

The Regional Municipality of York

Housing York Inc.
February 12, 2015

Report of the
General Manager
and
Chief Financial Officer

Housing York Inc.
2015 Business Plan and Budget

1. Recommendations

It is recommended that:

1. The Board of Directors approve the Housing York Inc. 2015 Business Plan and Budget, as summarized in Attachment 1.
2. The Board of Directors approve funding of \$404,000 from Housing York Inc. retained earnings to extend the Emergency Power Plan to install power generators at Rose Town and Heritage East properties.

2. Purpose

This report seeks the Board's approval of the Housing York Inc. 2015 Business Plan and Budget, and approval of funding from retained earnings to install power generators at two Housing York Inc. sites.

3. Background

Housing York Inc. has made significant progress in implementing its Strategic Plan 2012 – 2016

In 2012, the Board approved Housing York Inc.'s (Housing York) multi-year strategic plan. This plan guides Housing York's activities and budget allocation. To date, significant progress has been made in implementing the strategic plan through initiatives such as:

- Opening Lakeside Residences in the Town of Georgina, providing 97 new affordable homes for single individuals, seniors and families
- Rolling out new policies to enhance the tenants' overall experience (smoking, parking, and insurance)
- Commencing work to proactively plan for asset optimization

In 2015, Housing York will focus its efforts on implementing the balance of the strategic plan goals as outlined in the attached Business Plan. Housing York's approach to its budget and business plan will mirror the Region's approach which will include budgeting for 2015, as well as the outlook years of 2016 - 2018.

4. Analysis and Options

Housing York will add 303 units over the next four years to its growing portfolio, bringing the total to 2,744 by 2018

York Region's commitment to provide a broad range of housing choices to meet the diverse needs of residents will result in a growth of 12.4% in Housing York's portfolio between 2014 and 2018.

Two projects are driving Housing York's portfolio growth. The Richmond Hill Housing and Community Hub will add 202 units or 8.3% portfolio growth in 2016. The demolition of two small properties in the Town of Woodbridge will make way for a redevelopment project. A new building with 150 units will be constructed that will net 101 units or 4.1% portfolio growth in 2017.

Housing York is a growing organization that remains in good financial health in 2015 and the outlook years

With an operating budget of just over \$30 million, Housing York projects a \$330,000 operating surplus for 2015.

This surplus will contribute to Housing York's long-term financial health by sustaining capital reserves and maintaining the housing portfolio. Table 1 highlights the projected operating surplus for the 2015 budget as compared to the previous fiscal year.

Table 1
2015 Operating Surplus Comparisons

	2015 Budget (\$000s)	2014 Budget (\$000s)	2014 Forecast (\$000s)	2015 Budget vs 2014 Budget
Tenant Rents	20,109	19,855	19,971	1.3%
Subsidy York Region	10,373	9,331	9,066	11.2%
Total Revenue	30,482	29,186	29,037	4.4%
Operating Expenses	30,152	28,614	28,561	5.4%
Operating Surplus	330	572	476	(42.3%)
Retained Earnings*	2,998	3,168	3,072	(5.4%)
Regional Program Capital Reserve	4,215	3,052	3,293	38.1%
Provincial Reform Capital Reserve	0	1,287	1,688	(100%)

*Estimates

** Forecasted spending in 2014 is lower than previously anticipated.

There are modest increases in revenues and expenses in 2015

2015 revenue is projected to increase by 4.4% and expenditures by 5.4% in comparison to 2014.

The increase in revenue is largely driven by the increased subsidy from the Region to cover operating costs (e.g. property tax, utilities, and rent-geared-to-income subsidies). The increased subsidy, along with a marginal rent increase, will result in a projected 4.4% increase in total revenue.

The 5.4% projected increase in operating expenses is a reflection of anticipated budget pressures noted across several categories most notably:

- Insurance - 12.6% - primarily a result of increasing asset values and insurance costs for Lakeside Residences annualization and addition of Belinda's Place
- Maintenance and Administration - 11.9% - primarily due to competitive service contracts market price increases and increased direct labour costs associated with portfolio growth
- Property Taxes - 4.4% - due to the anticipated 3% year-over-year budget rate increase used across the portfolio, plus the adjustment for Lakeside Residences annualization, and the addition of Belinda's Place

Prudent financial management has mitigated risks to maintain financial sustainability

Housing York has exercised strong financial management by maximizing revenues through optimization of rental units mix (subsidized vs market) at Housing York buildings to ensure financial sustainability.

Housing York also controlled costs through techniques such as bulk tendering and investing in energy efficiency initiatives, which led to utilities cost savings.

In 2015 and the outlook years, Housing York will continue to explore ways to minimize costs and maximize revenues.

The age and growth of Housing York's portfolio are key budget drivers which pose financial challenges for the company

The average age of Housing York's stock is 28 years old. The maintenance costs associated with the older buildings have been rapidly rising. There are also costs associated with growth, as Housing York must now maintain additional buildings.

The capital reserve established to address capital repair and maintenance needs in some of the company's older buildings (Provincial Reform) will be depleted in 2015. Housing York has requested additional subsidy from the Region to address this shortfall.

Staff recently implemented a sophisticated asset planner technology, which will help determine the most optimal and cost efficient manner to maintain and renew housing stock in the future.

Work will continue in 2015 on developing a financial strategy for asset maintenance and long-range asset development, leading to potential portfolio growth. Staff will report to the Board with a broader asset management strategy in late 2015.

Housing York projects a balanced outlook for the 2016 to 2018 period

Table 2 demonstrates a balanced outlook for the period 2016 to 2018, with operating surpluses anticipated each year.

Table 2
2015 to 2018 Outlook Years
(\$000s)

	2014 Forecast	2015 Total Budget	2016 Total Outlook	2017 Total Outlook	2018 Total Outlook
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

The 2016 revenue is projected to be higher than 2015 by 11.7% mainly due to the opening of the Richmond Hill Housing and Community Hub in 2016.

The 2017 revenue is projected to be higher than 2016 by 2.5% primarily due to the opening of the Woodbridge redevelopment in 2017.

Operating expenditures are projected to increase by 11.4% in 2016 mainly due to the addition of the Richmond Hill Housing and Community Hub and market price inflationary pressures leading to increases in maintenance and administration (4.6%), insurance (16%), utilities (14.9%) and property tax (11.9%).

The changes in operating expenditures for 2017 will be driven by similar factors as in 2016. The opening of the Woodbridge redevelopment project and market price inflationary pressures will lead to increases in maintenance and administration (3.2%), insurance (9.9%), utilities (9.2%), and property tax (3.0%).

Attachment 2 shows additional information about the 2016 to 2018 outlooks. The capital reserve for the company's newer properties continues to grow and is anticipated to reach \$8.6 million by 2018

Housing York's financial model, approved by the Board in 2010, provides for mandatory and discretionary capital reserve contributions through operating surplus. This design ensures that funding is appropriately allocated to capital reserves and retained earnings, and helps to ensure the long-term sustainability of Housing York's portfolio and programs.

