

Housing York Inc. 2015 Business Plan and Budget

Presentation to
Housing York Inc. Board of Directors

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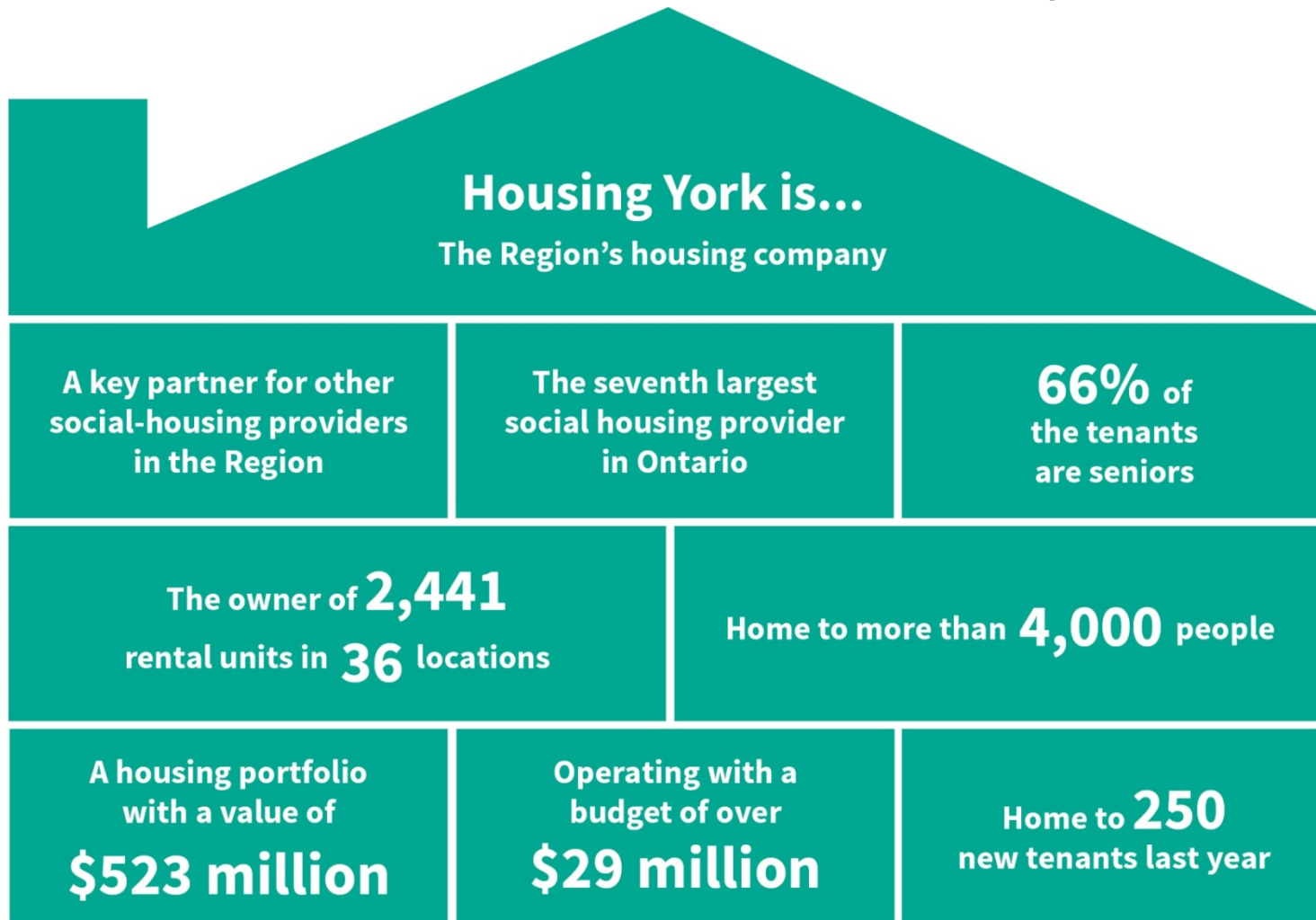


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Portfolio Summary



Housing York Primer

- Incorporated separately under the *Ontario Business Corporations Act*
- Powers of the Board as determined by Shareholder (Council)
- Governance review update mid-2014 resulting from Strategic Plan
- Corporation has no staff; all staff are York Region staff

Housing York Primer

- Minutes and reports go the Board only, not to shareholder (Council)
- Follow key practices of the Region
e.g. meetings open to the public
- Purchasing by-law
- Strategic Plans are in alignment with the Region's

Housing York Primer

- Housing York focuses on client services, asset management and financial stewardship
- The Region buys and develops new housing then transfers it to Housing York to own and operate
- York Region manages the waiting list of all housing providers

Housing York Portfolio

Properties by Municipality	Tenant Type	Number of Units
Aurora		
Hadley Grange	Seniors	80
Orchard Heights Place	Seniors	83
East Gwillimbury		
Blue Door Shelters	Family/Seniors	52
Oxford Village	Seniors	36
Georgina		
East Court (Sutton)	Family	10
Glenwood Mews (Keswick)	Family	64
Keswick Gardens	Seniors	120
Lakeside Residences (Keswick)	Family/Seniors/Singles	97
North View Court (Sutton)	Seniors	72
Pineview Terrace (Keswick)	Seniors	49

Housing York Portfolio

Properties by Municipality	Tenant Type	Number of Units
King		
Kingview Court	Seniors	66
Nobleview Pines	Seniors	26
Markham		
Thonrhill Green		101
Trinity Square		100
Newmarket		
Armitage Gardens	Seniors	58
Belinda's Place Shelter	Women	37
Brayfield Manors	Family	81
Fairy Lake Gardens	Seniors	153
Founders Place	Seniors	100

