

THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
December 5, 2013
Report of the
General Manager
and
Treasurer

HOUSING YORK INC. 2014 BUSINESS PLAN AND BUDGET

1. RECOMMENDATION

It is recommended that:

1. The Board of Directors approve the Housing York Inc. 2014 Business Plan and Budget.

2. PURPOSE

This report provides Housing York Inc.'s 2014 Business Plan and Budget (see *Attachment 1*) for the Board's review and approval.

3. BACKGROUND

The 2014 Business Plan and Budget is centred on implementing strategic initiatives and planning for portfolio growth

Housing York Inc. (Housing York) continues to grow, with new buildings and a larger, more diverse tenant population. As a result, for 2014 areas of focus include:

- Implementing initiatives established in the Housing York Inc. Strategic Plan 2012-2016
- Planning for portfolio growth with the addition of new housing communities

Housing York's Strategic Plan 2012- 2016 sets objectives to support operational effectiveness

In 2012, Housing York approved its first multi-year strategic plan. The Strategic Plan supports the corporation's mission to build stronger communities through five goals. Each goal has a set of objectives and supporting activities. Figure 1 provides an overview of the goals and objectives outlined in the Strategic Plan.

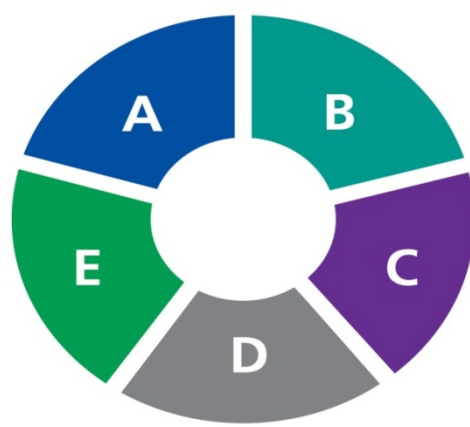


Figure 1

A) Sustain Healthy Communities

- Enhanced tenant engagement
- Proactive community partnerships
- Enhanced tenant economic opportunities

B) Manage Properties Effectively

- Appropriate income mix
- Strategic portfolio management
- Regeneration and expansion

C) Manage Finances Proactively

- Long-term financial health
- Revenue maximization and fiscal management

D) Provide User Friendly Services

- Effective tenant communications
- Accessible quality service
- Culturally appropriate services

E) Strengthen Governance and Organizational Capacity

- Enhanced reporting
- Renewed governance framework
- Appropriate staffing

4. ANALYSIS AND OPTIONS

The 2014 Business Plan and Budget furthers implementation of the Housing York Strategic Plan

Through the annual business plan and budget process, Housing York reviews its goals and objectives for the upcoming years and establishes a framework to support implementation.

Over the next year, Housing York will:

- Develop a tenant engagement strategy that explores new ways to hear from more tenants, more directly and more often.
- Develop a pilot project to support summer employment opportunities for Housing York youth residents.
- Develop an e-communications strategy to support communications with residents.

The Business Plan is attached as *Attachment 1*.

Lakeside Residences in Georgina will open in spring 2014

A new 97 unit building (Lakeside Residences, Town of Georgina) will open in spring 2014. While the building is prepared for tenant occupancy, costs such as labour and utilities will precede the full rental revenue creating a short term pressure. In 2014, Lakeside Residences is projected to increase Housing York's revenue by \$586,989 and to increase expenses by \$608,761. The building is expected to break even in the outlook years.

Housing York projects a balanced budget for 2014 after residual operating surplus allocation to capital reserves and retained earnings

Housing York projects a residual operating surplus of \$572,000 in 2014. Table 2 highlights the projected operating surplus for the 2014 budget as compared to the previous fiscal year.

Table 2
2014 Operating Surplus Comparisons
(\$000s)

	2013 Total Budget	2013 Estimated Actual	2014 Total Budget	2013 Budget vs. 2014 Total Budget	
Total Revenue	27,962	27,336	29,186	1,224	4.38%
Total Expenditures	27,655	26,468	28,554	899	3.25%
Operating Surplus Before Strategic Projects and Surplus Sharing	307	868	632	325	
Strategic Projects	155	125	60	-95	
Operating Surplus After Strategic Projects	152	743	572	420	

2014 revenue is projected to increase by 4.38% and expenditures by 3.25%

Housing York projects that revenues will increase by 4.38% in 2014. This is largely due to portfolio growth and modest increases in rental revenue. In 2014, Housing York anticipates:

- 0.8% rent increase in non-rent-geared-to-income (RGI) units affecting 12% of the portfolio based on the Provincial Rent Guideline
- 0.8% rent increase in non-RGI units affecting 8% of the portfolio to comply with funding agreements
- 1% rent increase in subsidized units affecting 80% of the portfolio
- 0.11% increase in subsidies as per Provincial program guidelines

The 3.25% or \$899,000 increase in overall operating expenditure in 2014 is driven mainly by portfolio growth. However, budget pressures are noted across some cost categories including:

- Insurance costs expected to rise by 16.21%
- Materials and repair expenses expected to increase by 4.99%

Table 3 provides a comparison between the 2014 outlook and the proposed 2014 total budget. The differences between the 2014 outlook and budget are a result of updated revenue and expenses indices, and revised economic projections.