As previously mentioned, the company's older buildings are more expensive to repair and maintain. As a result, the capital reserve for these buildings will be depleted by 2015 and Housing York has requested additional subsidy funding to address the shortfall.

The company's newer buildings require less repairs and maintenance given that some of them are still under warranty. The balance in the capital reserve for these buildings is projected to increase year over year reaching \$8.6 million by 2018.

Prudent financial management will lead to the growth of Housing York's retained earnings

Retained earnings are projected to grow year-over-year from 2014 to 2018 with the exception of 2015 where this account will be slightly lower than 2014 due to the proposed \$404,000 withdrawal for the Emergency Power Plan initiative. The retained earnings balance is projected to be over \$4 million by 2018.

Emergency Power Plan initiative one-year extension

In the aftermath of the northeast blackout of 2003, the Emergency Power Plan initiative was launched in 2004 with an approved budget of \$910,500, sourced from retained earnings. This plan resulted in portable generators being installed in six buildings (Blue Willow, Elmwood Gardens, Evergreen Terrace, Northview Court, Orchard Heights and Brayfield Manor) and fixed natural gas emergency generators being installed in two buildings (Maplewood Place and Keswick Gardens). Emergency lighting upgrades were also done in various buildings across the portfolio.

Housing York anticipated that the Emergency Power Plan initiative would be completed by the end of 2014. A balance of \$276,000 remains in the plan. A one-year extension and additional funding from retained earnings is requested to install generators at Rose Town and Heritage East at a cost of \$680,000. An additional \$404,000 is requested to be funded from retained earnings to cover the cost of the generators. This would leave a balance of \$3 million in retained earnings in 2015.

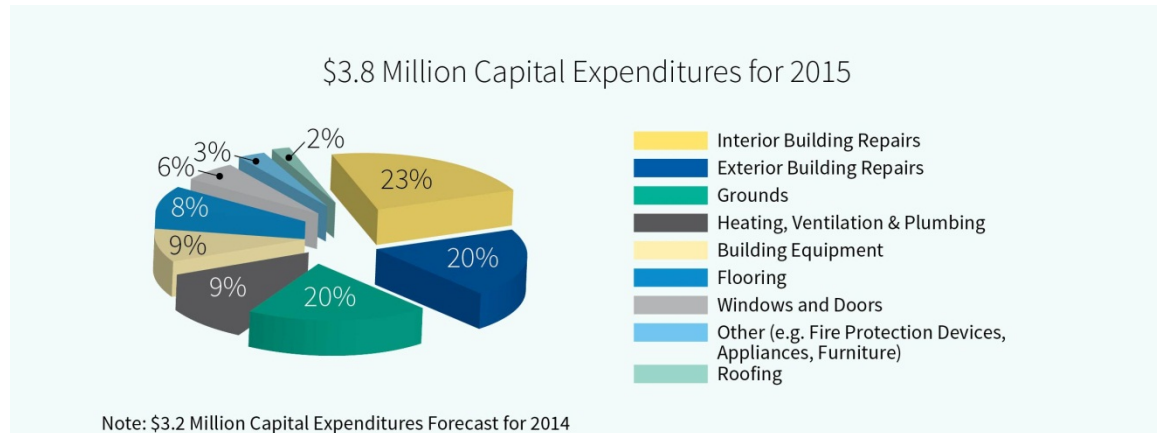
After installing the generators, over 50% of Housing York properties will have access to either a fixed or mobile power generator, mitigating power outage risks.

Housing York remains committed to keeping its assets in good state of repair

In 2015 Housing York plans to invest over \$3.8 million in capital upgrades and repairs. This significant capital investment is aimed at maintaining Housing York's commitment to providing well-maintained buildings, improving accessibility and maximizing building life expectancy to ensure quality of housing for all

tenants. Figure 1 provides a breakdown of Housing York's planned capital expenditures for 2015.

Figure 1
Housing York's Capital Expenditures for 2015



Attachment 3 provides a summary of the \$3.8M budget for 2015 capital repairs.

[Link to key Council-approved plans](#)

Housing York's 2015 Business Plan and Budget supports and complements the Region's housing goals as outlined in corporate policies such as Vision 2051, the Sustainability Strategy, the Region's 2011-2015 Strategic Plan and the Regional Official Plan.

5. Financial Implications

The projected \$330,000 operating surplus for 2015 will be allocated to retained earnings according to current accounting policies. Similar treatment will be applied to the operating surplus outlined in the 2016-2018 outlooks.

6. Local Municipal Impact

With 36 properties in all nine municipalities, Housing York owns and operates more than 2,400 residential, rental-housing units that over 4,000 residents are proud to call home.

7. Conclusion

Housing York is projecting a \$330,000 operating surplus in 2015. The housing corporation will continue to operate in a financially prudent manner throughout the outlook period.

It is recommended that Housing York's 2015 Business Plan and Budget and the withdraw of \$404,000 from retained earnings to install power generators at Rose Town and Heritage East properties be approved.

For more information on this report, please contact Carlene Jackson, Director, Program Finance and Chief Financial Officer, Housing York Inc. at ext. 76064.

The Senior Management Group has reviewed this report.

Recommended by:

Rick Farrell
General Manager, Housing York Inc.

Carlene Jackson
Director, Program Finance and Chief
Financial Officer, Housing York Inc.

Approved for Submission:

Adelina Urbanski
President, Housing York Inc.

January 23, 2015

Attachments (3)

