HOUSING YORK INC.

2007 Business Plan

INTRODUCTION

Housing York Inc. is York Region's largest non-profit housing provider. We own and manage 1,927 units in 30 buildings with representation in all nine of York's municipalities.

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 85% of the unit mix represents rent-geared-to-income and the balance is market rent.

In 2006 we also acquired an emergency shelter site where we 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 councilors and the officers are comprised of senior Regional staff.

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.

Goal: Report results of the resident profile and customer satisfaction survey completed in 2006 and develop initiatives for key findings.

Goal: Review impact of new landlord tenant legislation known as the *Residential Tenancies Act* and provide training for staff and adjust business processes where necessary.

Goal: Prepare for delivery of new Tom Taylor Place in Newmarket providing operational perspective during design and construction.

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.

Goal: Complete implementation of pilot program for energy retrofit, maximizing available energy funding programs. Complete a strategic energy management strategy to guide the program on a multi-year basis.

Goal: Implement Phase III of the Emergency Power Plan.

Goal: Utilize recent technology enhancements to improve operational efficiency, reporting and decision-making and to augment moveable asset inventory system and preventative maintenance programs.

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: Establish an operational policy format to improve communication and consistency of business practices.

Goal: Complete a review of the Company By-laws and report to shareholder for consideration and endorsement.

3.1 2007 OPERATING BUDGET

The following table compares the 2007 base budget to 2006 base budget with 28 buildings in the portfolio. The incremental full year budget impact of recently acquired properties is depicted as "annualization" to arrive at a total budget for 30 buildings in 2007.

For informational purposes, the 2006 estimated results are preliminary and do not include any subsidy settlement calculations. The operating surplus shown below will change with the completion of year end accounting entries at which time the final outcome relating to surplus will be known and shared with the Service Manager.

	2006 Base Budget	2006 Estimate	2007 Base Budget	2007 Annualization	2007 Total Budget
Revenue					
Tenant Rents	10,658	11,700	10,875	1,388	12,264
Subsidy - York Region	5,907	6,471	6,185	898	7,083
Subsidy - Federal	1,319	1,319	1,319	0	1,319
Total Revenue	**17,884**	**19,490**	**18,379**	**2,286**	**20,666**
Operating Expenditures					
Operating	16,660	17,908	17,149	2,254	19,403
Public Housing Capital	1,150	1,132	1,150	0	1,150
Total Expenditures	**17,810**	**19,040**	**18,299**	**2,254**	**20,553**
Operating Surplus / (Deficit)	**74**	**450**	**80**	**32**	**113**
Capital Reserves (Provincial Reform and Regional Housing)					
Contribution to Reserves	1,480	1,455	1,812	367	2,179
Expenditures	-1,480	1,455	-1,812	-367	-2,179
Approved Spending from Retained Earnings					
Energy Management Strategy	250	83	337	0	337
Emergency Power Plan	179	78	230	0	230
Total Retained Earnings Expenditures	**429**	**161**	**567**	**0**	**567**

3.2 2008 AND 2009 OUTLOOK YEARS

For presentation purposes the 2007 total budget has been carried forward for comparative purposes with the Outlook years.

The budget assumption for the Outlook years is that revenues and expenses will increase by three 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 140 additional units.

	2007 Total Budget	2008 Outlook	2009 Outlook
Revenue			
Tenant Rents	12,264	13,196	13,668
Subsidy - York Region	7,083	7,535	7,498
Subsidy - Federal	1,319	1,319	1,319
Total Revenue	**20,666**	**22,050**	**22,484**
Operating Expenditures			
Operating	19,403	20,625	21,117
Public Housing Capital	1,150	1,349	1,232
Total Expenditures	**20,553**	**21,974**	**22,349**
Operating Surplus / (Deficit)	**113**	**76**	**135**
Capital Reserves			
Contribution to Reserves	2,179	1,688	1,360
Expenditures	-2,179	-1,688	-1,360
Approved Spending from Retained Earnings			
Energy Management Strategy	337	40	40
Emergency Power Plan	230	229	146
Total Retained Earnings Expenditures	**567**	**269**	**186**

3.3 CAPITAL 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.

The following table identifies the 2007 budget and outlook years by spending category.

$000's	2006 Budget	2006 Estimate	2007 Budget	2008 Outlook	2009 Outlook
Planned Expenditures					
Roofing	136	128	580	75	93
Building	918	740	980	1,599	1,208
Flooring	249	315	220	262	245
Energy Conservation *	20	0	0	0	0
Elevator	374	315	548	5	230
Electrical	49	94	101	72	153
Equipment	24	35	111	227	0
Grounds	572	689	516	538	310
Life Safety Systems	49	102	30	45	8
Heating & Ventilation	105	107	118	125	122
Plumbing	0	20	50	0	25
Painting	68	40	74	88	266
Total Capital Summary	**2,564**	**2,587**	**3,328**	**3,036**	**2,660**

*The budget spending for Energy Conservation was directed to the Energy Management program.

The 2007 budget is funded as follows:

Program	2007 Budget $000	Funding Source
Provincial Reform (937 units)	$2,157	Capital Reserve
Public Housing (872 units)	$1,150	Operating Budget
Regional Housing (118 units)	$ 21	Capital Reserve
	$3,328	

The following table identifies major investments greater than $50,000 during the period 2007-2009 by municipality and by property.