Table 3
2014 Outlook vs. 2014 Total Budget Comparisons
(\$000s)

	2014 Outlook	2014 Total Budget	Outlook vs. Total Budget	
Total Revenue	29,659	29,186	-473	-1.59%
Total Expenditures	29,093	28,554	-539	-1.85%
Operating Surplus Before Strategic Projects and Surplus Sharing	566	632	66	
Strategic Projects	125	60	-65	
Operating Surplus After Strategic Projects	441	572	131	

Table 4 provides a comparative summary of revenue and expense information for the 2014 fiscal year.

Table 4
2014 Revenue and Expenditure Budget Comparisons
(\$000s)

	2013 Total Budget	2014 Total Budget	2014 Budget vs. 2013 Total Budget	
Tenant Rents	\$18,641	\$19,855	\$1,214	6.51%
Subsidy – York Region	9,321	9,331	10	0.11%
Total Operating Revenue	\$27,962	\$29,186	1,224	4.38%
Operating Expenditures	\$26,236	\$27,153	\$917	3.50%
Public Housing Capital	1,419	1,401	-18	-1.27%
Total Expenditures	\$27,655	\$28,554	\$899	3.25%

Mandatory capital reserve contributions for the Regional Housing Program have been established as a result of the Fiscal Strategy Review

Housing York committed to developing a long-term financial and reserve strategy for the corporation. As a first step, an extensive analysis assessed the sustainability of the capital reserve for the Regional Housing Program buildings over the next 30 years.

Housing York's practice has been to fund the capital reserve for the Regional Housing Program buildings by allocating 75% of the year-end operating surplus to the reserve, with the remaining 25% contributed to retained earnings. Analysis demonstrated that the Regional Housing Program portfolio can sustain an annual, budgeted mandatory capital reserve contribution. The 2014 budgeted amount of \$700 per unit per year will be indexed over time in line with revenues. Surpluses achieved after the mandatory capital reserve contribution has been made will continue to be divided between supplementary capital reserve contributions and retained earnings. Establishing a standardized annual capital contribution rate enables Housing York to project the long-term growth of the capital reserve fund in relation to capital repair requirements for the Regional Housing Program portfolio. Provided that Regional Housing Program reserve funds are used only for the purposes of this program, Housing York should have sufficient reserves to maintain these buildings in a good state of repair for at least the next 30 years.

Major repairs and replacements will continue to have a significant impact on the operating budget and reserve

Housing York has planned ten major repair projects in 2014 with individual budgets of more than \$100,000. Funding for these initiatives will either come from the operating budget or the capital reserve, depending on funding rules related to specific programs.

Table 5 provides a summary of funding for the 2014 major repairs.

Table 5
2014 Funding for Major Repairs
(\$000s)

Funding Source	2014 Budget
Funding from Operating	1,401
Funding from Reserves	2,252
Total Major Repairs	3,653

Link to key Council–approved plans

As the Region’s housing corporation, Housing York ensures its work aligns with Regional strategic objectives. The 2014 Business Plan and Budget supports the Region’s housing goals as outlined in Vision 2051, the Sustainability Strategy, the Region’s 2011-2015 Strategic Plan and the Regional Official Plan. Housing York will also play a key role in supporting many of the actions highlighted in the Region’s 10-year Housing Plan.

5. FINANCIAL IMPLICATIONS

The 2014 budget and the 2015 to 2018 outlook are prepared in compliance with the provincial funding requirements as applicable. A \$572,000 residual surplus is estimated for 2014. The projected residual surplus will be allocated to capital reserves and retained earnings according to the current accounting policies.

Planned portfolio growth, which includes the addition of 97 units in Lakeside Residences, will enhance the long term financial health of the organization. The projected cost pressures that Housing York will experience during 2014, while the new building is commissioned, will reverse in 2014 when the cost per unit will decrease due to economies of scale achieved through growth. However, as the organizational review rolls out, additional costs may materialize.

Tenant rents represent approximately two-thirds of Housing York’s revenue requirement to cover operating cost. The remaining balance is covered by subsidies. Housing York’s subsidy requirement is included in the Region’s 2014 budget estimates for the Social Housing Program. The calculation of the subsidies was done in accordance with the provincial program requirements.