5808112

Accessible formats or communication supports are available upon request



2015

HYYI

Business Plan



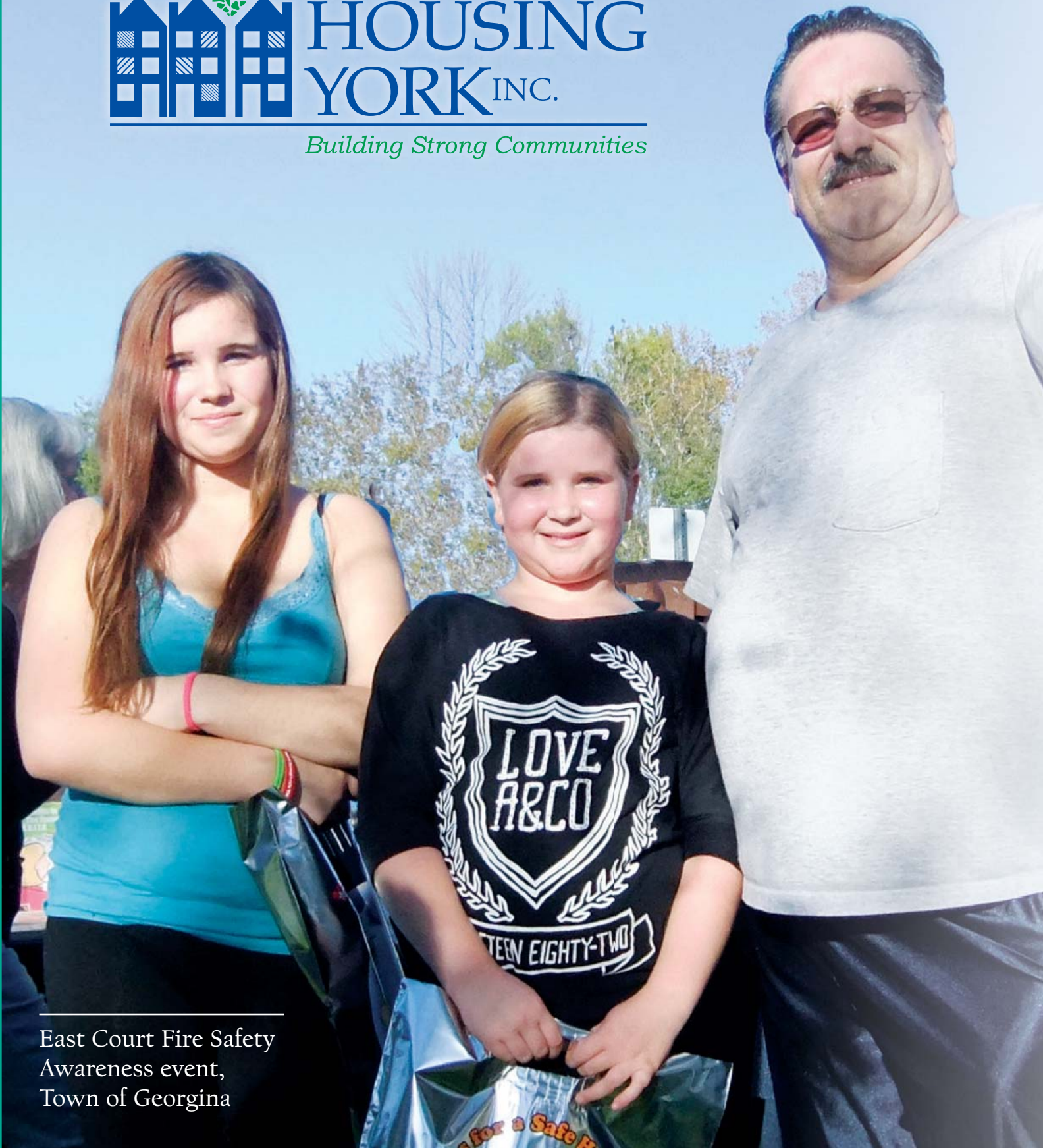
Community and Health Services
Housing Services

www.york.ca





Building Strong Communities



East Court Fire Safety
Awareness event,
Town of Georgina

Table of Contents

An introduction to housing in York Region	4
Housing York Inc. is the Region's housing corporation	5
The Housing York Inc. Strategic Plan 2012-2016: a roadmap to the future	6
Planning for tomorrow	7
Moving forward	7
A. Sustaining Healthy Communities	8
2014 Achievements	8
2015 Priorities	10
B. Managing Properties Effectively	12
2014 Achievements	12
2015 Priorities	14
C. Managing Finances Proactively	16
2014 Achievements	16
2015 Priorities	17
D. Providing User-Friendly Services.....	18
2014 Achievements	18
2015 Priorities	20
E. Strengthening Governance and Organizational Capacity	21
2014 Achievements	21
2015 Priorities	21
2015 Operating Budget	22
2015 to 2018 Outlook Years	23
Capital Reserve	23
Operating Data Snapshot.....	24
Financial Model.....	26
Business Plan Summary.....	26

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. **It's a place that 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.

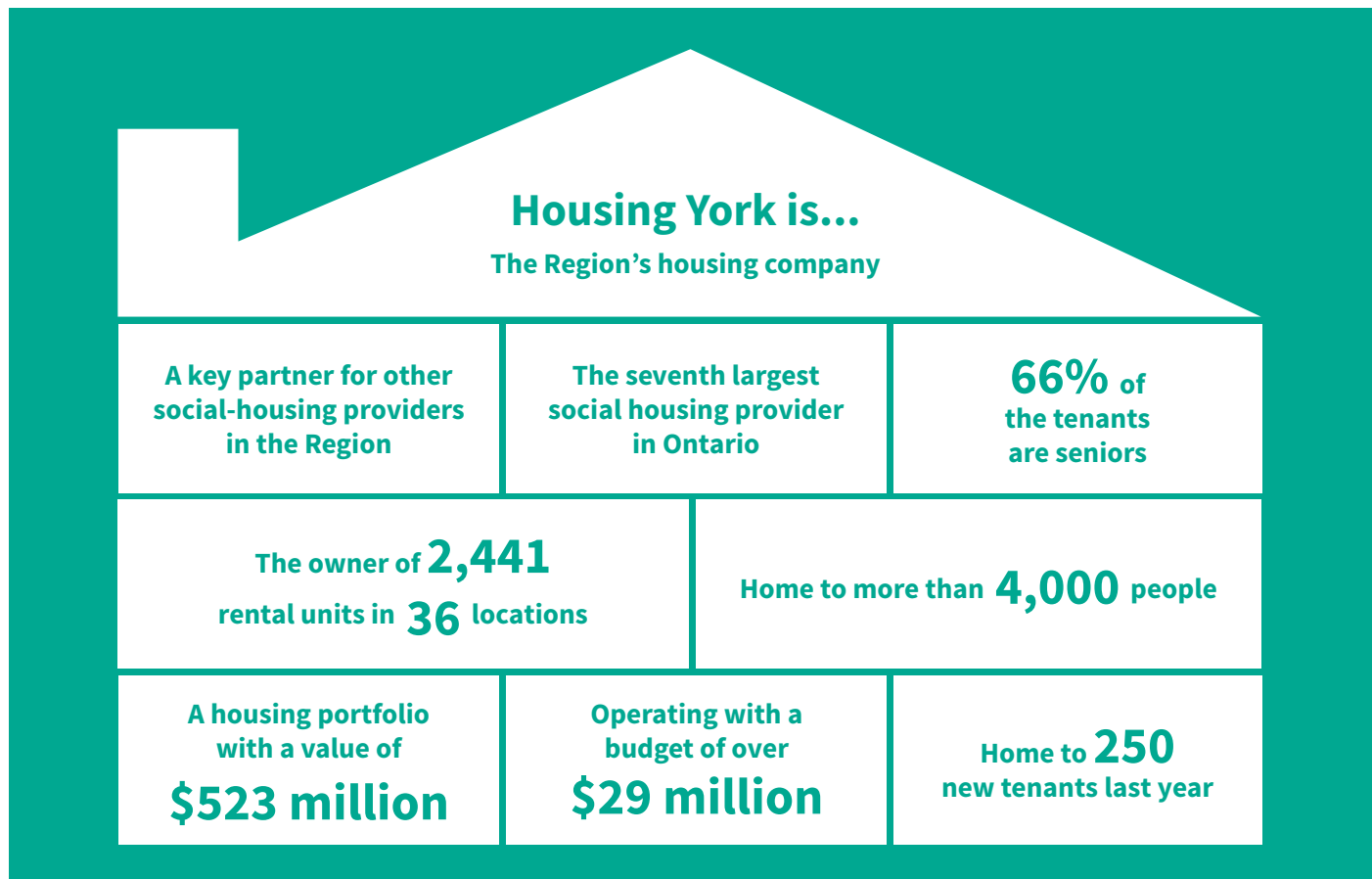
It's no secret York Region needs more housing choices for low- and moderate-income households. Only 12 per cent of housing in York Region is rental (national average is 30 per cent), the lowest in the Greater Toronto Area. In addition, the Region's waitlist for subsidized housing increased by more than 11 per cent between 2012 and 2013 (Ontario Non-Profit Housing Association, An Affordable Home for Everyone in York Region, 2014).