Housing York Portfolio

Properties by Municipality	Tenant Type	Number of Units
Newmarket		
Heritage East	Family	120
Mulock Village	Family	104
Tom Taylor Place	Family/Seniors	50
Richmond Hill		
Dunlop Pines	Seniors	133
Evergreen Terrace	Seniors	56
Mackenzie Green	Family/Seniors/Singles	140
Maplewood Place	Seniors	80
Richmond Hill Housing and Community Hub	Family/Seniors/Singles	202
Rose Town	Seniors	125
Springbrook Gardens	Family	93

Housing York Portfolio

Properties by Municipality	Tenant Type	Number of Units
Vaughan		
Blue Willow Terrace	Seniors	60
Mapleglen Residences	Seniors	84
Woodbridge Lane	Family	14
275 Woodbridge Avenue	Seniors	32
Whitchurch-Stouffville		
Elmwood Gardens	Seniors	51

Housing York Funding

- As one of York Region's 43 social housing providers, Housing York receives revenues of approximately \$30M annually
 - Two thirds (approximately \$20M) of revenue is received from tenant rents
 - One third (approximately \$10M) is received from the Region as an operating subsidy
- Housing York's portfolio includes a total of 2,441 housing units operated under 3 main "portfolios"
 - Provincial Reform - 12 properties, 1038 units
 - Public Housing - 17 properties, 872 units
 - Regional Housing - 8 properties, 531 units
- Each portfolio has different funding rules
 - Fund accounting is used to segregate the revenues and expenses for each portfolio
 - For financial statement and reporting purposes, consolidated statements are prepared

Public Housing

- Properties previously known as “Local Housing Corporation” were devolved to the Region from the Province in 2001. In 2003, these properties were transferred to Housing York
- There are 17 properties under this portfolio, which were built between 1950 and 1970. There are 872 units under this portfolio which are all RGI units
- The Region provides “public housing subsidy” to Housing York consistent with the practice in place at the Province before the transfer in 2001.
- Housing York prepares an annual budget for all expenditures and revenues for the Public Housing properties
 - Tenants pay rent based on their income (RGI)
 - Expenditures include capital and operating expenditures
 - No capital reserve is maintained for these properties
 - Payments from the Region covers the difference between revenues and expenditures
- The budgeted operating subsidy payment from the Region for these properties in 2015 is \$3.0M
- There is federal funding provided for these properties, which flows through the Province. In 2015, the Province will provide funding of \$341,811

Provincial Reform

- Provincial Reform properties are legislated by the *Housing Services Act*, 2011. These properties were built between 1986 and 1994 and were devolved to the Region in 2001.
- Housing York has 12 properties under this funding model. Properties were debt financed with no initial capital investment
- A legislated funding formula defines the calculation and methodology to determine the amount of subsidy to be provided to Housing York
 - The Region pays a subsidy based on Housing York's operating funding shortfall for these properties (e.g. property tax, mortgage payments, utilities)
 - In addition, tenants pay market rent or pay rent based on their income (RGI) and Housing York receives a subsidy from the Region to cover the difference between benchmark market rent for the unit and what the tenant pays for RGI units
- The budgeted operating subsidy payment from the Region for this portfolio in 2015 is \$7.1M
- Housing providers must contribute a prescribed amount to their capital reserves. Housing York's mandatory contribution in 2015 is \$668,000.
- In addition to the mandatory contribution, Housing York also contributes 50% of the operating surplus associated with this portfolio. The other 50% is allocated to Housing York's retained earnings

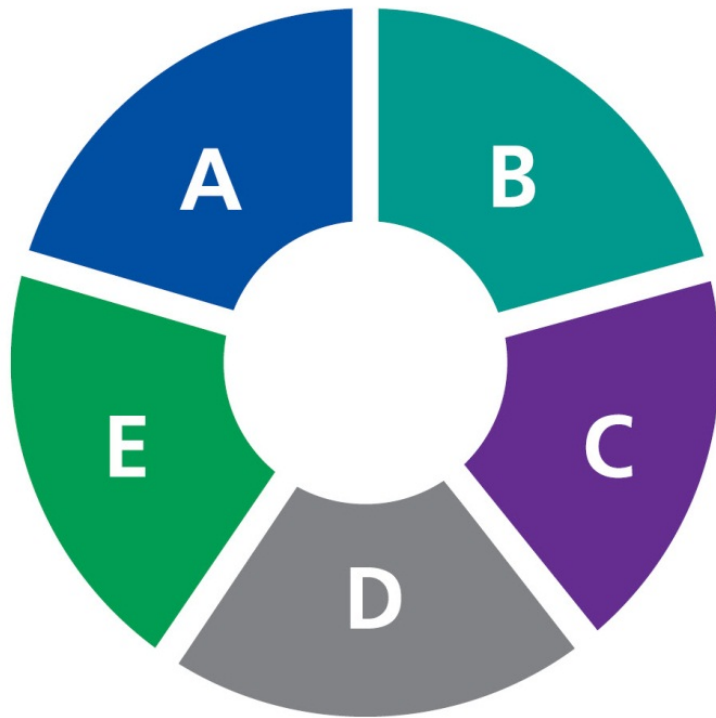
Regional Housing

- This portfolio consists of eight properties built by the Region. Ownership is either transferred to Housing York to own and operate or retained by the Region and leased to Housing York to operate
- Financial arrangements for development are property specific depending on the provincial/federal program at the time of construction. Five of the eight properties carry debt.
- Up front financing of the capital project ensure the buildings are self-sustaining based on a predetermined income mix of market rents and rent assisted units
- Market rental rates are set based on CMHC 80% average market rent guideline
- No operating subsidy is provided to Housing York from the Region; however, rent subsidies are provided to eligible tenants
- Capital reserve contributions consist of \$700 per unit plus 75% of the residual operating surplus. The remaining 25% flows to Housing York's retained earnings
- 30 year analysis of Regional program suggests that this portfolio's capital reserve strategy could be self-sustaining at this level