6. LOCAL MUNICIPAL IMPACT

Housing York owns and operates residential rental housing in all nine local municipalities and is home to over 4,000 residents. Effective planning and careful budgeting is important to ensure Housing York is fiscally responsible while maintaining a significant housing portfolio and offering quality customer service to tenants.

7. CONCLUSION

Housing York is projecting a \$572,000 residual surplus in 2014. The operations will continue with a carefully managed operating budget throughout 2014 and a sound outlook up to 2018.

This report recommends that the 2014 Business Plan and Budget for Housing York Inc. be approved.

For more information on this report, please contact Sylvia Patterson, Assistant General Manager, Housing York Inc., at Ext. 2091.

The Senior Management Group has reviewed this report.

Recommended by:

Sylvia Patterson
Assistant General Manager

Bill Hughes
Treasurer

Approved for Submission:

Adelina Urbanski
General Manager

November 19, 2013

Attachment - 1

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2014 Housing York Inc. Business Plan & Budget



2014 Housing York Inc. Business Plan & Budget

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An introduction to housing in York Region

York Region is an attractive community. With more than 1.1 million residents and 42,000 businesses employing 533,000 people, our Region is rich in diversity and opportunity. A place people are proud to call home.

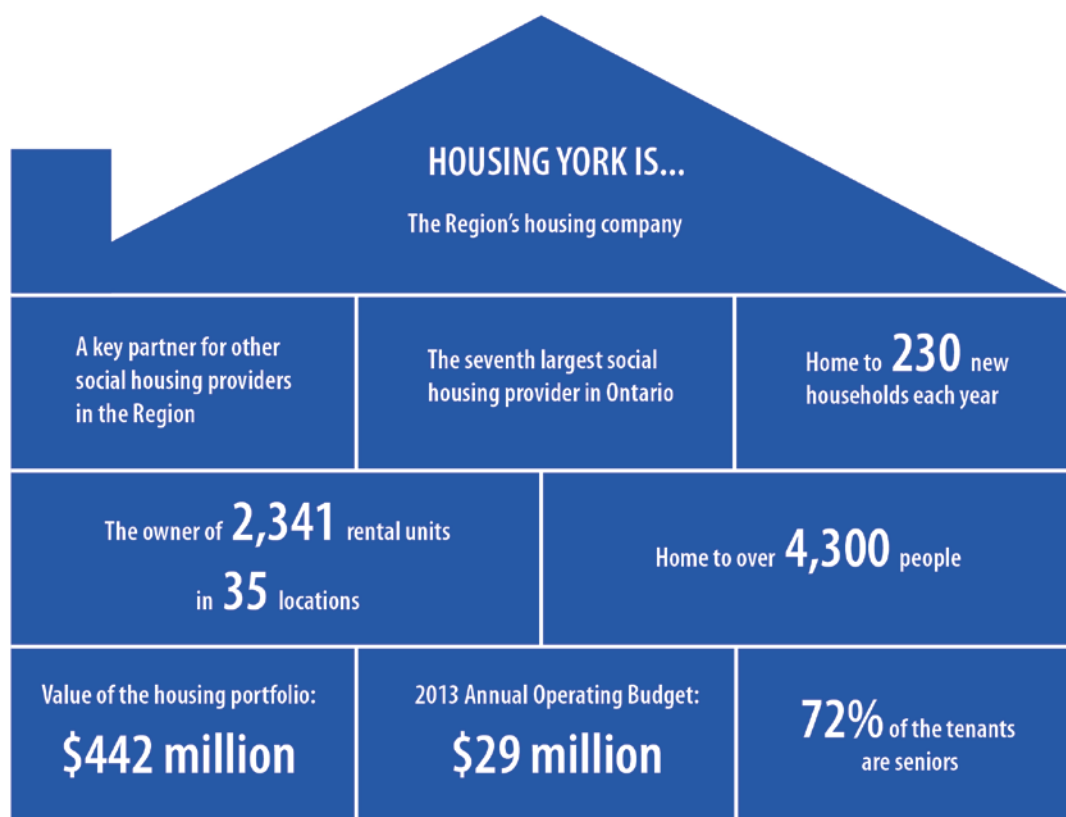
York Region is committed to supporting healthy communities through a broad range of housing choices and supports that meet the diverse needs of residents, including home ownership, rental and subsidized housing. To help meet resident needs, York Region works with various partners to build new, affordable and market-rent housing in the community.

It's no secret York Region needs more appropriate housing choices for low and moderate-income households. Only 12 per cent of housing in York Region is rental; the lowest in the Greater Toronto Area. In addition, the Region's waitlist for subsidized housing increased by 49 per cent between December 2008 and December 2011.