Having different types of housing 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.



Birthday celebration, Armitage Gardens, Town of Newmarket

Housing York Inc. is the Region's housing corporation



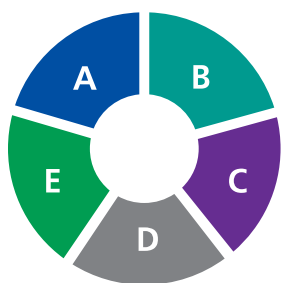
Housing York Facts:

- Families, seniors, single adults, new Canadians and people with disabilities all call Housing York home.
- York Region is the sole shareholder of Housing York and the Board of Directors is comprised of politicians, including mayors and regional councillors.
- Since forming in 2003, Housing York has grown in both size and complexity. The portfolio has grown 4.1 per cent in 2014 and is expected to grow by another 12.4 per cent by 2018.
- Housing York follows many laws and regulations. The laws change over time and Housing York must adapt to remain compliant.
- Housing York supports tenants through many community partnerships.

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

Housing York is continuing to implement its first multi-year strategic plan. The plan was developed based on local trends and data, and through discussions with tenants, community partners, management and staff. Throughout the development of the strategic plan and with the help of participants, Housing York looked closely at changes that can be made to support healthy communities.

The Strategic Plan 2012-2016 supports the corporation’s mission to build stronger communities through five goals and is available at York.ca/HYI



Housing York Inc. Strategic Directions

A Sustain Healthy Communities	B Manage Properties Effectively	C Manage Finances Proactively	D Provide User-Friendly Services	E Strengthen Governance and Organizational Capacity
<ul style="list-style-type: none"> • Enhanced tenant engagement • Proactive community partnerships • Enhanced tenant economic opportunities 	<ul style="list-style-type: none"> • Appropriate income mix • Strategic portfolio management • Regeneration and expansion 	<ul style="list-style-type: none"> • Long-term financial health • Revenue maximization and fiscal management 	<ul style="list-style-type: none"> • Effective tenant communications • Accessible quality service • Culturally appropriate services 	<ul style="list-style-type: none"> • Enhanced reporting • Renewed governance framework • Appropriate staffing

Housing York’s portfolio has grown 4.1% in 2014 and is expected to grow by another 12.4% from 2015-18

Planning for tomorrow

The annual business plan and budgeting process provides Housing York with an opportunity to review the goals and objectives for the upcoming year and requires Board of Directors' approval.

Annually, Housing York assesses revenue, operating costs and strategic priorities for the upcoming year.

Moving forward

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 York Region 10-Year Housing Plan. The corporation is well placed to deliver its strategic priorities in 2015.

Housing York has identified key initiatives that will be completed over the next year as they apply to each of the five strategic directions identified in the Housing York Inc. Strategic Plan 2012-2016.



Mapleglen Residences community garden, City of Vaughan

2014 Achievements

Housing York recognizes that housing is more than just a building, it is also about creating strong communities. In 2014, Housing York staff engaged tenants and created new partnerships to help build and maintain our healthy communities:

Tenants Support Smoke-Free Buildings

Through consultation with tenants, the Tenant Reference Group and Public Health, Housing York implemented a Smoke-Free Building Policy on November 1. A survey¹ of tenants showed that most do not smoke and 80 per cent prefer to live in a smoke-free building. An extensive staff training program and communication with tenants is helping to ensure a successful implementation of the policy. Smoking will be phased out gradually as new tenants move in and it will take several years before the buildings are completely smoke-free.

Exercise and Fall Prevention Classes

An expanded community partnership with Care First and the Victorian Order of Nurses provided exercise classes and falls prevention sessions for tenants that were led by trained professionals and peers. Tenants were pleased with the overall health benefits of the program, as the sessions created more social interaction and reduced isolation.

Tenant Events and Programs

In 2014, Housing York supported tenant-driven initiatives such as the Brayfield Spring Clean-Up, the Newmarket Road Hockey Challenge, Rose Town art classes and six community gardens. Supporting tenant-driven events and programs makes it possible for tenants to become engaged in ways that are tailored to their communities.

Student Employment Opportunities

Housing York provided summer employment opportunities for students to work at Housing York buildings. A tenant attending university in the fall was hired to help out with lawn and garden maintenance, routine repairs, cleaning and painting.

¹ Survey had a high response rate of 49%

GreenSaver Home Assistance Program

To conserve energy and lower utility bills, 350 home assessments were completed at various Housing York low-rise buildings through the Ontario Power Authority GreenSaver Home Assistance Program. The ongoing program assesses refrigerators, dehumidifiers, window air conditioners, hot water tanks and lighting to determine if they should be upgraded or replaced with Energy Star models. The program to assess the appliances is funded by the Ontario Power Authority at no cost to tenants or to Housing York.

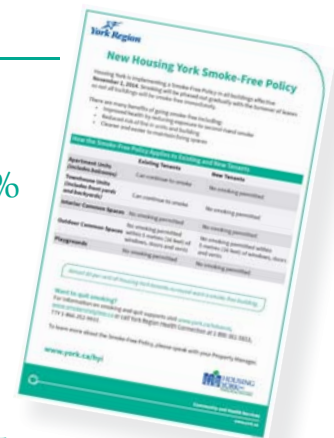
Community Gardens Grow

The Dunlop Community Garden grew through a successful partnership between Housing York, the York Region Healthy Aging Working Group, Delmanor Elgin Mills, Seeds for Change and York Region Food Network. The vegetable, flower and butterfly gardens are planted from seed by an active group of senior tenants from Dunlop Pines, Maplewood Place and Evergreen Terrace. A new community garden at Mapleglen Residences in Vaughan was also added this year.

Keeping Tenants Informed

Housing York continues to have open lines of communication with tenants. Posters, hand-delivered flyers, newsletters and emails keep tenants informed of opportunities such as Habitat for Humanity home ownership, free summer day and overnight camp for children and youth, local food programs, emergency planning resources, and community events.

Housing York buildings are transitioning to 100% smoke-free as new leases are signed. The policy creates healthier living environments while saving insurance and maintenance costs.



Every summer, Housing York employs students, including those living in Housing York family communities, to help with general maintenance and property improvements.

2015 Priorities

Housing York will continue to build healthy communities by creating new initiatives and engaging with tenants to ensure their needs are being met.

