

The Regional Municipality of York

Housing York Inc.
September 7, 2017

Report of the
General Manager

Mid-Year Financial Update

1. Recommendation

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

2. Purpose

This report provides an overview of Housing York Inc.'s revenue, expenditures and surplus position as of June 30, 2017 compared to the 2017 Approved Budget. This report also includes a year-end operating forecast and capital projections for 2017.

3. Background

The mid-year report is presented to inform the Housing York Board of any year-to-date budget variances and anticipated year-end financial outcomes. The year-end forecast incorporates year-to-date trends as well as known emerging issues for the remainder of the year.

4. Analysis and Implications

Mid-year results are favourable with an estimated \$394,000 operating surplus

Housing York's 2017 Budget and Business Plan projected a mid-year operating surplus of \$190,000. The actual mid-year operating surplus is \$394,000, which is \$204,000 higher than anticipated due to revenue slightly above budget and expenses 1% below budget. See Table 1 for details.

Table 1
Consolidated Operating Results for the Period Ending June 30, 2017
(\$000s)

	Budget YTD	Actual YTD	Variance \$	Variance %
Revenue				
Rental and Other Revenue	11,417	11,822	405	3.5%
Operating Subsidies - York Region	5,503	5,136	-367	-6.7%
Total Revenue	16,920	16,958	38	0.2%
Operating Expenditures				
Maintenance & Administration	14,903	14,230	673	4.5%
Contribution to Reserves	1,055	1,760	-705	-66.8%
Public Housing Capital	772	574	198	25.6%
Total Expenditures	16,730	16,564	166	1.0%
Operating Surplus	190	394	204	107.4%

The mid-year total revenue is slightly above budget.

- Rental revenues are 3.5% or \$405,000 above budget largely due to additional rent assistance received for two properties in the Regional Housing program. The additional revenue will enable Housing York to dedicate more resources to the capital reserve to support long term sustainability.
- The Regional operating subsidies are lower than projected by 6.7% or \$367,000. The primary driver for this variance is the lower Public Housing capital expenditure due to project delays.

The mid-year total expenditures are 1.0% lower than projected primarily due to:

- Lower than projected maintenance and administration costs. Salaries and benefits are 6.0% or \$209,000 below budget due to a combination of staff turnover, retirements, and hiring delays. Utilities are 11.3% or \$277,000 below budget due to higher hydro rate increases assumed at the time the budget was prepared along with savings generated by past energy saving initiatives.

- An increase in the discretionary capital reserve contribution resulting from the additional projected surplus.
- Timing delays in Public Housing capital projects resulting in lower capital expenditures of \$198,000.

An operating surplus of \$956,000 is forecast for year-end

The operating surplus projection for year-end is \$956,000 compared to the budgeted operating surplus of \$636,000. Similar to the mid-year results, the major contributors to the \$320,000 positive variance in operating surplus are additional rent assistance and labour and utilities cost savings.

It is anticipated the Public Housing capital budget will be 95% spent by year-end with the balance returning to the Region, resulting in the operating subsidies being 0.9% below budget.

The discretionary capital reserve contribution is expected to be \$641,000 higher than budget due to the additional projected surplus.

Table 2
Consolidated Operating Forecast for the Period Ending December 31, 2017
(\$000s)

	2017 Annual Budget	2017 Year-End Forecast	Variance \$	Variance %
Revenue				
Rental and Other Revenue	22,904	23,229	325	1.4%
Operating Subsidies - York Region	14,031	13,910	-121	-0.9%
Total Revenue	36,935	37,139	204	0.6%
Operating Expenditures				
Maintenance & Administration	29,076	28,405	671	2.3%
Contribution to Reserves	5,512	6,153	-641	-11.6%
Public Housing Capital	1,711	1,625	86	5.0%
Total Expenditures	36,299	36,183	116	0.3%
Operating Surplus	636	956	320	50.3%
Retained Earnings, Beg. Of Year	3,736	3,736	0	0.0%
Retained Earnings, End Of Year	4,372	4,692	320	7.3%

Capital expenditures are on track with budget

Housing York is forecasting \$6,085,000 in capital expenditures at year-end which is 93% of the budget for all programs. Table 3 lists the 2017 capital spending by program.

Table 3
2017 Major Repairs and Replacement Forecast Compared to Budget
(\$000s)

Annual Programs	2017 Annual Budget	2017 Year-end Forecast	Variance \$	Variance %
Public Housing (872 units)	1,711	1,625	86	95%
Provincial Reform (1039 units)	4,275	3,933	342	92%
Regional Housing (734 units)	511	485	26	95%
Emergency Housing	45	42	3	93%
Total Approved Capital Budget Spending and Forecast	6,542	6,085	457	93%

During the first half of 2017, capital work began on:

- Boiler replacements (Hadley Grange, Founders Place)
- Exterior lighting upgrades (Keswick Gardens, Northview Court)
- Driveway replacement (Brayfield Manors)
- Window replacements (Orchard Heights)

During the second half of 2017, capital work will begin on:

- Roof replacements (Mulock Village, Elmwood Gardens)
- Kitchen upgrades (Keswick Gardens, Brayfield Manors)

- Window and door replacements (Maplewood Place, Rose Town, Trinity Square)
- Asphalt / driveway / exterior lighting (Springbrook Gardens)

5. Financial Considerations

Housing York is anticipating an operating surplus of \$956,000 in 2017. A fiscal strategy is currently under development allowing Housing York to remain focused on asset management and maintain sufficient financial flexibility and resiliency while providing affordable housing opportunities for York Region residents.

6. Local Municipal Impact

Housing York provides safe, affordable and sustainable housing for more than 2,600 York Region households through prudent financial stewardship, efficient operations, an extensive capital repair program, and strategic investments in energy conservation, in all nine municipalities.

7. Conclusion

Housing York is in good financial health with a forecasted operating surplus of \$956,000 and retained earnings of \$4,692,000 in 2017.

For more information on this report, please contact Rick Farrell, General Manager at ext. 72091.

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Rick Farrell
General Manager

Katherine Chislett
President

August 9, 2017

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Accessible formats or communication supports are available upon request