More housing options means more people can find a home and stay in the community, despite factors such as their age, stage in life or income levels. A home gives people a sense of pride and belonging, a connection to their community, a better chance at finding or keeping a job and the ability to contribute to our inclusive, healthy and resilient communities.

Housing York Inc. is the Region's housing corporation

Housing York Inc. (Housing York) is a complex organization:



- York Region is the sole shareholder of Housing York and the Board of Directors is comprised of mayors and regional councillors
- Since formed in 2003, Housing York has grown in both size and complexity. The portfolio has increased by 38% from 1,693 units to 2,341 in 2013
- Housing York operates three different housing programs. Each program has its own funding arrangement
- Housing York follows many laws and regulations. The laws change over time and Housing York must adapt to new rules
- Families, seniors, single adults, new Canadians and persons with disabilities all call Housing York home
- Housing York supports tenants through many community partnerships

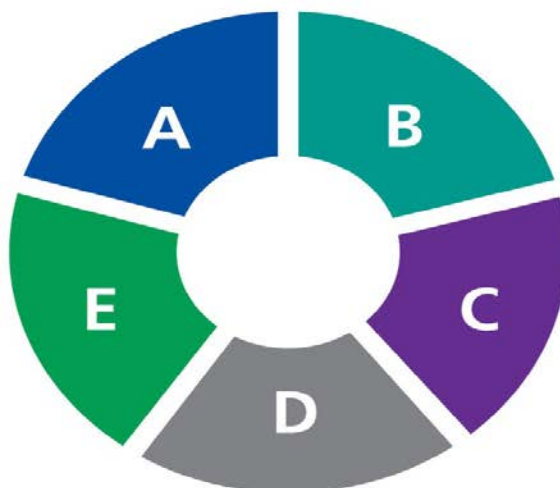
The Housing York Inc. Strategic Plan 2012-2016, a roadmap to the future

In 2012, Housing York implemented its first multi-year strategic plan. The plan was developed based on local trends and data, and by talking with tenants, community partners, management and staff. Throughout the development of the strategic plan and with the help of participants, Housing York took a closer look at changes that can be made to support healthy communities.

The Housing York Inc. Strategic Plan 2012-2016 supports a number of Regional and Community and Health Services Department initiatives to meet the diverse needs of the community. The Housing York Inc. Strategic Plan 2012-2016 supports the corporation's mission to build stronger communities through five goals.



Throughout this document, look for the letter icons that form the wheel below, to see each action links to the Housing York Inc. Strategic Plan 2012-2016. Housing York's five year strategic plan is available at www.york.ca/hyi.



A) Sustain Healthy Communities

- Enhanced tenant engagement
- Proactive community partnerships
- Enhanced tenant economic opportunities

B) Manage Properties Effectively

- Appropriate income mix
- Strategic portfolio management
- Regeneration and expansion

C) Manage Finances Proactively

- Long-term financial health
- Revenue maximization and fiscal management

D) Provide User Friendly Services

- Effective tenant communications
- Accessible quality service
- Culturally appropriate services

E) Strengthen Governance and Organizational Capacity

- Enhanced reporting
- Renewed governance framework
- Appropriate staffing



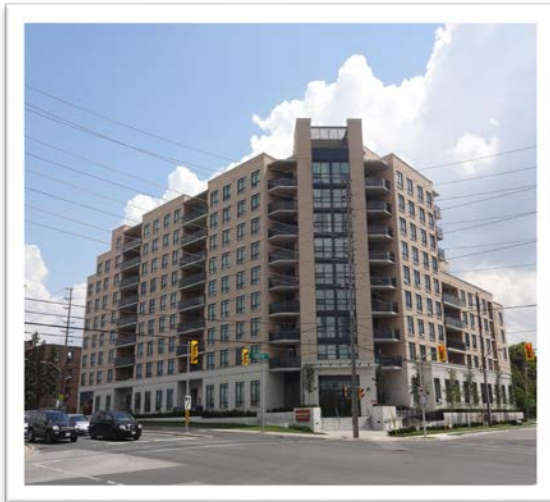
The strategic plan will guide Housing York from 2012 through 2016. As part of the business planning process, this document highlights some of the previous year's successes and proposes the specific actions and budget implications for the next business cycle. Housing York's five year strategic plan is available at www.york.ca/hyi.

Highlights of achievements in 2013



Mackenzie Green, Housing York's newest and largest community stands nine-stories tall and is located in the heart of Richmond Hill. It offers a mix of affordable and market rent units ranging from one to four-bedroom and is close to shopping and schools, and located 200 metres from major transit lines. Living up to its name, Mackenzie Green was designed for energy efficiency and was built with more than 40 per cent of locally manufactured building materials.