In 2015, Housing York will:

- **Paramedicine Program** - Provide on-site health promotion and chronic disease prevention services to seniors through the community paramedicine program to reduce their use of emergency medical services. The program will pilot at several buildings (Dunlop Pines, Pineview Terrace, Fairy Lake Gardens and Orchard Heights Place), providing individual health assessments that include a proactive focus on heart disease, stroke and diabetes.
- **Social Support** - Implement a formal process to ensure appropriate social support is available for tenants in new buildings, including needs assessment and action plans that respond to community needs.
- **New Partnerships** - Further develop capacity to support tenants by establishing appropriate partnerships with community stakeholders.
- **Housing Supports** - Implement the Community Health Framework, an initiative focused on using community resources and supports to enable residents to achieve housing stability.
- **Preventing Youth Homelessness** - Continue to collaborate with the non-profit agency 360°kids who will offer its services from the Richmond Hill Housing and Community Hub, scheduled to open in 2016. 360°kids serve more than 100 youth every month who are homeless or at risk of homelessness. They provide services to address issues such as employment, family breakdown, life skills, shelter and food security.

Tenants are highly in favour of a smoke-free building policy, with 80% of survey respondents choosing to live in a smoke-free building. All new leases are non-smoking effective November 1, 2014.



Music in the lounge,
Evergreen Terrace,
Town of Richmond Hill



Health awareness program with EMS



Community spring clean-up day,
Brayfield Manors, Town of Newmarket

2014 Achievements

Housing York maintains its real estate portfolio by proactively assessing the state of its assets. This is done by completing multi-year capital plans, testing life safety equipment and preventative maintenance programs. In 2014, Housing York completed several initiatives to manage and maintain its buildings:

Assets In Good Shape

In 2014, York Region Community and Health Services completed its first State of Infrastructure Report. Overall, Community and Health Services had a positive overall rating of B, meaning that its assets are 'good' on the grading scale. Housing York was included in the report, which found that:

- the reliability, capacity and condition of housing assets are overall in a good state, with assets and systems functioning as designed; and
- assets need to continually be invested in to ensure they are well maintained.

Improved Long-Term Planning

Over the past year, Housing York conducted an extensive analysis on the long-term asset management needs to ensure that properties are well maintained. Staff have implemented new asset planning software to help analyze and plan for the optimization of assets.

Repaired and Renovated Properties

Housing York invests in rehabilitation and repairs to provide quality, safe and comfortable housing for tenants and to extend the useful life of buildings and assets. For example, the roofs at Rose Town, Fairy Lake Gardens and Dunlop Pines were given renewed life this year and more than 60 bathrooms and kitchens were also upgraded in 2014. All the balconies and railings at Keswick Gardens received a fresh coat of paint and 30 furnaces were upgraded at Thornhill Green. At Heritage East in Newmarket, the boilers were replaced and the patios, fences and decks were renewed.

New Developments

Housing York is ensuring that the needs of residents are being addressed in all nine municipalities. Potential new development sites were explored to provide additional affordable housing opportunities for York Region residents. An extra \$5 million in Investment in Affordable Housing for Ontario funding was secured in 2014 to support developing new affordable rental housing and housing allowances for low-income households. Further investments from this fund are expected in the future.

Several new projects in development in 2014, included:

- **Lakeside Residences:** In June 2014, the newest Housing York building opened in the Town of Georgina. The building has 97 apartments with 80 per cent being pledged to tenants before the building opened its doors.
- **Belinda's Place:** Construction is underway at Yonge Street and Sawmill Valley Drive in the Town of Newmarket. The shelter for homeless women is scheduled for completion in 2015. Housing York will own the property and provide maintenance service support.
- **Richmond Hill Housing and Community Hub:** Construction began in February 2014. Community presentations were delivered to area residents and businesses about this mixed development consisting of 202 apartments and a range of services for youth.
- **Woodbridge regeneration:** This project will increase the supply of affordable housing in the south part of York Region with a new, six-storey apartment building. Construction is planned to start in late 2016.



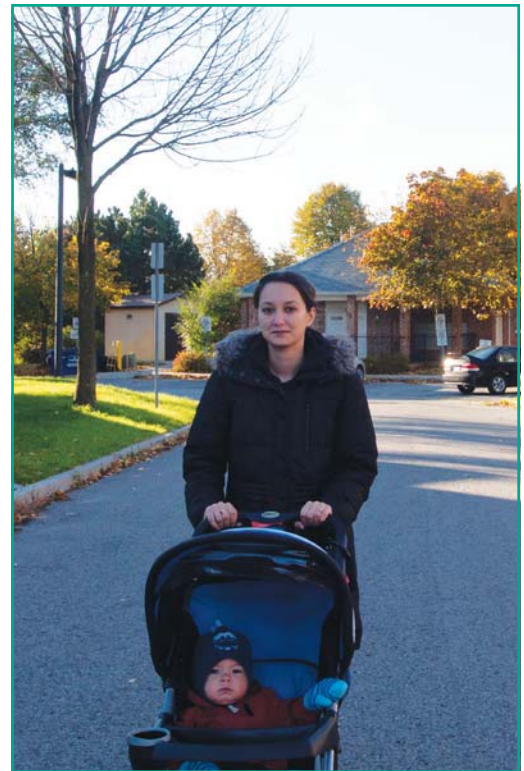
The Richmond Hill Housing and Community Hub will open in 2016, providing 202 affordable homes. The building will also feature a range of services for youth.

Mackenzie Green Lives Up to Name

In January, Mackenzie Green became the Region's ninth LEED (Leadership in Energy and Environmental Design) certified facility. It achieved Silver Status certification, confirming the Region's commitment to sustainability. Mackenzie Green provides safe and affordable housing to its residents through an environmentally-friendly, cost-effective approach.

Improved Electrical Safety

To increase building safety, Building Superintendents received training based on the Ontario Electrical Safety Code. The training covered safety act requirements, how to identify electrical hazards and safe work practices around electrical equipment.



Walking in Trinity Square, Town of Markham

2015 Priorities

Housing York is committed to providing well-maintained buildings, improving accessibility and maximizing building life expectancy to ensure quality housing for all tenants.

In 2015, Housing York will:

- **Long-Term Planning** - Implement an asset management strategy which will include 20-year and 100-year capital plans. A capital asset planning tool will also be used to determine the level of continued investment necessary to maintain, repair and replace Housing York stock.
- **Facilitate new developments by:**
 - Awarding the design-build contract for the Woodbridge regeneration project
 - Opening of Belinda's Place Women's Shelter
 - Continuing construction of the Richmond Hill Housing and Community Hub
 - Securing additional funding and seeking opportunities to collaborate with the private sector on collaborative funding models



Belinda's Place construction, Town of Newmarket, November 2014



Housing York's newest building, Lakeside Residences in the Town of Georgina, provides 97 affordable homes for individuals, small families and seniors.



As part of its commitment to provide quality, safe and comfortable housing for tenants, Housing York upgraded more than 60 bathrooms and kitchens in 2014.