Shelters

- Housing York owns two shelters – Porter Place and Leeder Place
- Shelter services are contracted to 3rd party operator (Blue Door)
- Porter Place is funded through the Provincial Reform portfolio and receives subsidy for insurance, mortgage, property taxes and capital reserve contribution. Social Services pays all other operating costs directly to the operator
- Leeder Place was built by the Region and gifted to Housing York. Insurance, mortgage, are property taxes funded through the public housing budget. Social Services funds the capital contribution and pays all other operating costs directly to the operator

Housing York's Roadmap to the Future (2012 – 2016)



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

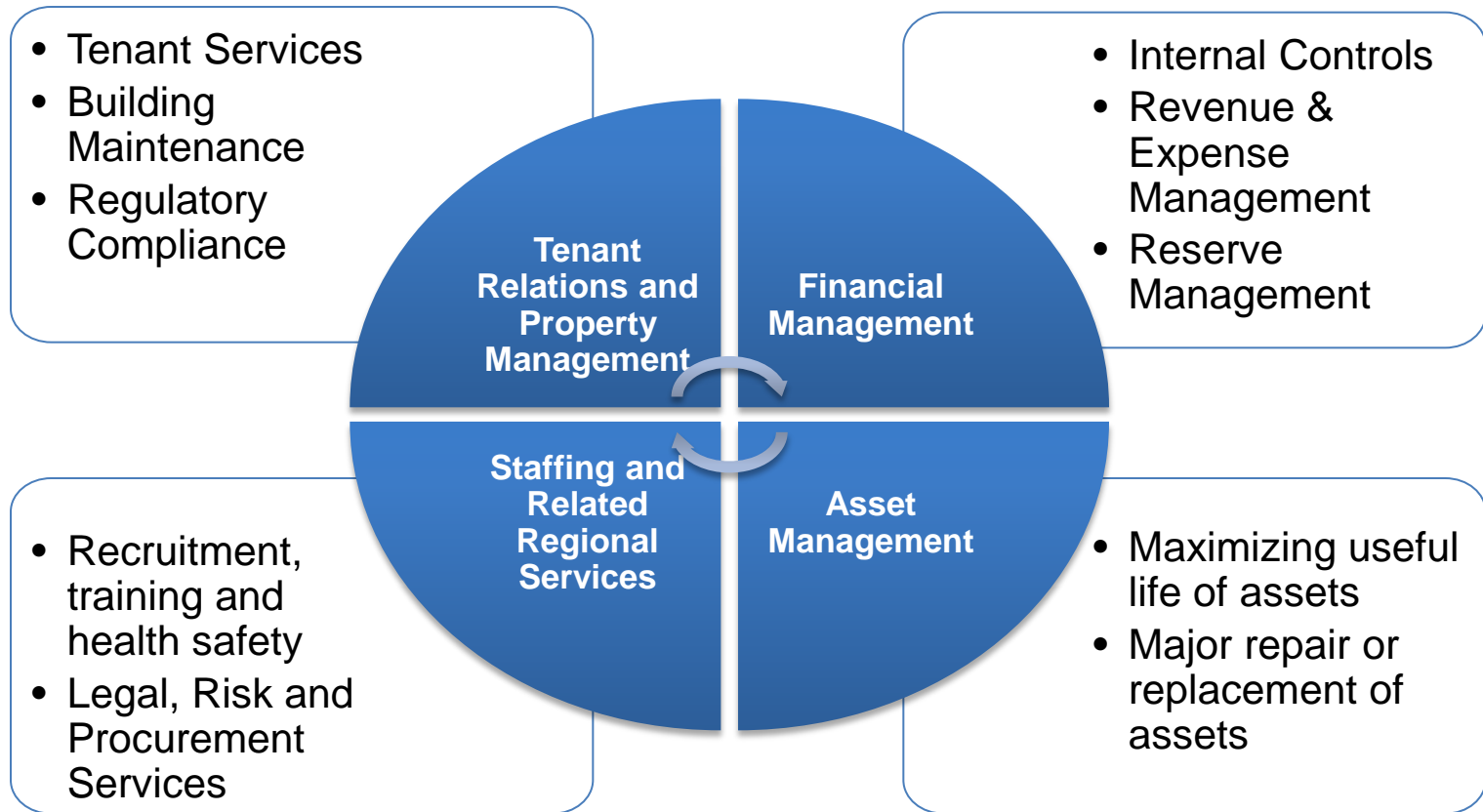
- Enhanced reporting
- Renewed governance framework
- Appropriate staffing

Business Plan Overview

- Housing York's portfolio has grown 4.1% (97 units) in 2014 and is expected to grow by another 12.4% (303 units) from 2015-18
- Solid progress has been made in all areas of the Strategic Plan with the addition of new units, key policies being introduced, and enhanced tenant communication and collaboration
- The corporation remains in good financial health. Progress is being made towards a focused approach to proactive asset management
- Although challenges and pressures exist, Housing York is well placed to deliver its strategic priorities over the planning period in areas such as tenant engagement, asset & fiscal management, and community partnerships