Mackenzie Green is also home to Housing York's second office. The new office provides convenient access to staff and supportive services for tenants living in southern York Region Housing York communities



Housing Services recently completed an organizational review to ensure it is positioned for meeting the needs of Housing York communities now and in the future. The goals of the review included creating a more strategic focus and capacity, identifying methods for enhancing strategic reporting to the Board and developing new approaches for annual reporting to the community. In 2014 Housing York will begin implementing the organizational review findings including allocating new resources for managing growth and diversity.





Whether you're buying or renting, new or re-sale is something many of us consider in the decision making process. So how does Housing York ensure it can effectively address the aging infrastructure of its much needed housing communities now and in the future. One way is with the recent implementation of Asset Planner technology. This software breaks down the life cycle of every element of a building, and when fully operational will assist Housing York Inc. with information to make decisions on short and longer-term costs for housing repairs and upgrades.

Asset Planner will also assist Housing York in identifying and leveraging bulk purchasing opportunities, identifying cost reduction strategies, and enhancing the ability to identify and share best practices, with other housing providers across York Region and in neighbouring communities. Asset Planner information will be reviewed by staff and shared with the Board annually.

Other 2013 Highlights Include:

- Working with the Regional Municipality of York in developing a Community Health Framework that supports our residents
- Working with the Regional Municipality of York to increasing affordable housing options by planning for the conversion of 127 market-rent units to subsidized units in Housing York senior's communities
- Upgrading the Housing York website for easier tenant and stakeholder access to programs and services
- Housing York continues to support healthy communities by connecting with tenants and strengthening community partnerships.

Highlights include:

- Piloted the newly developed tenant complaint process
- Completed an inventory of current tenant engagement practices
- Created a tenant move-in feedback survey
- Established three new community partnerships:
 - York Region Food Network introduced youths to new healthy cooking skills
 - The Town of Richmond Hill provided volunteer and recreational program opportunities to seven youths
 - Over 50 seniors benefitted from a York Region Public Health Branch, Age Friendly Communities Pilot Initiative



Identifying Priorities

Each year Housing York prepares a business plan and budget for the Board of Directors' approval.

Annually, Housing York assesses revenue streams, operating costs and strategic priorities to determine areas of focus for the upcoming year.

As the Region's housing corporation, Housing York ensures its work aligns with Regional strategic objectives. Housing York will contribute to a number of actions in the Region's 10-year Housing Plan.

Areas of Focus

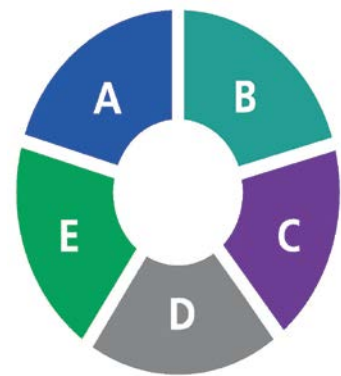
Keeping with the corporation's mission of Building Strong Communities, the 2014-2015 Housing York Business Plan and Budget focusses on two areas:

1. Implementing Strategic Initiatives identified in the Housing York Inc. Strategic Plan 2012-2016.
2. Portfolio growth

1. Implementing Strategic Initiatives

In 2012, Housing York implemented its first multi-year strategic plan. The Strategic Plan supports the corporation's mission to build stronger communities through five goals. Each goal has a set of objectives and supporting activities.

Providing a home to over 4,000 residents is Housing York's primary objective. To do this well, Housing York recognizes that providing clean, well-maintained buildings and planning for the needs of the evolving community are equally important. As part of the annual business plan and budget process, Housing York has identified key initiatives that will be completed over the next year.



A. Sustain Healthy Communities

Housing York is sustaining healthy communities each day by engaging with tenants to ensure their needs are being met.

In 2014, Housing York will:

- Use tools such as focus groups and surveys to engage tenants in the development of operational policies
- Implement a more user-friendly complaint management process
- Develop a tenant engagement strategy, that explores new ways to hear from more tenants, more directly and more often
- Pilot a project to support summer employment opportunities for Housing York youth residents



B. Manage Properties Effectively

Housing York is committed to providing well maintained buildings, improving accessibility and maximizing the buildings' life expectancy.

In 2014, Housing York will:

- Develop tools to ensure new building technologies are used effectively
- Implement the Housing York Tenant Insurance Policy

C. 2014 Manage Finances Proactively

Maximizing revenues and managing resources effectively are key objectives for Housing York.

In 2014, Housing York will:

- Continue to partner across the non-profit sector to reduce operating costs and enhance services through bulk purchasing
- Reduce costs and increase transparency of procurement services by updating the Standing Contractor Program

D. Provide User Friendly Services

One of Housing York's principles is "providing the right service, at the right time, in the right place at the right cost."