2014 Achievements

Housing York puts financial strategies in place to address long-term needs and maximize revenues and resources effectively. Achievements over the past year that ensure Housing York remains in good financial health included:

Enhanced Monitoring and Performance

New monitoring tools were created to track vacancy and unit turnover costs, allowing Housing York to effectively manage unit vacancy and maximize rental revenue.

Online Rent Payments

Housing York promoted awareness of the online rent payment option that makes it more convenient for tenants to pay their rent.

Prudent Financial Management

Through the financial planning process, \$1.9 million was added to capital reserves to cover future major repairs and improvements and \$374,000 was added to retained earnings to provide relief of possible future expense pressures.

Tenants Better Protected

A tenant insurance policy was implemented to protect tenant property should an incident occur such as a flood, fire or theft. Focus group sessions with tenants showed that 98 per cent of participants feel that tenant insurance is important. Ensuring that all tenants are insured may also result in a decrease in premiums for Housing York. In 2015, technology enhancements will help to track the number of tenants who carry insurance.

Tenants moving into Housing York buildings after October 31, 2014 will be required to carry tenant insurance. Many existing tenants already have insurance and feel it is important.

2015 Priorities

Maximizing revenue, managing resources effectively and safeguarding assets are key objectives for Housing York.

In 2015, Housing York will:

- **Mitigate Risk** - Plan proactively and lessen risk by exploring the possibility of creating new reserves for insurance, utilities and other operating expenses.
- **Financial Planning** - Develop a retained earnings policy to guide future financial management, investment strategies and decision making.
- **Savings and Efficiencies** - Seek opportunities to find operating savings and efficiencies.
- **Financial Strategy** - Develop a financial strategy that ensures assets are maintained and developed in a fiscally responsible manner, and that assets are generating sufficient revenues to be as financially self-sustaining as possible.



Monitoring system performance, Mackenzie Green Residences, Town of Richmond Hill



Kingview Court seniors building, Township of King

2014 Achievements

Consistent communication and engagement with tenants is key for staff to continue serving the growing and changing needs of the Housing York communities. Achievements in 2014 included:

Improved Customer Service

A formal complaint and feedback process was introduced, improving customer service by creating a clear and consistent way for tenants to report concerns or complaints. A central tracking database will support the evaluation and improvement of services.

Tenant Reference Group

The Housing York Tenant Reference Group helped in successfully implementing three new policies, the formal complaint process and a public health campaign. This group of tenants who live in senior and family social housing communities provide Housing York staff with a tenant perspective of its services, communications, policies and programs.

Better Communication

Several new ways to keep tenants informed were implemented, including:

- Email communication with tenants increased to a growing distribution list of nearly 500 tenants for newsletters, property and event information and announcements. A new email address housingyorkfeedback@york.ca was used to encourage and support two-way email communication.
- New front lobby welcome signs at all Housing York buildings were added that include building contact information and the emergency maintenance telephone number.
- Multi-language signs were offered for common services like renting the common room, requesting maintenance and repairs, and recycling.
- Customer service was enhanced by centralizing general inquiries with Access York.

More Affordable Units

To better meet the needs of York Region's growing senior population, Housing York began transitioning 127 market rent units into subsidized housing units at some senior buildings.



The modern Building Automation Systems installed in some Housing York buildings allow for remote access and monitoring. Staff can respond quickly and detect potential issues, creating more satisfied tenants while protecting equipment and saving energy.



Meeting at Tom Taylor Place,
Town of Newmarket

2015 Priorities

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

In 2015, Housing York will:

- **Tenant Engagement** - Develop a tenant engagement plan and strategy by continuing to engage tenants with support from the Tenant Reference Group.
- **Improve Safety** - Improve safety and security by reviewing best practices for security devices, remote access control, alarm management and emergency communication and implementing system enhancements.
- **Consistent Parking** - Evaluate the reserved parking policy pilot and implement across all remaining properties based on resident feedback.
- **Better Reporting** - Use a central complaint and feedback tracking database for reporting and analysis.



Planting seeds for the Dunlop Pines community garden, Town of Richmond Hill



Strengthening Governance and Organizational Capacity

2014 Achievements

Clear operational structure and adequate staffing ensures that tenants are served in an efficient and user-friendly manner, and Housing York's properties and financial assets are maintained.

Housing York strengthened its organizational and operational processes through two initiatives to better meet tenant needs:

New Governance Framework

A clearly defined relationship between Housing York and the Region was established.

Staffing Services

A review of staffing services was completed and two tenant services positions were added to meet the growing tenant population and manage the changing needs of communities.

2015 Priorities

Housing York has grown significantly and is operating with different pressures and new complexities such as a growing and aging Region and higher housing costs.

In 2015, Housing York will:

- **Increase Capacity** - Support portfolio growth and maintenance by continuing to align the number of staff with growth and new priorities. As new properties are developed it will be essential to ensure that the number and capacity of staff are balanced by tenant satisfaction and cost effectiveness.
- **Electronic Management** - Expand use of technology to track the successful implementation of new policies. Enhance reporting of tenant leases, non-smoking units, insurance and reserved parking spaces.

2015 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.

	2015 Budget (000s)	2014 Budget (000s)	Year Over Year Change	Comments
Tenant Rents	20,109	19,855	1.3%	<ul style="list-style-type: none"> • Marginal rent increase of 1.3% across portfolio
Subsidy - York Region	10,373	9,331	11.2%	<ul style="list-style-type: none"> • The increase revenue is largely driven by the increased subsidy from the Region to cover operating costs (e.g. property tax, utilities, and rent-geared-to-income subsidies)
Operating Expenses	30,152	28,614	5.4%	<ul style="list-style-type: none"> • Increase in operating expenses, including maintenance, administration, property tax and insurance expenses
Operating Surplus	330	572	-42.3%	<ul style="list-style-type: none"> • 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%	<ul style="list-style-type: none"> • Decrease due to reallocation of funds for emergency power plan. Generators will be installed at Heritage East and Rose Town
Regional Housing Capital Reserve	4,215	3,052	38.1%	<ul style="list-style-type: none"> • 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%	<ul style="list-style-type: none"> • 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

*Estimates

2014 to 2018 Outlook Years

Over the next three years, expenses are projected to rise faster than revenue. This is 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