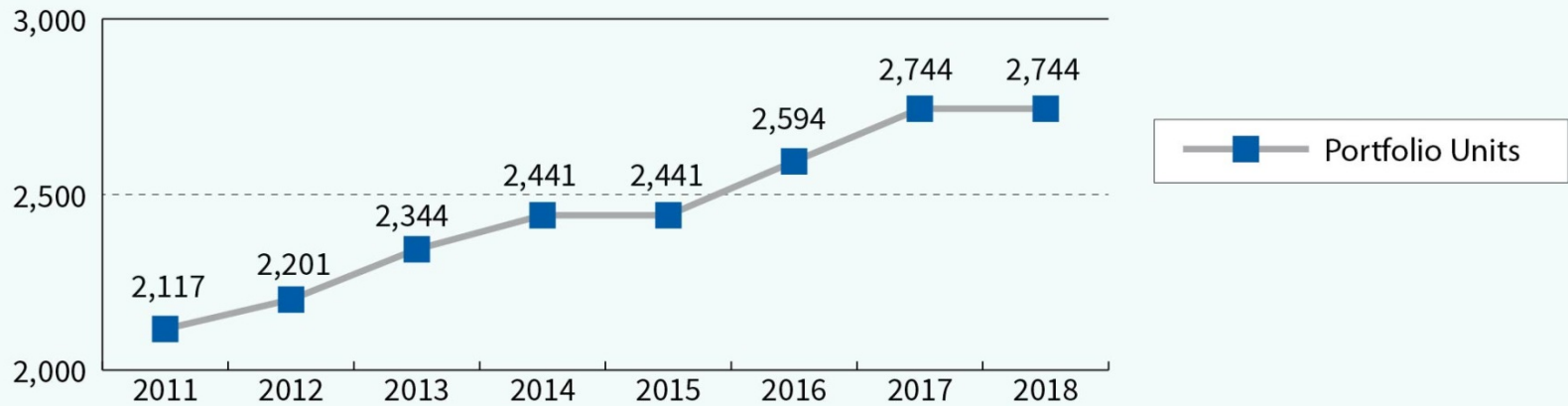
Housing York monitors its progress in implementing the Strategic Plan throughout the year using its Risk Management Framework

Business Functions & Risk Considerations



Housing York will grow to 2,744 units by 2018

Portfolio Growth 2011 to 2018



Primary Budget Drivers

- As previously anticipated, Provincial Reform (older properties built between 1986 and 1994) capital reserves will be depleted in 2015
- Maintenance costs are rising due to portfolio growth, an aging portfolio, and the increasing cost of service delivery
- Last winter's ice storm highlighted the increased need for emergency power coverage at Housing York buildings
 - Requesting that \$404K from Retained Earnings be used to address this
 - More than 50% of the portfolio will now be equipped with generators
- Utilities and insurance costs continue to rise

Despite the financial pressures, the projected Budget during the planning period will be balanced



Key Operational Challenges

- Addressing turnover to keep up with a growing waiting list for affordable housing in the Region is growing rapidly
- Rising expectations for tenant engagement and support services
- Housing York has a more diverse and complex tenant population
- Implementation of new tenant policies require a concerted change management process (e.g. no smoking policy, paid parking and tenant insurance)
- New legislative and policy requirements and will result in the need for building upgrades/new standards (e.g. Elevator standards, accessibility and sustainability)



The actions proposed in the 2015 Business Plan will address these challenges

Strategic Plan Progress and Future Priorities

Belinda's Place



Sustain Healthy Communities

2014 HIGHLIGHTS

- Implemented a Smoke-Free Building Policy November 1st
- Broadened community partnerships to expand the delivery of programs and services (Exercise/Falls Prevention at most seniors sites across the Region. Circle of Friends seniors support in Vaughan. Life skills program for all ages in Keswick)
- Launched the successful Dunlop Community Garden and participated in the Ontario Power Authority Home Assistance Program to make homes more energy efficient



2015 PRIORITIES

- Establish a Community Paramedicine pilot for on-site health promotion and disease prevention services in 4 locations: Dunlop Pines, Pineview Terrace, Fairy Lake Gardens, Orchard Heights Place
- Implement a community health framework to better support tenants in areas such as mental health and economic self-sufficiency. Work will begin in three neighborhoods - Lakeside, Springbrook, and Thornhill Green
- Strengthen Key Performance Indicators to the Board
- Examine service delivery models for efficiencies

Manage Properties Effectively

2014 HIGHLIGHTS

- Completed a major new development, Lakeside Residences, which provides 97 new affordable homes for York Region residents
- Richmond Hill Youth Hub and Belinda's Place construction underway
- Conducted a thorough 20 and 100 year asset analysis, and a State of Infrastructure Report which confirmed that housing assets are currently in a good state; however, investments will be needed in the future to maintain the stock



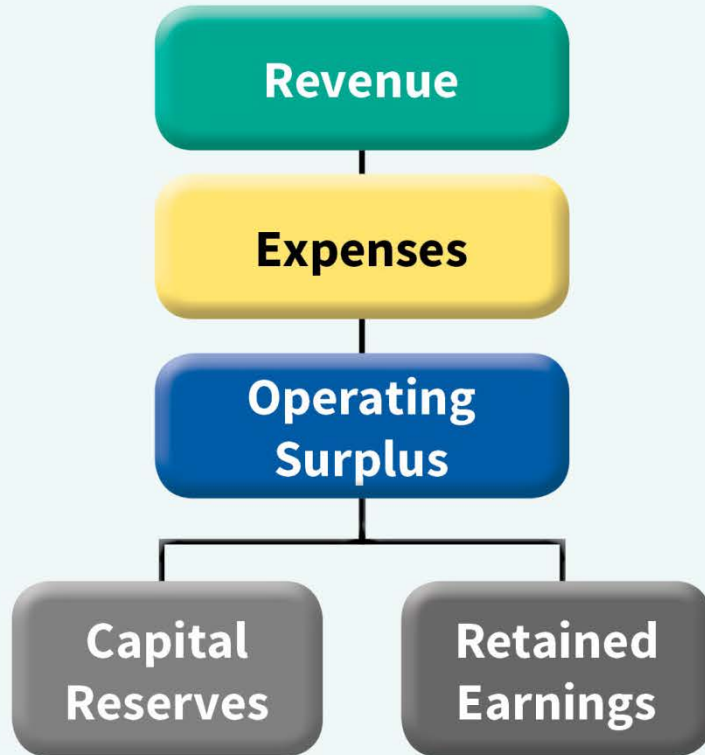
2015 PRIORITIES

- Finalize new developments
 - Woodbridge regeneration
 - Belinda's Place
 - Richmond Hill Youth Hub
- Develop a fiscally responsible and sustainable Asset Management strategy to proactively plan for maintenance, repair, and replacement of Housing York stock
- Install emergency power sources at most vulnerable buildings