In 2014, Housing York will:

- Develop an e-communications strategy to better use technology to connect with tenants
- Research technology options that enable tenants to complete interactive online maintenance requests and web-access to their rental account statements
- Focus on developing cultural competencies through staff training and operating practices

E. Strengthen Governance and Organizational Capacity

Housing York has grown significantly and is operating with different pressures and new complexities.

In 2014, Housing York will:

- Complete a governance review to modernize by-laws and related agreements to support Housing York
- Implement the Housing Division organizational plan to enhance staff support to Housing York



2. Portfolio Growth

Over the next year, Housing York will be adding a new residential building and one women's new shelter to the portfolio with a total of 97 new units, 28 beds and nine shelter apartments. In late 2015, Housing York will also open the Richmond Hill Housing & Community Hub which includes 202 new apartments, a youth service hub and emergency and transitional beds in Richmond Hill.

Building	Municipality	Expected Building Completion	Expected Tenant Occupancy
Lakeside Residences	Georgina	Quarter 1, 2014	Quarter 2, 2014
Belinda's Place	Newmarket	Quarter 4, 2014	Quarter 1, 2015
Richmond Hill Housing & Community Hub	Richmond Hill	Quarter 4, 2015	Quarter 1, 2016



Lakeside Residences - Town of Georgina

Property Highlights:

- 97 apartments in six storeys
- Mix of bachelor, one and two bedroom units
- 10 wheelchair accessible units
- Energy and water efficient building

Mix of market and subsidized units



Belinda's Place - Town of Newmarket

Property Highlights:

- Emergency and transitional housing for single women
- 28 beds and nine apartments
- Office and meeting space



Richmond Hill Housing & Community Hub - Town of Richmond Hill

Property Highlights:

- 202 apartments in 9 stories
- Mix of one and two bedroom units
- 16 barrier free units
- 30,000 sq.ft youth service hub that includes 14 emergency and 11 transitional beds

Mix of market and subsidized units



2014 Budget

This section outlines 2014 operating and capital budget, as well as financial impacts on Housing York's reserves.

2014 Operating Budget

In 2014, Housing York is projecting a balanced budget after \$572,000 residual surplus contribution to capital reserves and retained earnings.

Historical performance, prescribed benchmark cost factors, and current economic factors are used to arrive at 2014 revenue and cost projections. Revenue has consistently been under pressure as the provincially established funding formula indices are lower than Housing York's cost increases. Costs are escalating particularly in administration and building maintenance area. Commissioning of the new building expected in 2014 will create a lag between revenue and costs in the first year of operations.

Table 1 compares the 2014 base budget submission to the 2013 budget. The 2013 estimated results are provided for information. The final 2013 results will be identified in the audited financial statements. Any operating residual surplus generated in 2014 will be allocated to Retained Earnings or the Capital Reserve according to the current accounting policy, as allowed by the Service Manager.

Table 1
2014 Base Operating Budget

((\$000))	2013 Total Budget	2013 Estimated Actual	2014 Base Budget
Revenue			
Tenant Rents	18,641	18,510	19,109
Subsidy - York Region	9,321	8,826	9,331
Total Revenue	27,962	27,336	28,440
Operating Expenditures			
Operating	26,236	25,139	26,411
Public Housing Capital	1,419	1,329	1,401
Total Expenditures	27,655	26,468	27,812
Budget Surplus before Strategic Projects	307	868	628
Strategic Projects ⁽¹⁾	155	125	60
Operating Surplus after Strategic Projects	152	743	568
Capital Reserves (Provincial Reform and Regional Housing)			
Contribution from Reserves	2,268	2,268	2,247
Expenditures	-2,268	-2,268	-2,247
Emergency Power Reserve			
Contribution from Reserve	519	227	0
Expenditures	-519	-227	0

⁽¹⁾ Strategic Projects as outlined in the Housing York Strategic Plan approved by the Board on October 2012.



Table 2 provides the 2014 total budget, which includes the growth of new building during the 2014 budget year.

Table 2
2014 Total Operating Budget

(\$000)	2014 Base Budget	2014 Adjustment ⁽²⁾	2014 Total Budget
Revenue			
Tenant Rents	19,109	746	19,855
Subsidy - York Region	9,331	-	9,331
Total Revenue	28,440	746	29,186
Operating Expenditures			
Operating	26,411	742	27,153
Public Housing Capital	1,401	-	1,401
Total Expenditures	27,812	742	28,554
Budget Surplus before Strategic Projects	628	4	632
Strategic Projects ⁽¹⁾	60	-	60
Operating Surplus after Strategic Projects	568	4	572
Capital Reserves (Provincial Reform and Regional Housing)			
Contribution from Reserves	2,247	5	2,252
Expenditures	-2,247	-5	-2,252

(1) Strategic Projects as outlined in the Housing York Strategic Plan approved by the Board on October 2012.

