HOUSING YORK INC.

2008 Business Plan and Budget

INTRODUCTION

Housing York Inc. is York Region's largest non-profit housing provider. We own and manage 1,927 units in 30 buildings in all nine of York's municipalities. We also own an emergency shelter site and fulfill landlord responsibilities for the shelter service agency, Transitional & Supportive Housing Services of York Region.

The Regional Municipality of York is responsible for the management of Housing York Inc. The Region is the sole shareholder of the corporation. Governance is fulfilled by a Board of Directors which is comprised of municipal councillors and the officers are comprised of senior regional staff.

The portfolio offers many types of affordable housing options, including townhouses, low-rise and high-rise apartments. Within these buildings are a range of accommodations, including accessible units for disabled residents. There are 1,395 senior's units and 532 family/singles units. Approximately 72% of the units are rent-geared-to-income and the balance are market rent.

We are positioning for growth during the three year business planning period. New buildings are scheduled to be opened in 2008 and 2009 offering 134 new units. HYI will be challenged on several fronts as a result of portfolio growth and the increasing number of residents with complex living experiences.

Some of the goals identified in this year's Business Plan represent a continuation of multi-year strategies started in previous years. We accomplished all of the goals identified in the 2007 Business Plan and will build on this foundation in 2008.

1.0 OUR TENANTS AND COMMUNITY

Our commitment to tenant relationships emphasizes efficiency and effectiveness in providing service-oriented, modest affordable housing. We work co-operatively with local community and supportive housing agencies to expand and enhance existing programs in our communities. Partnerships include the Canadian Mental Health Association, Assisted Community Living, March of Dimes, summer student programs, child and adolescent camps, and the Boys and Girls Club.

Following a comprehensive tenant survey in 2006 that provided a detailed resident profile and several customer satisfaction ratings, we began analyzing options to address key findings.

Goal: Deliver initiatives identified in the Resident Survey Action Plan.

Goal: Identify opportunities for increasing resident involvement on the housing services they receive.

Goal: Operationalize Tom Taylor Place, a new 50 unit building in the Town of Newmarket, including tenant selection, coordination of move-in activity, and delivering a tenant orientation program.

Goal: Prepare for delivery of the new seniors building at the Vaughan Civic Centre providing operational perspectives during the design and construction phase for 84 new units.

2.0 OUR ASSET MANAGEMENT PROGRAMS

Our focus in preserving the economic life of the buildings reflects balanced investment in our most valuable financial assets. Well-planned expenditures in the areas of preventative maintenance, capital improvements and energy management are vital to sustaining the buildings in safe and marketable condition. Compliance to environmental and accessibility standards is also an important consideration in asset management strategies.

Conditional on approvals, plans include an extension of the energy management strategy beyond the two pilot buildings that were retrofitted in 2006-2007. Over the next five years, further investments will be made in 25 buildings to reduce energy consumption.

Goal: Upgrade five buildings to improve energy efficiency. This includes one town house site where the tenants pay their own utility bills, allowing the residents to participate in the energy savings.

Goal: Implement Phase IV of the Emergency Power Plan.

Goal: Complete cost/benefit analysis of janitorial services in all buildings.

3.0 OUR ACCOUNTABILITY AND PERFORMANCE

Our strategic vision for flexible and innovative property management practices delivered with financial accountability is reflected in our Statement of Principles. A strong administrative framework is an essential element in meeting performance standards.

Goal: Review organizational structure to ensure sustainability considering both customer service standards and planned future service growth.

Goal: Develop an affordable Green Procurement Strategy consistent with York Region philosophies.

Goal: Enhance performance reporting framework.

3.1 2008 OPERATING BUDGET

Overall HYI is a financially healthy and will generate surplus funds of approximately $339,000. Some of these funds will be used to address strategic project costs that are not typical operating expenditures. This will allow an operating surplus of about $184,000 to be contributed to Retained Earnings.