Asset Management and Fiscal Strategy

- In 2015, Housing York staff will begin work to develop a comprehensive asset management and fiscal strategy which will identify and analyze Housing York's long term capital needs (renewal and replacement). Staff will report back to the Board early 2016
- The financial investments necessary to address the long term capital needs will be assessed against the available resources
- Housing York has been actively investing in capital reserves as the corporation's financial model requires that a portion of surpluses be directed to capital reserves
- Housing York staff will work closely with the Region to confirm funding from Regional capital reserves that could be allocated to Housing York stock
- Staff will report back to the Board in late 2015 with more details on the strategy

Financial Model



Housing York Inc. business model is designed to fund capital reserves through operating surplus

* Includes mandatory and discretionary contribution as per 2010 board approval

Manage Finances Proactively

2014 HIGHLIGHTS

- Developed new monitoring tools to track performance indicators like vacancy and unit turnover costs
- Managed financial assets and resources prudently -
Forecasted a contribution of \$1.9 million to capital reserves and an addition of \$476,000 to Retained Earnings
- Concerted efforts have resulted in the increase in online tenant rent payments which mitigates risk associated with cash payments



2015 PRIORITIES

- Create strategies that ensure assets are developed and maintained in a fiscally responsible manner and are financially self-sustaining to the greatest extent possible
- Develop a retained earnings policy to guide future financial management and investment strategies and decision-making
- Employ proactive planning and financial risk mitigation through the prudent use of Housing York reserves

Provide User-Friendly Services

2014 HIGHLIGHTS

- Worked with residents to implement enhanced tenant feedback process
- Improved communications with tenants by introducing new modes of information sharing (e.g. electronic communication and Access York Contact Centre)



2015 PRIORITIES

- Continuing to work with tenants to enhance tenant engagement strategies
- Develop a plan to enhance safety and security, including security devices, remote access control, alarm management and emergency communication

Governance and Organizational Capacity



2014 HIGHLIGHTS

- Renewed Housing York's governance framework, approved June 2014
- Completed a review of the organizational structure to plan for growth and the changing needs of communities



2015 PRIORITIES

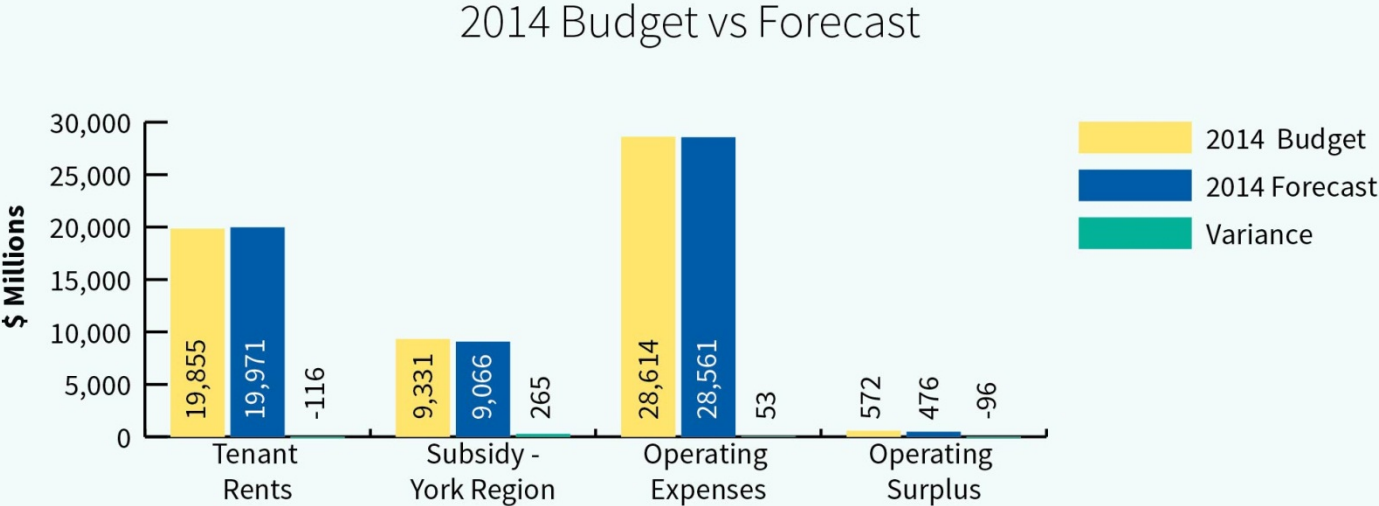
- Enhance information provided to the Board to support the roll out and evaluation of new policies
- Continue to develop staff capacity to align with the new organization structure set out in 2014

