



Write-Off of Commercial Tenant Arrears due to COVID-19 and COVID Funding from the City

Item 10C

December 12, 2024

Board of Directors

Report: TCHC:2024-75

To: Board of Directors (the “Board”)

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

Date: November 4, 2024

PURPOSE:

To provide an update to the Board of Directors on the status of commercial tenant arrears related to the COVID-19 pandemic, and to obtain approval for the proposed write-off of related commercial rental arrears related to COVID-19.

Approval is required by the Board, as the value of the write-off exceeds the \$250K financial approval limit of TCHC’s Chief Financial Officer and Chief Executive Officer.

RECOMMENDATIONS:

It is recommended that the Board:

1. Approve the proposed write-off of commercial rental arrears related to the COVID-19 pandemic in the amount of \$2,118,101.10. This figure represents COVID related arrears accumulated between April 2020 and December 2021. Included in this amount is \$373K from 12 commercial tenants whose leases were terminated;
2. Approve the reallocation of the remaining \$1.4 million in funding provided by the City of Toronto to offset operational pressures as part of the 2025 budget process; and
3. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

BIFAC:

The recommendations were approved by the BIFAC on November 4, 2024.

BACKGROUND:

TCHC has 180 designated commercial retail units across its portfolio. Units are leased to a variety of commercial tenants including businesses such as coffee shops, restaurants, educational institutions, medical facilities, pharmacies, convenience stores, daycares and community agencies.

In March of 2020, at the onset of the COVID-19 pandemic, the Ontario Government, directed by Ontario Public Health, mandated that all non-essential businesses close their doors. Many TCHC commercial retail tenants were negatively impacted by these requirements and were unable to cover fundamental business costs, including rent.

As of March 2020, prior to the pandemic, TCHC commercial arrears totaled approximately \$590,943.51. At the conclusion of the pandemic restrictions, as of December 2021, commercial arrears totaled \$3.6M.

In response to the pandemic, and in keeping with guidelines from the City of Toronto, TCHC implemented an internal rent deferral program available to TCHC commercial tenants from April 2020 until February 2022. Under this program, basic rental payments were deferred, and additional rent was paid monthly. TCHC worked with commercial tenants to establish repayment agreements where possible, allowing commercial tenants who were able, to gradually repay their arrears in addition to their regular monthly rent. TCHC was successful in negotiating 29 Repayment Agreements and collected \$300K in arrears.

The City of Toronto provided funding to TCHC for \$3.5 million based on TCHC's submission of estimated arrears accumulated as a result of the COVID-19 pandemic. This allocation was designated to fully write off the accumulated arrears during the COVID period from April 2020 to December 2021. The allocation included \$1.4 million pertaining to amounts collected subsequently from tenants (\$846K) and non-COVID arrears (\$591K) pertaining to the period prior to March 2020.

RECOMMENDATION

It is recommended that the Board approve the proposed write-off of \$2,118,101.10 in commercial COVID related arrears accumulated between April 2020 and December 2021. (See Confidential Attachment 1: Commercial Tenant Write Off's due to COVID-19). This figure includes the amount of \$373K from 12 commercial tenants whose leases were terminated.

It is also recommended that the remaining \$1.4M be re-allocated to offset operational pressures as part of the 2025 budget process.

SIGNATURE:

“Daisy Wong”

Daisy Wong,
Acting Vice President, Facilities Management

and

“Lily Chen”

Lily Chen,
Chief Financial Officer

ATTACHMENT:

Confidential Attachment 1: Commercial Tenant Write Off's due to COVID-19.

Reason for Confidential Attachment: Third party commercial information supplied in confidence and commercial information belonging to TCHC that has monetary value or potential monetary value and whose disclosure could reasonably be expected to be injurious to its financial interests.

STAFF CONTACTS:

Catarina Pires, Senior Director Capital Planning, Design and Engagement,
Corporate and Commercial
416-981-6513
Catarina.Pires@torontohousing.ca

Raj Atma, Director, Property Accounting
416-981-4054
Raj.Atma@torontohousing.ca