The following table compares the 2007 approved budget to 2008 base budget. Annualization identifies the partial year budget impact of placing Tom Taylor Place in service which when added to the 2008 base represents the full budget submission. A supplemental table at the bottom of the chart depicts the strategic expenditures that will be made from 2008 surplus operating funds to address growth and other business initiatives.

For informational purposes, the 2007 estimated results are preliminary and do not include final subsidy settlement calculations. The 2007 operating surplus shown below is shared with the Service Manager and will change with the completion of year-end accounting entries. The final outcome will be identified in the audited financial statements.

2008 OPERATING BUDGET

$000's	2007 Total Budget	2007 Estimate	2008 Base Budget	2008 Annualization	2008 Total Budget
Revenue					
Tenant Rents	12,264	12,696	12,914	305	13,219
Subsidy - York Region	7,083	6,729	7,205	0	7,205
Subsidy - Federal	1,319	1,319	1,319	0	1,319
Total Revenue	**20,666**	**20,744**	**21,438**	**305**	**21,743**
Operating Expenditure					
Operating	19,403	19,412	19,735	305	20,040
Public Housing Capital	1,150	1,083	1,364	0	1,364
Total Expenditures	**20,553**	**20,495**	**21,099**	**305**	**21,404**
Operating Surplus before Strategic Projects	**113**	**249**	**339**	**0**	**339**
Strategic Projects [1]	0	0	155	0	155
Operating Surplus after Strategic Projects	**113**	**249**	**184**	**0**	**184**
Capital Reserves (Provincial Reform and Regional Housing)					
Contribution to Reserves	2,179	2,056	1,483	0	1,483
Expenditures	-2,179	-2,056	-1,483	0	-1,483
Approved Spending from Retained Earnings					
Energy Management Pilot [2]	337	360	58	0	58
Emergency Power Plan	230	10	460	0	460
Total Retained Earnings Expenditures	**567**	**370**	**518**	**0**	**518**

[1] Includes project expenditures primarily related to growth and strategic initiatives not normally funded by operating revenue or subsidy.

[2] The two year energy management pilot ends in June 2008. A proposed multi-year strategy is discussed in Section 3.6.

3.2 2009 AND 2010 OUTLOOK YEARS

The budget assumption for the outlook years is that revenues and expenses will increase by two percent to reflect typical economic increases in the market place. The contributions to and from the reserve are based on the 10-year capital plan and expenditures for the energy management and emergency power projects are based on previous Board approved decisions.

During 2008 and 2009, two more buildings will be added to the portfolio. Increased revenue and expenses have also been incorporated into the outlook years to reflect the expected financial impact of 134 additional units.

$000's	2008 Total Budget	2009 Outlook	2010 Outlook
Revenue			
Tenant Rents	13,219	14,718	15,012
Subsidy – York Region	7,205	7,349	7,496
Subsidy - Federal	1,319	1,319	1,319
Total Revenue	**21,743**	**23,386**	**23,827**
Operating Expenditures			
Operating	20,040	22,025	22,341
Public Housing Capital	1,364	1,139	1,340
Total Expenditures	**21,404**	**23,164**	**23,681**
Operating Surplus before Strategic Projects	**339**	**222**	**146**
Strategic Projects [1]	155	100	100
Operating Surplus after Strategic Projects	**184**	**122**	**46**
Capital Reserves			
Contribution to Reserves	1,483	1,562	1,255
Expenditures	-1,483	-1,562	-1,255
Approved Spending from Retained Earnings			
Energy Management Pilot [2]	58	0	0
Emergency Power Plan	460	85	26
Total Retained Earnings Expenditures	**518**	**85**	**26**

[1] Includes project expenditures primarily related to growth and strategic initiatives not normally funded by operating revenue or subsidy.

[2] The two year energy management pilot ends in June 2008. A proposed multi-year strategy is discussed in Section 3.6.

3.3 MAJOR REPAIRS/REPLACEMENT BUDGET

Since 2004, a 10-year capital plan has been used as a managed approach to major repairs. Every budget year the plan is reviewed and adjusted to ensure that rehabilitation is completed on a methodical basis that considers needs and priorities.