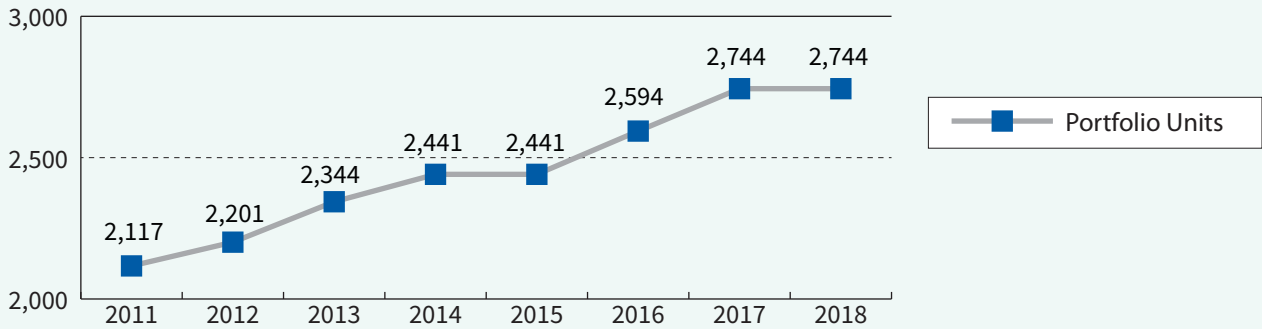
*Estimates



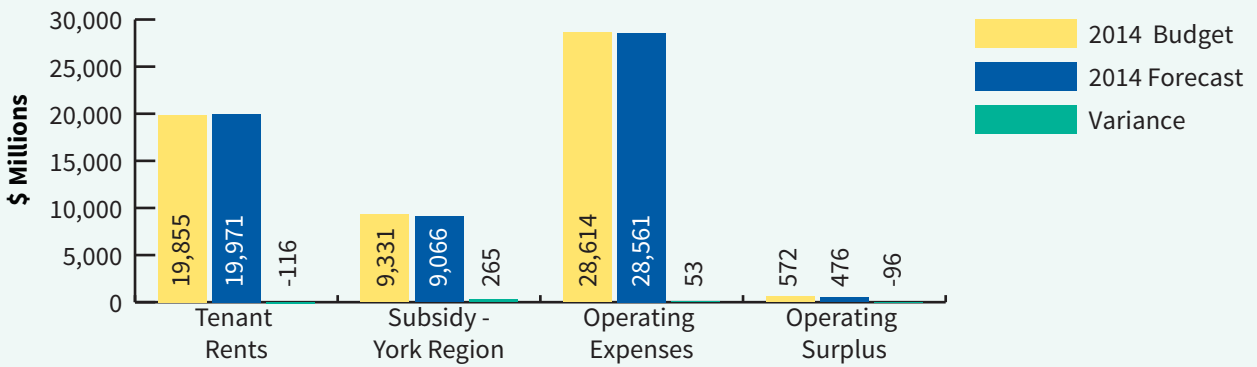
Rose Town seniors apartments, Town of Richmond Hill