(2) The adjustment reflects the addition of Mackenzie Green building for 1 month and Lakeside Residences for 11 months.

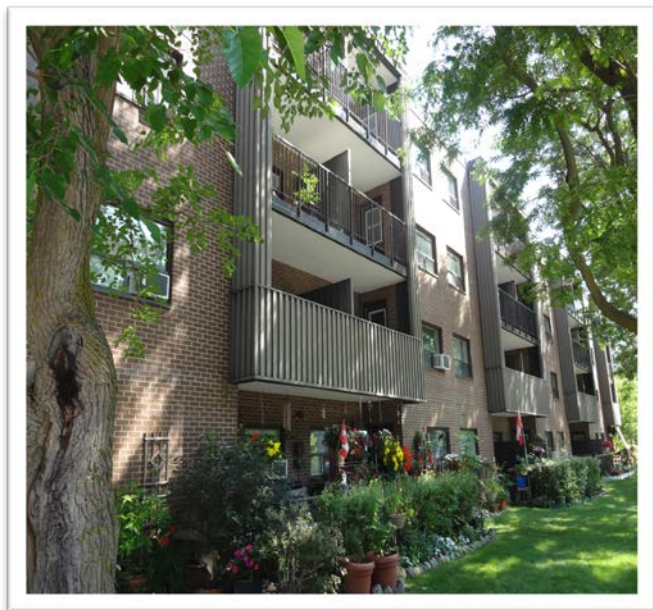


Table 3 provides a comparison between the 2014 Outlook and the proposed 2014 total budget. Differences in revenue and expenses are a result of the actual versus estimated prescribed benchmark costs and updated economic factors used to arrive at 2014 total budget.

Table 3
2014 Total Operating Budget

(\$000)	2014 Outlook	2014 Budget	Variance
Revenue			
Tenant Rents	20,094	19,855	-239
Subsidy - York Region	9,565	9,331	-234
Total Revenue	29,659	29,186	-473
Operating Expenditures			
Operating	27,671	27,153	-518
Public Housing Capital	1,422	1,401	-21
Total Expenditures	29,093	28,554	-539
Budget Surplus before Strategic Projects	566	632	66
Strategic Projects ⁽¹⁾	125	60	-65
Operating Surplus after Strategic Projects	441	572	131
Capital Reserves (Provincial Reform and Regional Housing)			
Contribution from Reserves	2,209	2,252	43
Expenditures	-2,209	-2,252	-43

(1) Strategic Projects as outlined in the Housing York Strategic Plan approved by the Board on October 2012.



2015 and 2018 Outlook Years

The budget assumptions for the outlook years are based on the following:

- Operating revenues and expenses will increase by 1% for 2015 and 2016, and 1.5% for 2017 and 2018 based on consumer price index forecasts and the adjustment impact of one new building, comprising 202 new units in 2016, and one new building, comprising 150 new units in 2017.
- Contributions to and from the capital reserves are based on the 10-year capital plan.

Table 4
2015 – 2018 Operating Outlook

(\$000)	2015 Total Outlook	2016 Total Outlook	2017 Total Outlook	2018 Total Outlook
Revenue				
Tenant Rents	20,038	21,595	23,196	23,688
Subsidy - York Region	10,428	11,404	11,752	11,741
Total Revenue	30,466	32,999	34,948	35,429
Operating Expenditures				
Operating	28,503	31,128	32,826	33,150
Public Housing Capital	1,446	1,479	1,519	1,665
Total Expenditures	29,949	32,607	34,345	34,815
Budget Surplus before Strategic Projects	517	392	603	614
Strategic Projects ⁽¹⁾	45	-	-	-
Operating Surplus after Strategic Projects	472	392	603	614
Capital Reserves (Provincial Reform and Regional Housing)				
Contribution from Reserves	2,302	2,325	2,474	2,269
Expenditures	-2,302	-2,325	-2,474	-2,269

⁽¹⁾ Strategic Projects as outlined in the Housing York Strategic Plan approved by the Board on October 2012



Major Upgrades/Replacement (Capital) Program

Housing York's 10-year capital plan is reviewed and updated annually. Every budget year, the plan is reviewed and adjusted to ensure that rehabilitation is completed on a methodical basis that considers needs and priorities. The major repairs/replacements program for 2014 will be funded through a combination of operating revenues and reserves as outlined in Table 5. Table 6 provides an overview of the planned expenditures for 2014 to 2018 and Table 7 provides a detailed breakdown for large projects planned for that period.