Financial Snapshot



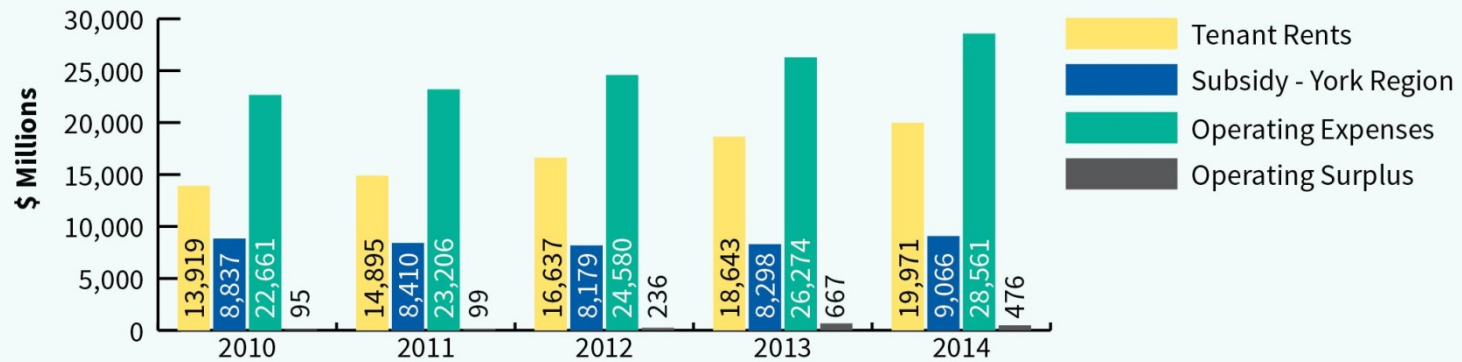
Richmond Hill Housing
and Community Hub

2014 Forecast is on Track with Budget



Budget Trends

2010 to 2014 Historical Budget and Trends



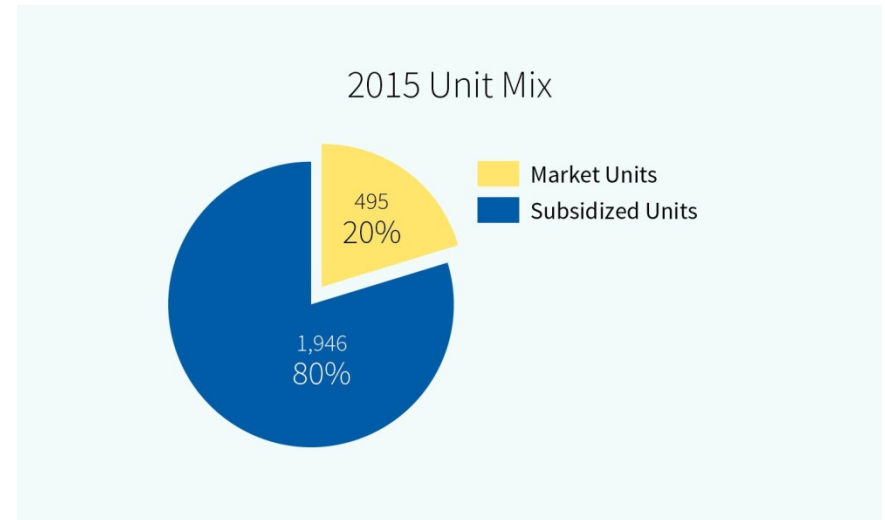
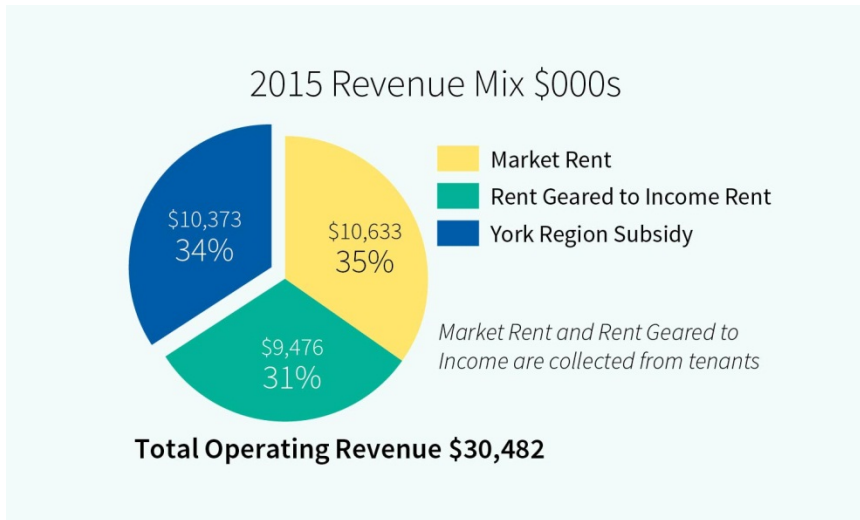
2015 At a Glance

2015 Operating Budget

A \$330,000 operating surplus is projected for 2015. This surplus will contribute to Housing York's long-term financial and tenant health by sustaining capital reserves and strategic tenant engagement programs.

000s	2015 Budget (000s)	2014 Budget (000s)	Year Over Year Change	Comments
Tenant Rents	20,109	19,855	1.3%	• Marginal rent increase of 1.3% across portfolio
Subsidy - York Region	10,373	9,331	11.2%	• The increase revenue is largely driven by the increased subsidy from the Region to cover operating costs (e.g. property tax, utilities, and rent-gear-to-income subsidies)
Operating Expenses	30,152	28,614	5.4%	• Increase in operating expenses, including maintenance, administration, property tax and insurance expenses
Operating Surplus	330	572	-42.3%	• Decrease in surplus is primarily related to a greater increase in operating costs compared to revenues in 2015
Retained Earnings*	2,998	3,168	-5.4%	• Decrease due to reallocation of funds for emergency power plan. Generators will be installed at Heritage East and Rosetown
Regional Housing Capital Reserve	4,215	3,052	38.1%	• As this reserve is for capital needs of newer Regional buildings that don't require as much repair and maintenance, the reserve continues to grow based on approved contribution to reserve policies
Provincial Reform Capital Reserve	0	1,287	-100%	• This reserve is for the maintenance of older buildings • This reserve will be depleted in 2015, therefore additional funding has been requested from the Region for the maintenance and repair needs