Energy management investments are not included in this section. The budget for a proposed multi-year program is identified in Section 3.6.

The following table summarizes the planned expenditures for 2008-2010 that are part of the ongoing major repairs/replacement program.

$000's	2007 Budget	2007 Estimate	2008 Budget	2009 Outlook	2010 Outlook
Planned Expenditures					
Roofing	580	619	0	3	435
Building	980	1,051	1,078	1,032	774
Flooring	220	303	309	321	320
Elevator	548	517	94	150	4
Electrical	101	45	72	26	40
Equipment	111	111	315	183	180
Grounds	516	211	513	570	212
Life Safety Systems	30	33	13	5	65
Heating, Ventilation and Plumbing	118	192	363	148	517
Painting	74	57	90	263	48
Total Major Repairs/ Replacements	3,278	3,139	2,847	2,701	2,595

The 2008 major repairs/replacement budget is funded as follows:

2008 Budget

Program	$000	Funding Source
Public Housing (872 units)	$1,364	Operating Budget
Provincial Reform (937 units)	$1,478	Capital Reserve
Regional Housing (118 units)	$ 5	Capital Reserve
	$2,847	

3.4 2008-2010 MAJOR REPAIRS/REPLACEMENT PROJECTS GREATER THAN $100,000

The following table identifies major investments greater than $100,000 during the period 2008-2010 by municipality and by property

			$000's		
Municipality	**Property**	**Description**	**2008**	**2009**	**2010**
Aurora	Orchard Heights Place	Bathroom Upgrade			183
	Hadley Grange	Roof Re-shingling			130
Georgina	Glenwood Mews	Kitchen Upgrade	160		
	Pineview Terrace	Bathroom Upgrade		150	
	North View court	Elevator Upgrade		150	
King	Kingview Court	Hook-up to King Sewer System	175		
	Nobleview Pines	Hook-up to Town Sewer System			175
Newmarket	Fairly Lake Gardens	Pond Dredging	100		
	Founders Place	Bathroom Upgrade	320		
	Mulock Village	Bathroom Upgrade		325	
	Founders Place	Roof Replacement			150
Richmond Hill	Springbrook Gardens	Kitchen Upgrade			325
	Rose Town	Elevator Machine Room Cladding & Parapet Masonry Repairs			100
Whitchurch-Stouffville	Elmwood Gardens	Bathroom Upgrade		155	
Total Projects Greater Than $100,000			755	780	1,063
Total Projects Less Than $100,000			2,092	1,921	1,532
Total Major Repairs/Replacement Budget			**2,847**	**2,701**	**2,595**

3.5 CAPITAL RESERVE IMPACTS

Most of the Provincial Reform Reserve is invested in the Social Housing Services Corporation mandatory pooled investment fund for housing providers with the remaining balance invested locally. While a variable rate of return is expected on investment holdings, a constant yield of two per cent is assumed for the budget and outlook years.

Properties attached to the Region Housing Program are accumulating Capital Reserves from annual surplus operating funds. In the early years of operation, capital expenditures are expected to be minimal allowing for the annual surplus funds to be invested for expenditures in future years.

The Public Housing program does not maintain a Capital Reserve.

$000's	2006 Actual	2007 Estimate	2008 Budget	2009 Outlook	2010 Outlook
Provincial Reform and Regional Housing Program					
Balance, Beginning of Year	5,718	6,228	4,798	4,034	3,174
Mandatory Contribution to Provincial Reform Reserves	516	538	547	563	580
Contribution Surplus Operating Funds – Regional Program	47	41	44	40	40
Transfer in from Property Acquisitions	1,134	0	0	0	0
Annual Investment Income	247	170	128	99	73
Annual Capital Expenditures	-1,434	-2,179	-1,483	-1,562	-1,255
Net Activity for the Year	510	-1,430	-764	-860	-562
Balance, End of Year	**6,228**	**4,798**	**4,034**	**3,174**	**2,612**

3.6 PROPOSED ENERGY MANAGEMENT STRATEGY

Contingent on Board and Regional approval to invest $3.5 million over a five year period, Housing York Inc. will undertake energy management retrofits on 25 buildings. Net of incentive funding from various utilities or agencies, the majority of funding will come from the Region's reserve account with a repayment schedule from the utility savings that will be realized in future years.

