

2021 to 2022 HOUSING YORK INC.
BUDGET



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Housing York Inc. at a Glance

Housing York Inc. (HYI) is the Regional Municipality of York's housing corporation. HYI was formed in 2003 through amalgamation of the York Regional Housing Corporation and the Region of York Housing Corporation. HYI manages and maintains 36 housing properties with approximately 2,800 units and is home to more than 4,500 residents across all nine local cities, townships and towns in York Region.

The infographic features the Housing York Inc. logo at the top center, which consists of a stylized house icon with a tree on top, followed by the text "HOUSING YORK INC." in a serif font. Below the logo, the word "and" is written in a cursive script. To the left of "and" is a white banner with the word "Vision" in orange. To the right is a white banner with the word "Mission" in teal. Below each banner is a vertical line of the same color, and to the right of the teal line is a teal vertical line. The background is a solid dark blue.

Our Vision

A leader in affordable housing, building inclusive communities that everyone would be proud to call home.

Mission

As a responsible and caring landlord, we work with our residents and partners to deliver housing programs and services that are important to our communities.

Housing York Inc.'s 2021 to 2024 Strategic Plan: Building Better Together

In November 2020, Housing York's 2021 to 2024 Strategic Plan, [Building Better Together](#), will be presented to the Board of Directors for approval. The 2021 to 2024 Strategic Plan positions HYI to respond to the changing housing landscape over the next four years, while continuing to offer residents quality homes in inclusive communities. The plan allows HYI to be innovative in expanding the housing portfolio while supporting residents' diverse needs and ensuring financial sustainability. Residents remain at the forefront of strategic planning efforts to help ensure affordable housing options and the right supports are available now and in the future.

The plan includes three strategic priorities to help HYI advance towards achieving its vision, and reflects input and feedback from residents, partners and the Board of Directors. Details and key results to be achieved by the end of the four-year plan are outlined below.

A white circular icon containing a stylized illustration of a multi-story building with green and blue sections.

PRIORITY 1:

Expanded Housing Portfolio

A white circular icon containing a stylized illustration of three people (two adults and one child) standing together with their arms raised in a celebratory gesture.

PRIORITY 2:

Inclusive Communities and Successful Tenancies

A white circular icon containing a stylized illustration of a money bag with a dollar sign and a small plant growing out of the top, next to a coin.

PRIORITY 3:

Financial Sustainability

Strategic Priority 1: Expanded Housing Portfolio

A healthy supply of affordable and rental housing is needed in York Region so individuals and families have housing options for all ages and stages of their lives. Key results include:

- Expanding HYI's housing portfolio by 480 new units, reflecting a commitment to expand beyond the normal rate of growth;
- Supporting 250 non-profit units with conceptual plans and resources in partnership with the Region;
- Exploring 20 development concepts with partners; and
- Raising \$5 million in capital through a public-private partnership.

Some of the actions related to expanding HYI's portfolio will be dependent on federal and provincial funding, and might impact HYI's ability to advance development-related actions during the four years of this plan.

Strategic Priority 2: Inclusive Communities and Successful Tenancies

Residents sometimes need support in order to have successful tenancies and enhance their wellbeing. Key results include:

- Training 100% of team members in anti-racism;
- Completing accessibility inspections and enhancements for 36 buildings; and
- Preserving 97% of tenancies at risk for rent arrears.

Strategic Priority 3: Financial Sustainability

Sustainability comes from strong life-cycle value for buildings, efficient operations and finding new ways of funding developments, as financial resources may become increasingly limited. Key results include:

- Meeting or exceeding life expectancy of building components in 90% of buildings;
- Continuing to implement energy efficiency projects to realize annual cost savings of \$422,000 in communities with retrofits;
- Improving resident satisfaction with elevators, outdoor green spaces and janitorial services; and through strengthened vendor performance management.

Annual business plans and targets will be developed to operationalize the plan. Performance against the annual plans will be carefully managed and tracked to ensure success in delivering on the four-year commitments outlined in the plan.