3.4 2007-2009 CAPITAL PROJECTS > $50,000

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Municipality	Property	Description	2007	2008	2009
Aurora	Hadley Grange	Carpet Replacement		50	
	Hadley Grange	Elevator Upgrade			80
	Hadley Grange	Roof Re-shingling			65
	Orchard Heights Place	Bathroom Upgrade			253
Georgina	East Court	Siding, Caulking, Insulation Upgrade		50	
	Glenwood Mews	Baseboard Heater Removal		60	
	Glenwood Mews	Kitchen Upgrade		160	
	Glenwood Mews	Siding Upgrade		50	
	Glenwood Mews	Window/Door Replacement	300		
	Keswick Gardens	Balcony Waterproofing & Railing Upgrade		70	70
	Keswick Gardens	Fridge Replacement		70	
	Keswick Gardens	Make-up Air Unit Replacement			80
	Keswick Gardens	Retaining Wall Upgrade	80	80	
	North View Court	Elevator Upgrade			150
	North View Court	Window/Balcony Door Upgrade		125	
	Pineview Terrace	Window/Balcony Door Upgrade			132
	Pineview Terrace	Elevator Upgrade	150		
King	Kingview Court	Window & Balcony/Patio Door Upgrade			80
	Kingview Court	Bathroom Upgrade		80	
Markham	Trinity Square	Playground Upgrade & Re-grading		60	
	Trinity Square	Roofing Replacement	250		
	Trinity Square	Siding Replacement & Caulking	74	60	
Newmarket	Brayfield Manors	Playground Upgrade			60
	Brayfield Manors	Refrigerator Replacement			65
	Brayfield Manors	Re-level Patio Stones		50	
	Brayfield Manors	Roof re-shingling	180		
	Fairly Lake Gardens	Fridge Replacement		50	
	Founders Place	Bathroom Upgrade		320	
	Heritage East	Fridge Replacement	75		
	Heritage East	Garage Ramp/Retaining Wall Repairs	145		
	Mulock Village	Closet Door Upgrade	60	60	60
	Mulock Village	Fridge Replacement		85	
	Mulock Village	Partial Driveway Resurfacing/Down pipes	50		
	Mulock Village	Roof Replacement	100	50	
Richmond Hill	Dunlop Pines	Balcony Railing Upgrade	100		
	Maplewood Place	Elevator Upgrade	270		
	Maplewood Place	Window/Door Upgrade		160	
	Springbrook Gardens	Driveway Repairs/Down pipe Upgrade		50	
	Springbrook Gardens	Privacy Fencing			50
	Springbrook Gardens	Sidewalk Repairs			50
Vaughan	Nobleview Pines	Bathroom Upgrade			80
	Woodbridge Lane	Common Space Renovations	80		
Whitchurch-Stouffville	Elmwood Gardens	Bathroom Upgrade			155
Total capital projects > $50,000			1,914	1,740	1,430
Total capital projects < $50,000			1,414	1,296	1,230
Total Capital Budget			**3,328**	**3,036**	**2,660**

3.5 CAPITAL RESERVE IMPACTS

Recent property acquisitions strengthened the Provincial Reform capital replacement reserve. Most of the 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 three per cent is assumed for the budget and outlook years.

Properties attached to the Region Housing Program are accumulating a capital reserve 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.

For presentation purposes this table consolidates the two replacement reserves into one chart.

$000's	2005 Actual	2006 Estimate	2007 Budget	2008 Outlook	2009 Outlook
Provincial Reform and Regional Housing Program					
Balance, Beginning of Year	5,786	5,750	5,982	4,558	3,652
Mandatory Contribution to Provincial Reform Reserves	476	537	580	597	615
Contribution Surplus Operating Funds – Regional Program	0	19	22	50	75
Transfer in from Property Acquisitions	74	1,044	0	0	0
Annual Investment Income	162	162	153	135	110
Annual Capital Expenditures	-748	-1,530	-2,179	-1,688	-1,360
Net Activity for the Year	-36	232	-1,424	-906	-560
Balance, End of Year	**5,750**	**5,982**	**4,558**	**3,652**	**3,092**

3.6 KEY PERFORMANCE INDICATORS

We use a variety of 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. Utilities, mortgage, property taxes and capital is excluded.

	2006 Budget	2006 Estimated	2007 Budget
Provincial Reform	$2,982	$2,822	$2,907
Public Housing	$2,807	$2,700	$3,020
Regional Housing Program	$2,601	$3118	$3,206
HYI Average	$2,797	$2,846	$3,044

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

	2006 Goal	2006 Estimated	2007 Goal
Total Number of Move-ins	428	388	385
As a percent of Total Weighted Units	23%	21%	20%

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

2006 Goal	2.5%
2006 Estimated	1.6%
2007 Goal	2.5%

4.0 OUTLOOK YEARS 2008 AND 2009

Positioning for growth continues to be a priority as planning for new buildings considers impacts on service delivery and organizational scheduling.

Goal: Prepare for growth in the portfolio with the delivery of 50 units at Tom Taylor Place in 2008 and 90 units at Vaughan Civic Centre in 2009.