ATTACHMENT 1

HOUSING YORK INC.

Building Strong Communities

2009 Business Plan and Budget

York Region

INTRODUCTION

Housing York Inc. (HYI) is York Region's largest non-profit housing provider. We own and manage 1,977 units in 31 buildings in all nine of York's municipalities. We also own an emergency shelter site and fulfill landlord responsibilities for the shelter agency, Blue Door Shelters.

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 582 family/singles units. Approximately 73% of the units are rent-geared-to-income and the balance of the portfolio is market rent units.

Many of HYI's tenants encounter complex living experiences. A growing multicultural population adds to the challenge of effective service delivery. This means that business plans must include a strategic element of customer focus aimed at maintaining high-level service to a diverse tenant population spread across a large geographic area.

HYI supports York Region's sustainability goals through its Energy Management strategy. A five year program requiring an estimated $3.5M investment is progressing to maximize energy efficiency in all buildings and minimize HYI's imprint on the environment.

We will continue to build on our Statement of Principles and multi-year strategies in 2009.

1.0 OUR TENANTS AND COMMUNITY

1.1 Focus on Customer Service

The 2006 Tenant Survey that was completed to evaluate customer satisfaction ratings resulted in a year long project to address key findings. This project has launched several initiatives in the area of communications, maintenance standards and building security.

Goal: Implement HYI's Communication Strategy to enhance the overall landlord/tenant relationship and customer satisfaction ratings, using integrated, consistent and recognizable "plain language" guidelines.

Goal: Develop and implement building standards for consistency across the portfolio in areas like signage, responses to maintenance requests, building cleanliness, and safety.

Goal: Increase appropriate training aids and learning opportunities for staff aimed specifically at enhancing knowledge of new operational practices and customer services activities, and promoting staff development.

1.2 Focus on Engaging People

Our ongoing commitment to work co-operatively with local community and supportive housing agencies continues. Partnerships include the Canadian Mental Health Association, Assisted Community Living, March of Dimes, Canadian Hearing Society, summer student programs, child and adolescent camps, and the Boys and Girls Club.

Goal: Expand partnership and programming options by exploring opportunities to reduce barriers for tenants who need access to community services.

1.3 Focus on Growth

In keeping with York Region's housing supply strategy to increase affordable housing units, HYI will maintain its readiness to incorporate growth in the portfolio.

Goal: Prepare for delivery of 84 new units at Mapleglen Residences, the new seniors building at the Vaughan Civic Centre, scheduled for service in 2010 and 40 new units in King in 2011.

2.0 OUR ASSET MANAGEMENT PROGRAMS

2.1 Focus on Sustainability

The two most recent HYI buildings are equipped with state-of the-art operating systems which support energy efficiency. In 2008, a five year energy management strategy was introduced to retrofit the rest of HYI's buildings to reduce energy consumption. Approximately $3.5M will be borrowed from York Region to support this investment. Energy savings that are subsequently generated will be used to repay the loan.

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: Expand green strategies by phasing-in more environmentally friendly building maintenance products.

2.2 Focus on Emergency Power Strategy

The installation of a permanent generator at Keswick Gardens in Georgina will proceed in 2009. The remaining installations at other seniors' high rise buildings will undergo a review to reassess options.

Goal: Re-evaluate remaining provisions related to the Emergency Power Plan.

3.0 OUR ACCOUNTABILITY AND PERFORMANCE

3.1 2009 Operating Budget

Overall, HYI is financially sound and will generate a surplus of approximately $144,000.

The following table compares the 2008 approved budget to 2009 base budget and total budget. Annualization identifies the remaining partial year budget impact of placing Tom Taylor Place in service which was not included in the 2008 base budget due to mid-year delivery of the building.

For informational purposes, the 2008 estimated results are preliminary and do not include final subsidy settlement calculations. The final results will be identified in the audited financial statements. Any operating surplus generated in 2008 will be allocated to Retained Earnings or the Capital Reserve, as allowed by the Service Manager.