HYI's Long-Term Fiscal Plan

In [November 2017](#), HYI's Board of Directors approved a new long-term fiscal plan for the corporation. The fiscal plan was developed to ensure HYI remains fiscally responsible, safeguards its assets and is accountable for effectively managing its resources. The fiscal plan includes:

- A reserve strategy that sets goals and objectives for HYI reserves;
- A new operating surplus policy that establishes a framework for the allocation of operating surpluses to reserves; and
- An updated investment policy to ensure prudent management of HYI's working capital and reserves.

The reserve strategy ensures HYI can effectively and efficiently respond to capital and operating needs. A significant change in the strategy included consolidation of the capital repair and replacement reserves to fund planned capital repairs for the entire HYI portfolio. As a result, spikes in demand for capital reserves and capital funding requests needed from York Region have been eliminated.

Under the consolidated reserve fund, reserve contributions for newer buildings will be used to fund more immediate capital expenses needed for older buildings, smoothing pressures on the reserve over time while ensuring that funds are available in the future as the newer buildings age.

Capital expenditures could be higher than contributions in a specific year; however, each program will contribute enough funding to cover all of its capital needs over the long-term. The strategy is supported by a detailed analysis of each program's capital repair needs and reserve contributions over the next 40 years. [Appendix 1](#) provides a detailed overview of HYI's reserves, including funding sources and limits.

New Developments

Unionville Seniors Affordable Housing Development

York Region is developing an affordable rental building for seniors as part of a redevelopment of the Unionville Home Society campus located in the City of Markham. The new HYI building will have 265 apartments for seniors, as well as a ground floor hub offering seniors-focused services to the community.

Building features

- On-site underground resident and visitor parking, with some short-term surface parking
- Indoor and outdoor amenity spaces for residents
- Green/energy efficient building systems
- Ground floor hub offering seniors-focused services to the community

Construction began in December 2019 and the project is anticipated to welcome its first residents near the end of 2022, with total completion by 2023.

Whitchurch-Stouffville Affordable Housing Development

Planning applications and community consultation continued in 2020 on this two-phase affordable housing development at 5676 Main Street in the Town of Whitchurch-Stouffville. The first phase of the development includes 97 apartments that will serve seniors, families, couples and those living alone, and offer one-, two- and three-bedroom units.

Planning approvals and preliminary site work was completed in 2020. Building construction is scheduled to begin in 2021 and will be completed in 2023.

Modular Housing Demonstration Project

Modular homes are an emerging option for affordable housing. A demonstration project for the creation of approximately 10 affordable housing units will be initiated in 2021. Modular homes are prefabricated off-site and will be installed on a site owned by HYI or the Region. The benefit of modular homes is that units can be delivered faster than traditional construction, and for a lower cost than the typical per unit cost.

This project will be a first for the Region. Part of this project will include collaboration with a willing municipality, engaging with their planning and building departments to work through approvals, and potentially partnering with outside organizations.

Low-rise Infill Development

The HYI portfolio includes sites that have potential for low-rise infill development to increase density through a variety of built forms. A project for 15 units constructed on an existing HYI site will be initiated, with the goal to increase density through a different type of construction such as low-rise, wood constructed apartment buildings or townhomes.

The benefits of low-rise infill development include increased density with limited increase in operational costs, smaller overall capital investment per project and efficient use of HYI land.

COVID-19

COVID-19 continues to impact the budget. Facility costs and rent arrears have increased due to COVID-19 and the provincial government is intending to freeze residential rents at 2020 levels. It is expected that bad debt will not be affected in 2021; however, federal support programs coming to an end could result in higher arrears for an extended period of time and potentially bad debt in the future.

Some timelines may be impacted if it is necessary to change plans in response to COVID-19, or to provide support to other parts of York Region to assist with the COVID-19 emergency response.

2021 Operating Budget

Overview

HYI's 2021 budget reflects an operating surplus of \$380,000, which will be allocated to reserves based on the operating surplus policy. The budget allows HYI to implement strategic directions, manage increasing service demands and maintain existing service levels. HYI's 2021 budget is presented in Table 1 below.