Table 5
Summary of 2014 Major Repairs

(\$000)	2014
Funding from Operating	1,401
Funding from Reserves	2,252
Annual Capital Budget	\$3,653

Table 6
2014 to 2018 Major Repairs by Category

(\$000)	2014 Budget	2015 Outlook	2016 Outlook	2017 Outlook	2018 Outlook
Planned Expenditures					
Roofing	750	60	75	435	175
Building	1,278	1,155	1,453	1,175	1,604
Flooring	246	217	320	325	225
Elevator	10	105	87	462	200
Electrical	-	160	79	60	-
Equipment	20	130	53	45	59
Grounds	356	527	307	526	338
Life Safety Systems	5	162	101	20	204
Heating and Ventilation	125	289	142	20	116
Painting	60	46	283	60	142
Plumbing	-	38	39	-	5
Minor Capital	180	180	185	185	185
Capital Overheads	623	679	680	680	681
Total Major Repairs/Replacements	3,653	3,748	3,804	3,993	3,934



Four Year Summary of Planned Capital Projects Greater than \$100,000

Municipality	Property	Description	\$000's				
			2014	2015	2016	2017	2018
Georgina	Keswick Gardens	Elevator Upgrade				200	
	North View Court #39	Roof Replacement				150	
	Pineview Terrace	Roof Replacement					175
	North View Court #37	Bathroom Upgrade	160				
	Keswick Gardens	Kitchen Replacement					150
Markham	Trinity Square	Window Upgrade	365				
	Trinity Square	Door Upgrade	155				
	Trinity Square	Kitchen Upgrade					100
Aurora	Hadley Grange	Parking Lot Replacement		160			
East Gwillimbury	Oxford Village	Life Safety Systems					104
King	Nobleview Pines	Town water hook up and septic	150				
Newmarket	Heritage East #351	Bathroom Upgrade				280	
	Heritage East #351	Elevator Refurbishment					200
	Heritage East	Retaining Wall/Ramp Upgrade				335	
	Mulock Village	Front door entrance/sidelights Upgrade					100
	Brayfield Manor	Bathroom Upgrade		246			
	Brayfield Manor	Kitchen Upgrade			100	100	100
	Fairy Lake Gardens #468	Roof Repairs	200				
	Fairy Lake Gardens #468	Elevator Upgrade				250	
	Fairy Lake Gardens #474	Elevator Upgrade		100			
	Founders Place	Emergency Generator Upgrade		150			



Richmond Hill	Springbrook Gardens	Kitchen Upgrade	100	100	100	100	
	Springbrook Gardens	Re-asphalt Private Roadway		100			
	Springbrook Gardens	Bathroom Upgrade					120
	Springbrook Gardens	Window/Door Upgrade			600		
	Rose Town	Elevator Machine Room Cladding/Parapet Masonry	275				
	Rose Town	Roof Replacement and Consulting	350				
	Rose Town	Kitchen Upgrade		150			
	Dunlop Pines #78	Roof Replacement				200	
	Dunlop Pines #76	Roof Replacement	200				
	Thornhill Green	Underground Garage				200	
	Springbrook Gardens	Window/Door Upgrade					
Total Projects Greater Than \$100,000			1,955	1,006	800	1,815	1,049

Capital Reserve

Capital reserve management differs by program. The Public housing program does not include a capital reserve. Major repairs are funded through the annual operating budget. Housing York contributes annually to capital reserves for the remainder of the portfolio. As program rules vary individual reserves are maintained but are consolidated for presentation purposes.

Housing York must invest the reserves for housing in accordance with the *Housing Services Act, 2011* through an investment pool managed by the Housing Services Corporation. While a variable rate of return is expected on investment holdings, a constant yield of 2% is assumed for the budget and outlook years.

Table 8
Five Year Forecast of Capital Reserve

(\$000)	2014 Budget	2015 Outlook	2016 Outlook	2017 Outlook	2018 Outlook
Provincial Reform and Regional Housing Programs					
Balance, Beginning of Year	4,458	4,193	4,596	6,210	8,251
Contribution to Reserves	1,900	2,630	3,839	4,384	4,178
Annual Investment Income	87	76	94	126	169
Annual Capital Expenditures	-2,252	-2,302	-2,325	-2,474	-2,269
Net Activity for the Year	-265	404	1,608	2,036	2,078
Balance, End of Year	4,193	4,597	6,204	8,246	10,329



Business Plan Summary

Moving forward with the implementation of the Strategic Plan and managing portfolio growth are the key areas of focus in this business plan and budget.

A balanced budget is projected for 2014 after residual contributions to capital reserves and retained earnings, signalling that Housing York will remain in a sound financial position over the next year.