2009 Operating Budget

	$000's				
	2008 Total Budget	**2008 Estimate**	**2009 Base Budget**	**2009 Annualization**	**2009 Total Budget**
Revenue					
Tenant Rents	13,219	13,314	13,396	221	13,616
Subsidy - York Region	7,205	6,798	7,638	0	7,638
Subsidy - Federal	1,319	1,319	1,319	0	1,319
Total Revenue	**21,743**	**21,431**	**22,353**	**221**	**22,573**
Operating Expenditure					
Operating	20,040	19,446	20,639	221	20,859
Public Housing Capital	1,364	1,313	1,545	0	1,545
Total Expenditures	**21,404**	**20,759**	**22,184**	**221**	**22,404**
Operating Surplus before Strategic Projects	**339**	**672**	**169**	**0**	**169**
Strategic Projects (1)	155	80	25	0	25
Energy Management Pilot Repayment (2)		250			
Operating Surplus after Strategic Projects	**184**	**342**	**144**	**0**	**144**
Capital Reserves (Provincial Reform and Regional Housing)					
Contribution to Reserves	1,483	1,457	1,547	0	1,547
Expenditures	-1,483	-1,457	-1,547	0	-1,547
Approved Spending from Retained Earnings					
Energy Management	58	58	542	0	542
Emergency Power Plan	460	270	250	0	250
Total Retained Earnings Expenditures	**518**	**328**	**792**	**0**	**792**

(1) Includes project expenditures primarily related to growth and strategic initiatives not normally funded by operating revenue or subsidy. The 2009 portion represents the unused portion of a previously approved project carried over from 2008.

(2) The energy management repayment estimate is considered preliminary.

3.2 2010 and 2011 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 energy management and emergency power are based on previously approved Board decisions. The operating savings associated with the energy management strategy will be directed to repayment of the retrofit investments.

During 2010 and 2011, 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 124 additional units.

Operating Outlook

	$000's		
	2009 Total Budget	**2010 Outlook**	**2011 Outlook**
Revenue			
Tenant Rents	13,616	14,392	14,680
Subsidy – York Region	7,638	7,667	7,694
Subsidy - Federal	1,319	1,319	1,319
Total Revenue	**22,573**	**23,378**	**23,693**
Operating Expenditures			
Operating	20,859	21,780	22,216
Public Housing Capital	1,545	1,426	1,300
Total Expenditures	**22,404**	**23,206**	**23,516**
Operating Surplus before Strategic Projects	**169**	**172**	**178**
Strategic Projects (1)	25	-	-
Operating Surplus after Strategic Projects	**144**	**172**	**178**
Capital Reserves			
Contribution to Reserves	1,547	1,257	1,266
Expenditures	-1,547	-1,257	-1,266
Approved Spending from Retained Earnings			
Energy Management	542	844	831
Emergency Power Plan	250	-	-
Total Retained Earnings Expenditures	**792**	**844**	**831**

(1) Includes project expenditures primarily related to growth and strategic initiatives not normally funded by operating revenue or subsidy. The 2009 portion represents the unused portion of a previously approved project carried over from 2008.

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 this multi-year program is identified in Section 4.6.

The following table summarizes the planned expenditures for 2009-2011 that are part of the ongoing major repairs/replacement program.

2009 Major Repairs by Category

			$000's		
	2008 Budget	**2008 Estimate**	**2009 Budget**	**2010 Outlook**	**2011 Outlook**
Planned Expenditures					
Roofing	0	55	116	495	210
Building	1,078	1,013	1,253	683	663
Flooring	309	473	478	455	455
Elevator	94	158	150		5
Electrical	72	112	62	20	275
Equipment	315	291	0	175	135
Grounds	513	407	654	432	280
Life Safety Systems	13	0	41	80	125
Heating, Ventilation and Plumbing	363	181	215	260	276
Painting	90	80	123	83	142
Total Major Repairs/ Replacements	2,847	2,770	3,092	2,683	2,566

The 2009 major repairs/replacement budget is funded as follows:

	$000	
Program	**2009 Budget**	**Funding Source**
Public Housing (872 units)	$1,545	Operating Budget
Provincial Reform (937 units)	1,438	Capital Reserve
Regional Housing (168 units)	80	Capital Reserve
Blue Door Shelters	29	Capital Reserve
	$3,092	

3.4 2009-2011 Major repairs/Replacement projects greater than $100,000

The following table identifies major investments greater than $100,000 during the period 2009-2011 by municipality and by property.

				$000's	
Municipality	**Property**	**Description**	**2009**	**2010**	**2011**
Aurora	Hadley Grange	Roof Re-shingling		130	
Georgina	Pineview Terrace	Bathroom Upgrade	170		
	North View Court	Elevator Upgrade	150		
	North View Court	Bathroom Upgrade			115
	Keswick Gardens	Asphalt Resurfacing			150
	Glenwood Mews	Bathroom Upgrade			198
King	Kingview Court	Hook-up to Sewer System	100		
Newmarket	Fairly Lake Gardens	Pond Rechanneling	360		
	Mulock Village	Bathroom Upgrade	325		
	Brayfield Manor	Parking and Playground Upgrade		120	
	Heritage East	Retaining Wall/Ramp Upgrade		125	
	Founders Place	Roof Replacement		150	
	Fairy Lake Gardens	Panel Upgrade			160
Richmond Hill	Springbrook Gardens	Roof Replacement			200
Vaughan	275 Woodbridge Ave.	Bathroom Upgrade			112
Whitchurch-Stouffville	Elmwood Gardens	Bathroom Upgrade		180	
Total Projects Greater Than $100,000			1,105	705	935
Total Projects Less Than $100,000			1,987	1,978	1,631
Total Major Repairs/Replacement Budget			**3,092**	**2,683**	**2,566**