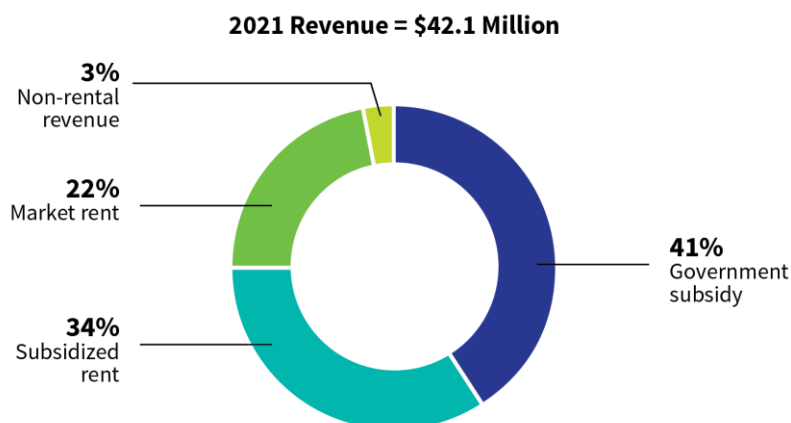
Table 1
2021 Operating Budget

	2020 Budget (\$000)	2021 Budget (\$000)	2021 Budget Variance (\$000)	(%)
Revenue				
Market rent	8,474	9,091	617	7.3%
Subsidized rent	14,407	14,146	(261)	-1.8%
Non-rental revenue	1,222	1,365	143	11.7%
Regional subsidies	17,187	17,471	284	1.7%
Total revenue	41,290	42,074	784	1.9%
Expenditures				
Salaries and benefits	7,742	8,185	443	5.7%
Administration	1,764	1,934	171	9.7%
Facilities	5,539	5,822	283	5.1%
Utilities	4,065	4,072	7	0.2%
Property taxes	3,426	3,508	82	2.4%
Mortgage/debentures	9,351	9,361	10	0.1%
Mandatory contributions to reserve	8,545	8,812	267	3.1%
Total expenditures	40,432	41,694	1,262	3.1%
Operating surplus before contributions	858	380	(478)	-55.7%
Contribution to reserves	858	380	(478)	-55.7%
Net surplus/(deficit)	0	0	0	0.0%

Note: Numbers may not add due to rounding

Revenue

Total revenue is projected to be \$42.1 million in 2021. Rental revenue from residents makes up more than half of total revenue, with the remainder coming from Regional subsidies and a small portion from non-rental revenue. Regional subsidies for capital have no impact on HYI's operating surplus as they are expensed as a mandatory contribution to reserves.



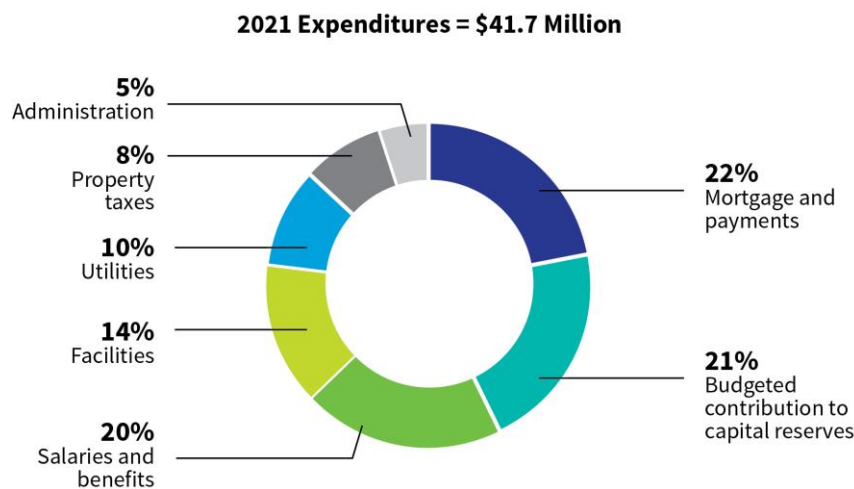
Total revenue is projected to increase by \$784,000 or 1.9% over 2020. This increase is due to higher market and non-rental revenue and additional Regional subsidies.

