



## 2022 Facility Condition Index (“FCI”) Report

Item 9I

June 23, 2023

Building Investment, Finance and Audit Committee

**Report: BIFAC:2023-58**

**To:** Building Investment, Finance and Audit Committee (“BIFAC”)

**From:** Vice President, Facilities Management

**Date:** May 30, 2023

### **PURPOSE:**

The purpose of this report is to provide the BIFAC with an update on Toronto Community Housing Corporation’s (“TCHC”) 2022 Facility Condition Index (“FCI”).

### **RECOMMENDATIONS:**

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

### **REASONS FOR RECOMMENDATIONS:**

#### Background

TCHC continues to make major investments in the capital renewal of its portfolio to achieve improved quality of housing for tenants, with a portfolio averaged target of 10% FCI by the end of 2026.

FCI is the industry standard to measure the condition of buildings and physical infrastructure. FCI assesses the value of deferred repairs against the asset replacement values to determine the FCI of buildings and/or building portfolios.

TCHC has an FCI portfolio target of 10% 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.

### 2022 Status Update

In 2022, Facilities Management delivered its full \$350M in capital repair projects, with a year-end close out of 12.5% FCI – exceeding the 15.9% target set out in the plan in 2017.

Table 1 outlines TCHC’s progress to the ten-year FCI target against the forecast from the 2017 fully funded capital renewal plan.

*Table 1: Capital Repair Plan – 2017 Forecast vs. Actual FCI*

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

<b>Year</b>	<b>Fully Funded Capital Plan (\$)</b>	<b>Original 2017 Forecasted FCI</b>	<b>2023 FCI</b>
<b>2026</b>	\$326M	10.10%	10.90%*
<b>2027</b>	\$322M	10.10%	10.30%*
<b>2028</b>	\$160M	-	10.60%*
<b>2029</b>	\$160M	-	11.30%*
<b>2030</b>	\$160M	-	11.70%*
<b>2031</b>	\$160M	-	11.70%*
<b>2032</b>	\$160M	-	10.90%*

\*2022 year-end re-forecasted FCI targets

TCHC's third-party capital planning auditor, Ameresco Canada Inc., has noted that the improvements in TCHC's portfolio are a direct result of proactive approaches to capital investments. With increased investment in more holistic renewal projects, interior improvements and strategic preventative maintenance initiatives, TCHC is able to have a larger impact on FCI.

In delivering the Capital Renewal Plan, TCHC will continue to implement strategic approaches to achieve the FCI target of 10% by the end of 2026, to improve the overall quality of housing for tenants.

TCHC continues to closely monitor the impact of inflation and the impact it has on the cost of construction and FCI. Upon completion of the National Co-Investment funding in 2027, it is expected that TCHC will require additional funding over the \$160M in order to maintain an acceptable FCI in the longer term.

**SIGNATURE:**

*“Allen Murray”*

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