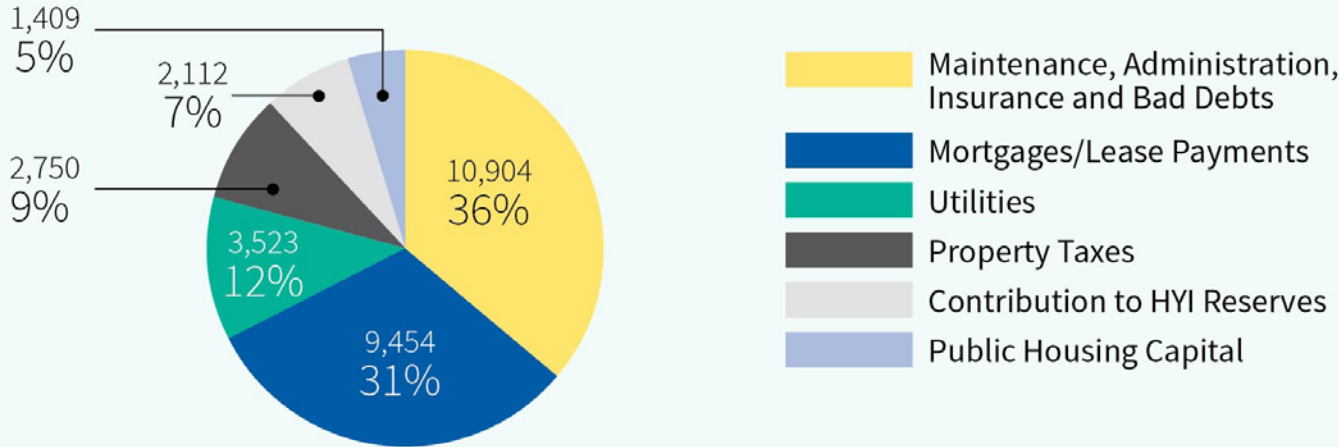
Housing York Offers a Mix of Market and Subsidized Rents



The Housing York portfolio is a mix of subsidized rentals and market rate rentals, creating balanced and sustainable communities.

Major Operating Expenses 2015

2015 Operating Expenses \$000s



Total Operating Expenses \$30,152

Key Performance Indicators

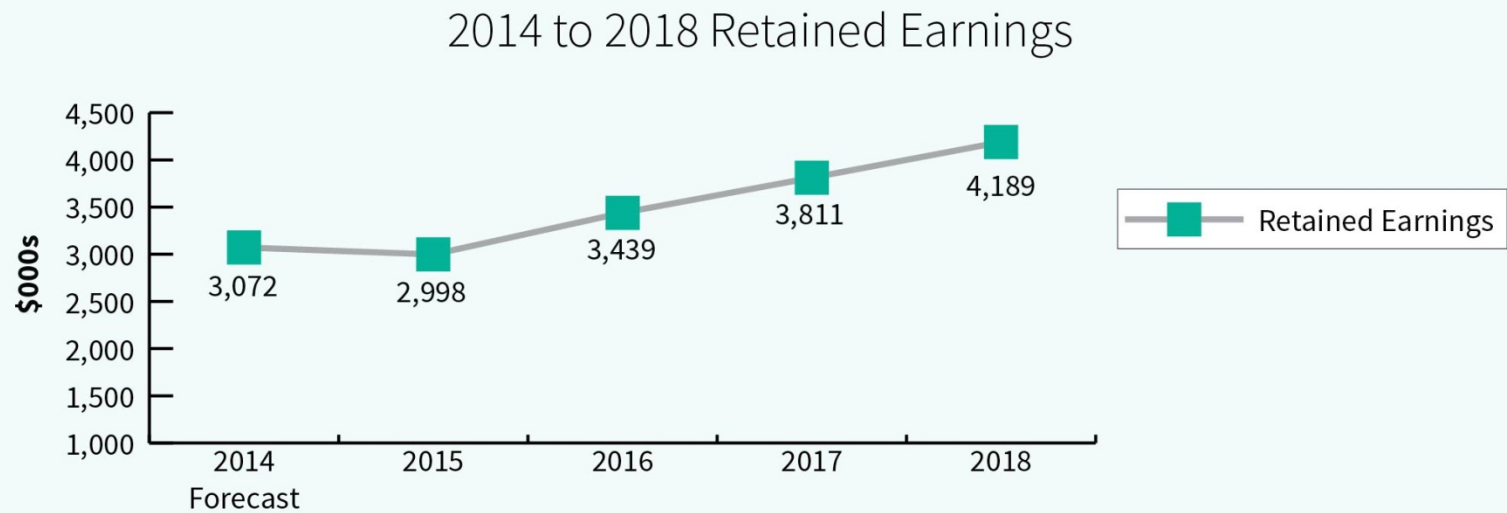
2012 – 2014 Housing York Inc. – KPIs

	2012	2013	2014
Manageable Cost per Unit* (\$)	3,732.86	3,850.75	4,163.02
Tenant Arrears (%)	3.9	5.9	4.9
Unit – Vacant Days **	92	75	59

*Manageable Cost per Unit includes: Administration, Maintenance, Insurance and Bad Debt