- Market rent is projected to increase by \$617,000 or 7.3%. This increase is largely due to:
 - Market units being fully occupied at Woodbridge Lane. In 2020, two months of occupancy loss had been allocated to align with expected move-in dates
 - The implementation of the new local eligibility rules under the *Housing Services Act, 2011* (HSA) related to income and asset limits. This change resulted in 25 residents transitioning from subsidized rent to market rent
 - The Ontario Rent Increase Guideline for 2021 of 0%. The Ontario Government passed *Bill 204, Helping Tenants and Small Businesses Act, 2020*, freezing residential rents at 2020 levels in order to support families impacted by COVID-19. The rent freeze ends December 31, 2021. This applies to resident households paying market rents and those paying subsidized rents.
- Rent for subsidized units is projected to decrease by \$261,000 or -1.8%. This decrease is mostly related to:
 - The change in the eligibility rules mentioned above regarding asset and income limits
 - Offering subsidized rents at the Richmond Hill Hub based on 30% of the residents' income. An increase in markets rents at the Richmond Hill Hub has enabled this property to transition from a tiered rent model to the rent model implemented at Woodbridge Lane. The new model is more responsive to reduction in household incomes. The building's overall revenue target will be maintained.
- HYI generates non-residential rental revenue through parking charges, coin laundry and the rental of commercial space. Non-residential rental revenue is projected to increase by \$143,000 or 11.7%. This increase is due to the change in the accounting treatment of investment income. Investment income generated from HYI's reserves was previously attributed to the reserves. The investment income now appears on the Statement of Revenue and Expenses as an increase in non-rental revenue and an increase in contribution to reserves.
- Regional subsidies are projected to increase by \$284,000 or 1.7% largely due to:
 - The increase of \$79,000 in the Emergency Housing subsidy related to COVID-19 expenditures and an increase in property taxes

- The increase of \$57,000 in the provincial reform portfolio. This increase is based on the benchmark indices released by the Ministry of Municipal Affairs and Housing
- The increase of \$63,000 in rent subsidies due to lower incomes of current tenants. Rent subsidy is the difference between what the tenant can afford to pay and market rent
- An inflationary increase of \$85,000 in the public housing portfolio

Expenditures

Total expenditures are projected to be \$41.7 million in 2021. This includes \$228,000 for COVID-19 related expenditures. It is expected that \$28,000 of this cost will be offset by an increase in Emergency Housing subsidy received from the Region.



Total expenditures are projected to increase by \$1.3 million or 3.1% over 2020. The main drivers are:

- Salaries and benefits are projected to increase by \$443,000 or 5.7%. This increase is related to a cost of living increase, the addition of one permanent full-time accounting clerk position and two temporary positions to support the implementation of the Yardi Advance Maintenance Module. This module will modernize the paper and spreadsheet based maintenance tracking systems to facilitate full life cycle costing and stronger asset performance reporting
- Administration expenses are expected to increase by \$171,000 or 9.7%. This increase is related to consulting services to support the implementation of the Yardi Advance Maintenance Module and an increase in insurance costs due to COVID-19
- Facility expenses are projected to increase by \$283,000 or 5.1%. As previously mentioned, this includes \$228,000 for COVID-19 related expenditures and \$200,000 for a designated substance survey required under the *Occupational Health and Safety Act*. These increases are offset by facility cost efficiencies
- Utilities are projected to increase by \$7,000 or 0.2%. This increase is based on the 2020 annual forecast plus inflationary factors provided by the Region
- Property taxes are projected to increase by \$82,000 or 2.4%. This increase is based on the 2020 annual forecast plus a 2.35% annual increase factor provided by the Region