Operating Data Snapshot

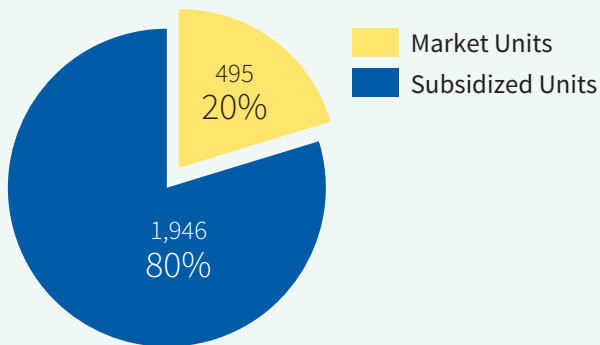
Portfolio Growth 2011 to 2018



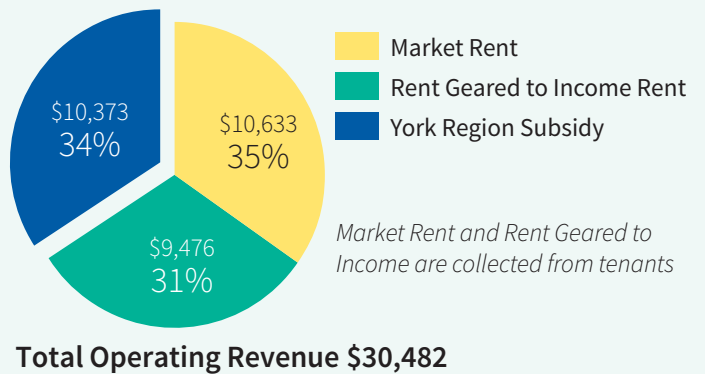
2014 Budget vs Forecast



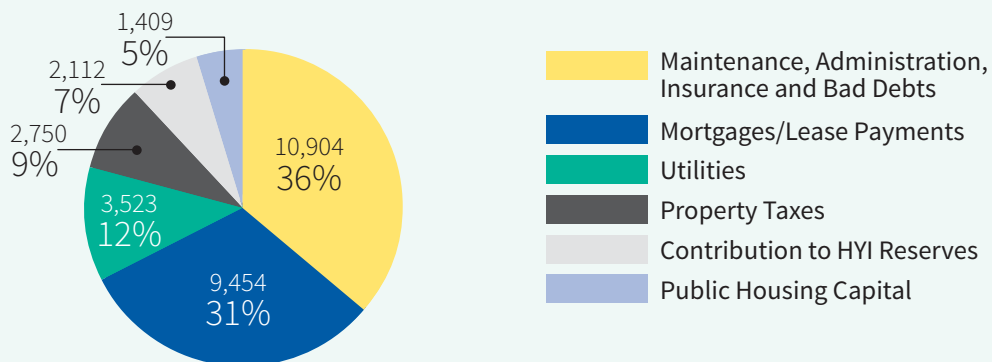
2015 Unit Mix



2015 Revenue Mix \$000s

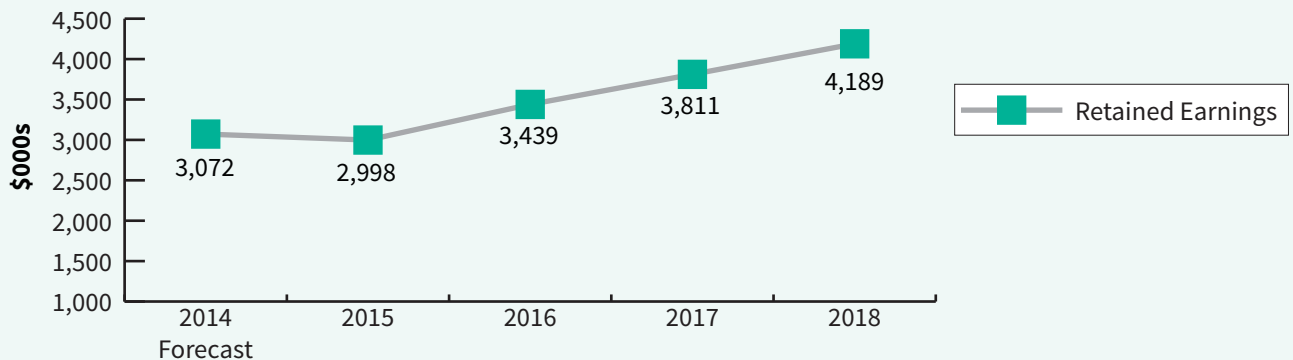


2015 Operating Expenses \$000s

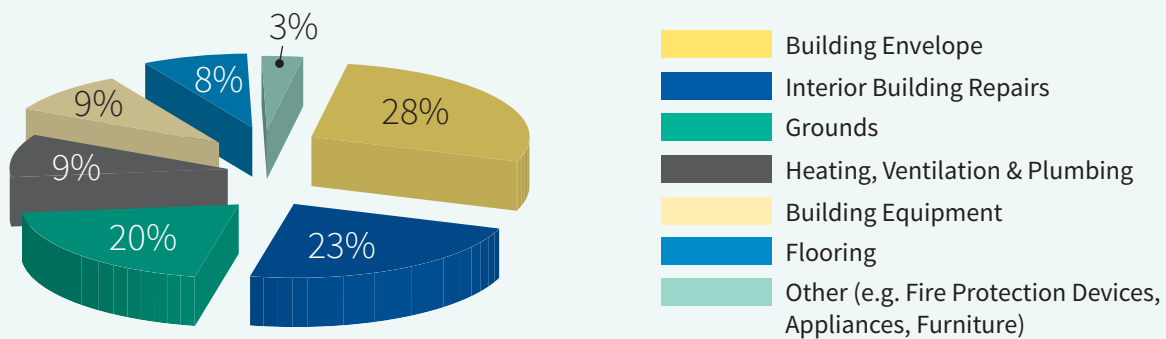


Total Operating Expenses \$30,152

2014 to 2018 Retained Earnings

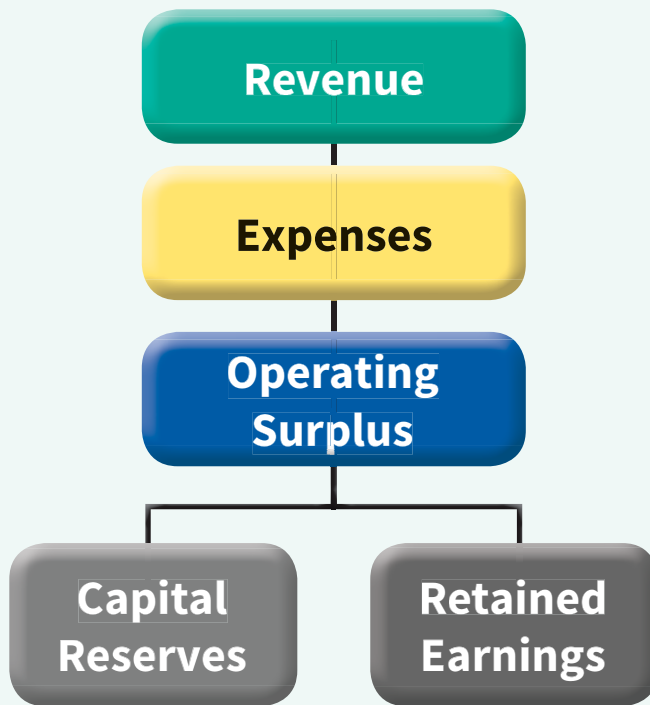


\$3.8 Million Capital Expenditures for 2015



Note: \$3.2 Million Capital Expenditures Forecast for 2014

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

Business Plan Summary

Solid progress was made in all areas of the strategic plan with the addition of new units, key policies being introduced and enhanced tenant communication.

The corporation remains in good financial health and will target a more proactive approach on asset management in the coming years.

Although challenges and pressures exist, Housing York is well placed to deliver its strategic priorities in 2015-2018 in areas such as tenant engagement, asset and fiscal management and community partnerships.

The Housing York portfolio is a mix of subsidized rentals and market rate rentals, creating balanced and sustainable communities (65% is subsidized and 35% is market).



**“Our goal is
safe, healthy
communities
for all tenants.”**

Mulock Village, Town of Newmarket



1091 Gorham Street, Unit 104, Newmarket, Ontario L3Y 8X7
Local: 905-898-1007 ext. 72700 or Toll Free: 1-877-464-9675
York.ca/HYI



2015 – 2018 Operating Outlook
(\$000's)

	2014 Budget	2014 Forecast	2015 Budget	2016 Outlook	2017 Outlook	2018 Outlook
Revenue						
Tenant Rents	19,855	19,971	20,109	21,806	22,172	22,952
Subsidy – York Region	9,331	9,066	10,373	12,231	12,724	12,890
Total Revenue	29,186	29,037	30,482	34,037	34,896	35,842
Operating Expenses						
Administration & Maintenance	9,208	9,565	10,300	10,778	11,120	11,259
Insurance Expense	449	451	506	587	645	709
Bad Debt	96	53	98	101	102	104
Utilities	3,650	2,888	3,523	4,048	4,420	4,865
Mortgage / Lease Payments	9,454	9,437	9,454	9,454	9,454	9,454
Property taxes	2,633	2,820	2,750	3,076	3,168	3,345
Public Housing Capital	1,401	1,246	1,409	1,534	1,591	1,796
Capital Reserve Contribution*	1,723	2,101	2,112	4,018	4,024	3,932
Total Operating Expenses	28,614	28,561	30,152	33,596	34,524	35,464
Operating Surplus	572	476	330	441	372	378

*Contributions to reserve are comprised of mandatory and discretionary contributions. The discretionary contributions are a variable of the annual operating surplus.

\$3.8M Budget 2015 Capital Expenditures

Summary of 2015 Capital Projects Greater than \$50k			
Municipality	Facility	Project	Project Cost including Overhead
Aurora			
	Hadley Grange	Parking Lot Replacement (north and south)	\$200,657
	Orchard Heights	Roof repairs	\$94,550
East Gwillimbury			
	Oxford Village	Elevator Condition Audit & Design Services, and Replacement	\$100,854
Georgina			
	Glenwood Mews	Siding & Caulking Upgrade Windows & Doors	\$172,292
Markham			
	Thornhill Green	20 Furnaces	\$63,034
Newmarket			
	Brayfield Manors	Bathroom Upgrade (55 bathrooms)	\$308,865
	Fairy Lake Gardens	Elevator Upgrade	\$126,067
	Founders Place	Brick Wall Structural Repairs	\$200,657
	Heritage East	Underground Garage Ramp and Wall Repairs	\$219,567
		Make-Up Air Unit Replacement	\$113,461
		Pipe Repair on first floor	\$75,640
	Mulock Village	10 Kitchen Upgrade (includes stove replacement)	\$88,247
Richmond Hill			
	Rose Town	30 Kitchen Upgrade (includes stove replacement)	\$188,050
		Common area painting	\$63,034
	Springbrook Gardens	20 Kitchen Upgrade (includes stove replacement)	\$126,067
Subtotal			\$2,141,042

Summary of 2015 Capital Projects Under \$50k Project Cost by Building Component Category	
Building Component Category	
1) Exterior Building Repairs	\$233,224
2) HVAC, Mechanical & Electrical	\$244,781
3) Site Upgrades & Grounds	\$451,741
4) Windows and Doors	\$226,921
5) Interior Building Repairs	\$148,129
6) Other (e.g. Fire Protection Devices, Appliances, Furniture)	\$142,775
7) Roof Replacement	\$0
8) Flooring Budget	\$257,387
	\$0
Subtotal	\$1,704,958

TOTAL BUDGET

\$3,846,000

Note: An additional \$680,000 is required to install generators to Heritage East and Rose Town. \$276,000 remains in Retained Earnings and the recommendation is to draw \$404,000 from the Retained Earnings to fund the balance of the installation.