3.6 PROPOSED ENERGY MANAGEMENT STRATEGY (continued)

Five buildings will be retrofitted annually. Plans call for one townhouse site to be retrofitted annually. Tenants pay their own utility costs directly and become the direct recipient of energy savings resulting from townhouse retrofits. In 2008, this is seen as a favourable outcome for the tenants at Springbrook Gardens in the Town of Richmond Hill who will share a projected savings of $17,000 annually among 93 units once the upgrades are complete. Housing York Inc. will benefit indirectly by the improved marketability of the site.

$000's **PROPERTY**	**2008 ENERGY MANAGEMENT BUDGET**	**ANNUAL ESTIMATED SAVINGS**	**PAY BACK PERIOD (YRS)**
Heritage East – Newmarket	182	28	6.5
Springbrook Gardens - Richmond Hill	95	-	-
Fairy Lake Gardens – Newmarket	111	18	6.3
Maplewood Place - Richmond Hill	254	26	9.8
North View Court – Georgina	72	11	6.6
Direct Retrofit Investment in Buildings	**714**	**83**	**8.6**
Contracted Services and Administration	40	0	
Total 2008 Retrofit Investment	**754**	**83**	**9.1**

Approximately 20% of the direct retrofit costs in 2008 will come from incentive funding. Annual savings will be used to repay the balance of the investment.

3.7 KEY PERFORMANCE INDICATORS

We use a variety of internal monitoring indicators to measure successes and potential improvement opportunities. The following indicators are annual measurements in the property management area of our business.

Manageable Cost per Unit - This indicator is comprised of maintenance and administration costs divided by the number of units. Maintenance and administration expenditures include building maintenance costs, regional salaries and benefit costs, corporate overheads, insurance, and bad debts expense.

3.7 KEY PERFORMANCE INDICATORS (continued)

Utilities, mortgage, property taxes and capital is excluded. Costs that relate to extraordinary circumstances or strategic initiatives in 2008 are also excluded in manageable cost per unit calculations.

Manageable Cost Per Unit

	2007 Budget	2007 Estimated	2008 Budget
Provincial Reform	$2,907	$3,091	$3,150
Public Housing	$3,020	$3,254	$3,229
Regional Housing	$3,206	$3,350	$3,286
HYI Average	$3,044	$3,232	$3,222

Unit Turnover – identifies the number of units where a tenant vacates during the year divided by the total weighted units in the portfolio.

	2007 Goal	2007 Estimated	2008 Goal
Total Number of Move-outs	260	246	250
As a percent of Total Weighted Units	13.5%	12.8%	12.8%

Tenant Arrears – All activities pertaining to collecting tenant accounts follows relevant legislative requirements or Board approved policies. The percentage of Current Tenant Arrears greater than 30 days/Rent Revenue is a measurement to determine effectiveness of collection performance.

2007 Goal	2.5%
2007 Estimated	5.5%
2008 Goal	4.0%

The 2007 tenant arrears goal was not met in large part due to three particular events:

1. Implementation of the new *Residential Tenancy Act*.
2. A re-organization to improve tenant services created a short term training period for new staff now involved in arrears collection.
3. The rising cost of utilities resulting in lower disposable income in many households.

4.0 OUTLOOK YEARS 2009 AND 2010

Obtaining tenant feedback about the housing services they receive will continue to be promoted in years to come.

A multi-year strategy for the energy management program is proposed and the emergency power plan will continue.

Accommodating growth continues to be a priority as the delivery of new buildings impacts service delivery, organizational scheduling, and corporate performance.