- Mortgage/debenture payments are projected to increase by \$10,000 or 0.1%. There are no mortgage renewals scheduled in 2021
- Budgeted contributions to capital reserves are projected to increase by \$267,000 or 3.5% due to the following:
 - A \$220,000 increase due to the change in the accounting treatment of investment income. Investment income generated from HYI's reserves was previously attributed to the reserves. The investment income now appears on the Statement of Revenue and Expenses as an increase in non-rental revenue and an increase to contribution to reserves
 - An inflationary increase of \$47,000 in the public housing and provincial reform portfolios

2021 Capital Expenditures

As part of asset management practices, HYI completes building condition assessments and energy audits for all properties. These assessments identify future capital needs for HYI sites and buildings, and consider items such as the age, performance and reliability of building components. From this information, 40-year capital forecasts are created for every property to gain an in-depth understanding of capital needs and funding. For larger capital projects, total project cost is generally broken down into two budget years: Project design costs are budgeted in one year, with the remaining project costs in the following budget year when the work is performed.

The portfolio is in good condition because of solid investment in capital repairs and rehabilitation. Many of the buildings and building components are relatively new as there has been significant growth in the portfolio over the past 10 years; others are reaching the middle of their useful lives and will require renewal in the coming years.

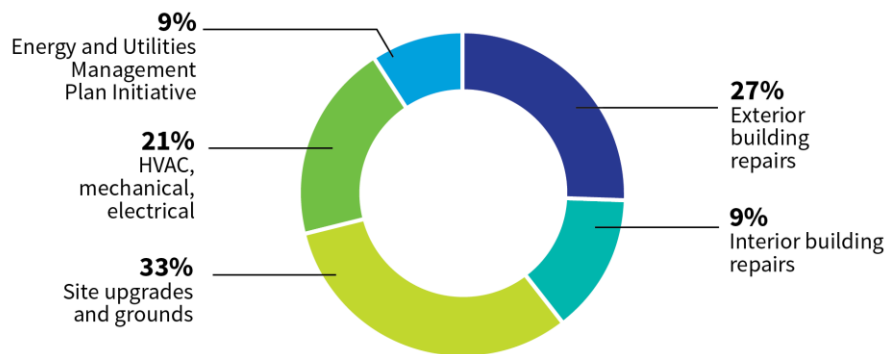
HYI plans to invest \$11.5 million in capital design, repairs and upgrades during 2021. A significant amount of the expenditures will go towards site improvements including bathroom and kitchen refurbishments, sidewalks and curbs, roof system replacements, balcony slab and railing restorations and replacement of mechanical systems. An amount of \$1.2 million in the 2021 capital budget is dedicated towards design of projects for 2022.

Energy Conservation Initiatives

In [November 2019](#), the HYI Board of Directors approved the Energy and Utilities Management Plan (EUMP). The EUMP is a five-year plan, which includes approximately seven projects per year. The energy conservation projects will achieve reductions in energy consumption, operating costs and greenhouse gas emissions across HYI's building portfolio by installing proven technologies with a payback of eight years or less.

In 2021, a request of \$1 million is budgeted for these initiatives from the Strategic Initiatives Reserve, which was established to fund strategic priorities such as energy conservation initiatives. This budget amount represents two years of funding for the EUMP to complete the work that was planned in 2020 but was deferred due to COVID-19. All incentives paid by third-party funders will be applied directly to the Strategic Initiatives Reserve. Any operating savings will be used to fund other operating pressures or to increase the annual surplus.

2021 Capital Expenditures = \$11.5 Million



Reserves

The long-term fiscal plan includes a reserve strategy that sets goals and objectives for HYI's reserves. Part of the reserve strategy includes the creation of new reserves for strategic initiatives, unplanned expenditures and revenue shortfalls. A detailed overview of HYI's reserves, including funding sources is provided in [Appendix 1](#).