3.5 Capital Reserve Outlook

The use of reserves differs by program as specified in our various subsidy formulas. For presentation purposes they are consolidated but the individual reserves are managed separately. The Public Housing program does not maintain a Capital Reserve.

Most of the capital reserve is invested in the Social Housing Services Corporation mandatory pooled investment fund for housing providers. 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.

Capital Reserve Outlook

	$000's				
	2007 Actual	2008 Estimate	2009 Budget	2010 Outlook	2011 Outlook
Provincial Reform, Regional Housing Program and Blue Door Shelter					
Balance, Beginning of Year	6,228	5,444	4,770	3,952	3,421
Contribution to Reserves	674	620	632	645	658
Annual Investment Income	280	163	97	81	70
Annual Capital Expenditures	-1,738	-1,457	-1,547	-1,257	-1,266
Net Activity for the Year	-784	-674	-817	-531	-538
Balance, End of Year	**5,444**	**4,770**	**3,952**	**3,421**	**2,883**

3.6 Energy Management Strategy

HYI will be investing an estimated $3.5 million over a five year period to undertake energy management retrofits on 25 buildings. Net of incentive funding from various utilities or agencies, the majority of funding will be borrowed from York Region's reserve account and repaid from utility savings that will be realized in future years.

The program is designed to be flexible enough to take advantage of conservation incentives as they are offered. For example, some of the lighting projects scheduled for 2009 and outlook years were completed in 2008 due to available funding from local utilities.

2009 Energy Management Work Plan

Year 2 of five year plan		$000's	
Property	**2009 Energy Management Budget**	**Annual Estimated Savings**	**Pay Back Period (Yrs)**
Oxford Village - East Gwillimbury	85.5	7.3	11.7
Orchard Heights (2 buildings) - Aurora	127.6	10.3	12.4
Glenwood Mews * - Georgina	96.7	16.0	-
Pineview Terrace - Georgina	117.0	15.1	7.7
Direct Retrofit Investment in Buildings	426.8	48.7	13.0
Contracted Services and Administration	115.0	0	
Total 2009 Retrofit Investment	541.8		

* Tenants pay their own utility bills and therefore benefit directly from the retrofit investment.

3.7 Emergency Power Strategy

So far 16 buildings have been upgraded with improved emergency power provisions. The 2009 budget includes completing the installation of a generator at one site and as well as obtaining updated technical recommendations for the remaining buildings. Activities for the outlook years will be rescheduled following the completion of this review.

2009 Emergency Power Budget

	$000's
Keswick Gardens – Generator Installation	$230
Technical Update	20
2009 Emergency Power Investment	**$250**

3.8 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.

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

Manageable Cost Per Unit

	2008 Budget	**2008 Estimated**	**2009 Base Budget**	**2009 Total Budget**
HYI Average	$3,222	$3,210	$3,444	$3,492

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

	2008 Goal	2008 Estimated	2009 Goal
Total Number of Move-outs	250	225	230
As a percent of Total Weighted Units	12.8	11.4	11.6

Tenant Arrears – Due to the weakening economy, tenant arrears are expected to increase in 2009. It is typical during recessionary times for some tenants to require higher RGI subsidy levels, stay in social housing units longer, and default on rent payments.

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.

2008 Estimated	7%
2009 Goal	8%

4.0 BUSINESS PLAN SUMMARY

The financial outlook for HYI remains positive. The operating budget falls within funding formula guidelines and the capital budget incorporates the ten year capital plan.

The strategic focus for the budget and outlook years is to elevate customer service through tenant communications and enhanced staff skills.

The multi-year strategy for energy management and emergency power will continue to support York Region's sustainability goals.

Accommodating growth remains as an ongoing priority to ensure that service delivery, organizational development and corporate performance is maintained.

Housing York Inc. will monitor the impact of the economy on the portfolio. Investment income is expected to decrease and RGI subsidy requirements may exceed budget estimates. The latter scenario would affect the Service Manager through the funding formula. The potential for higher tenant arrears also exists.