for 2001, but not thereafter**
- **Shift of liabilities - WSIB, employee benefits, legal actions, grievances**
- **Interest rates - low risk - CMHC fixed rate, MTHC has only one mortgage of \$5 million**

10 Year Summary Staffing Levels