HYI's 2021 budget projects a net surplus, before reserve allocations, of \$380,000. It is important for HYI to continue to generate surpluses to support long-term sustainability. Table 2 shows how the projected surplus will be allocated to the reserves according to the Operating Surplus Policy. [Appendix 2](#) includes projected 2021 reserve ending balances.

Table 2
Allocation of 2021 Operating Surplus to Reserves

	Surplus Allocation (\$000)
Capital Repair and Replacement Reserve	190
Working Capital Reserve	0
Insurance Reserve	0
Operations Reserve	0
Strategic Initiatives Reserve	190
Emergency Housing Reserve	0
Total	380

2021 to 2022 Outlook

The forecast for 2021 to 2022 is based on previously approved strategic directions along with any new initiatives approved by the HYI Board. This financial plan was developed for the operating and capital programs based on forecasted needs.

Table 3
2021 to 2022 Outlook

	2021 Budget (\$000)	2022 Outlook (\$000)
Revenue		
Market rent	9,091	9,181
Subsidized rent	14,146	14,279
Non-rental revenue	1,365	1,340
Regional subsidies	17,471	17,747
Total revenue	42,074	42,547
Expenditures		
Salaries and benefits	8,185	8,598
Administration	1,934	1,868
Facilities	5,822	5,361
Utilities	4,072	4,198
Property taxes	3,508	3,581
Mortgage/debentures	9,361	9,361
Mandatory contributions to reserve	8,812	8,878
Total expenditures	41,694	41,845
Operating surplus before contributions	380	702
Contribution to reserves	380	702
Net surplus/(deficit)	0	0

Revenue

Revenue is projected to increase annually due to the following:

- Market rents are estimated to increase by 1% in 2022
- Regional subsidies in 2022 are assumed to continue at the current calculations/formulas and committed levels
- Rental revenue related to Unionville have not been reflected in the 2022 outlook as total completion is not expected until 2023

Expenditures

Operating expenditures are projected to increase annually due to the following:

- Annual operating expenditures and utility increases are based on the Region's economic assumptions
- Salaries and benefits will increase as five new permanent positions are expected in 2022 due to the addition of the Unionville and Whitchurch-Stouffville Affordable housing developments. Only 50% of the costs related to these positions are reflected in the 2022 outlook
- Facility expenditures related to Unionville have not been reflected in the 2022 outlook as total completion is not expected until 2023

Appendix 1

Summary of Housing York Inc. Reserves

Reserve Name	Purpose	Funding Sources	Limit
Capital Repair and Replacement	Funds for capital repairs for all HYI properties	<ul style="list-style-type: none"> Annual allocation from HYI's operating budget Regional subsidies 50% of annual operating surpluses An annual draw of \$3.6 million from the Regionally Owned Housing Reserve 	None
Working Capital	Funds for short-term cash flow requirements	<ul style="list-style-type: none"> Annual operating surpluses 	\$3,500,000
Insurance	Funds the cost of claims and deductibles	<ul style="list-style-type: none"> Annual allocation from HYI's operating budget Annual operating surpluses 	\$180,000
Operations	Funds for unplanned expenditures and revenue shortfalls	<ul style="list-style-type: none"> Annual operating surpluses 	\$500,000
Strategic Initiatives	Funds for strategic priorities	<ul style="list-style-type: none"> Annual operating surpluses 	\$3,500,000
Emergency Housing	Funds for emergency housing to support capital repairs and operating expenditures	<ul style="list-style-type: none"> Regional subsidies 	None

Appendix 2

2021 Estimated Reserve Balances

	Capital Reserves (\$000)	Working Capital Reserve (\$000)	Insurance Reserve (\$000)	Operations Reserve (\$000)	Strategic Initiative Reserve (\$000)	Emergency Housing Reserve (\$000)
Projected 2021 opening balance	12,055	3,500	180	500	3,486	3,119
Budgeted contribution	8,176					415
Projected reserve interest	229				40	35
Projected expenditures	9,320				1,000	1,206
Contribution from operating surplus	190				190	
Projected 2021 closing balance	11,330	3,500	180	500	2,716	2,363