**As of November 2014 for “2014 Unit – Vacant Days”

Retained Earnings are Increasing Due to Portfolio Growth



A Balanced Budget is Projected Over the Next 4 Years

2014 to 2018 Outlook Years

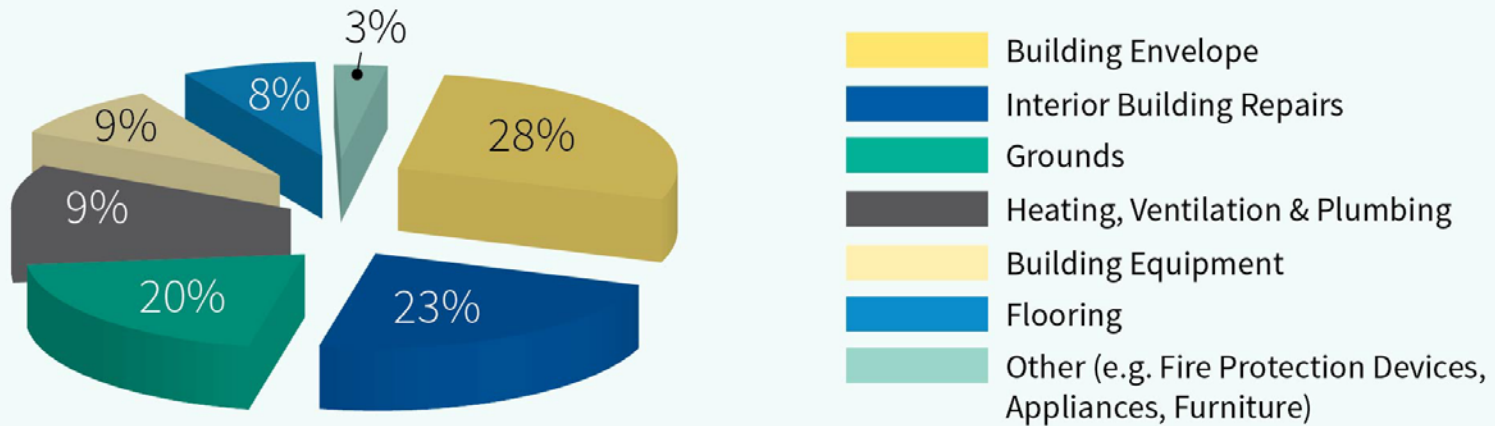
Over the next three years, expenses are projected to rise faster than revenue primarily due to increases in operational costs and rent assistance coverage.

	2014 Forecast (000s)	2015 Total Budget (000s)	2016 Total Outlook (000s)	2017 Total Outlook (000s)	2018 Total Outlook (000s)
Tenant Rents	19,971	20,109	21,806	22,172	22,952
Subsidy - York Region	9,066	10,373	12,231	12,724	12,890
Total Revenue	29,037	30,482	34,037	34,896	35,842
Operating Expenses	28,561	30,152	33,596	34,524	35,464
Operating Surplus	476	330	441	372	378
Retained Earnings*	3,072	2,998	3,439	3,811	4,189
Capital Reserve	4,981	4,215	5,724	7,100	8,567

*Estimates

2015 Capital Expenditures

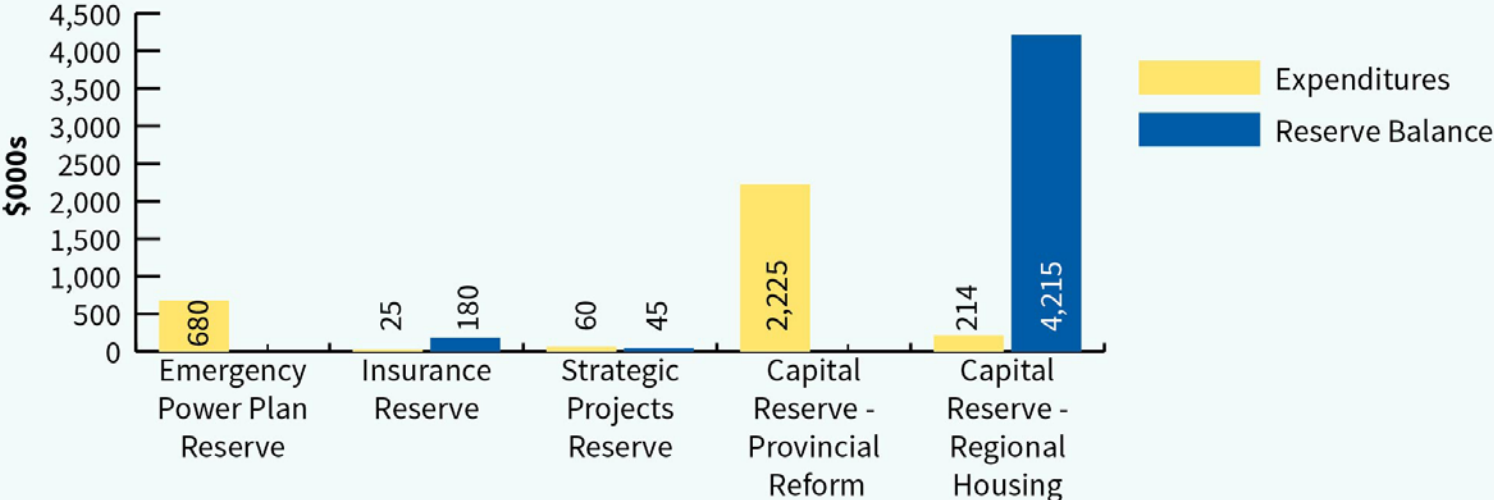
\$3.8 Million Capital Expenditures for 2015



Note: \$3.2 Million Capital Expenditures Forecast for 2014

Housing York's Reserve Balances

2015 Capital Reserve Expenditures and Reserve Ending Balance



Summary and Conclusions

- Housing York's portfolio is growing, increasing affordable housing opportunities
- The Corporation is well positioned to address tenant needs
- Balanced budgets are projected. Average surplus of \$330K planning period
- Provincial Reform reserve does not have adequate funding for future needs. Additional funding has been requested from the Region.
- Regional Housing properties are self-sufficient. Projected reserve balance of \$4M in 2015
- Retained earnings are growing. Projected balance of \$4M by 2018



Thank you

