



## Report of the General Manager

### Strategic Initiatives Reserve Limit Increase

#### Recommendations

The Housing York Inc. Board of Directors approves increasing the Strategic Initiatives Reserve limit from \$3.5 million to \$5 million.

#### Summary

This report seeks the Housing York Inc. Board of Director's (the Board) approval to increase the Strategic Initiatives Reserve limit from \$3.5 million to \$5 million.

#### Background

##### **The Board approved a new long-term fiscal plan for Housing York Inc.**

In [November 2017](#), the Board approved a new long-term fiscal plan for Housing York Inc. (HYI). 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's reserves, a new Operating Surplus Policy that establishes a framework for the allocation of operating surpluses, and an updated Investment Policy to ensure prudent management of HYI's working capital and reserves.

##### **The Operating Surplus Policy establishes a priority framework for allocation of any operating surpluses**

Operating surpluses are transferred to HYI's reserves in the following order:

1. 50% of funds will first be placed in the Capital Repair and Replacement Reserve which has no limit
2. Funds will then be placed in the Working Capital Reserve until it reaches the limit of \$3.5 million which represents approximately one month of operational expenditure activity
3. Funds will then be placed in the Insurance Reserve until it reaches the limit of \$180,000
4. Funds will then be placed in the Operations Reserve until it reaches the limit of \$500,000
5. Any remaining funds will be transferred to the Strategic Initiatives Reserve until it reaches the limit of \$3.5 million

## **The Strategic Initiatives Reserve was established to fund strategic priorities and has a \$3.5 million limit**

As part of the reserve strategy, the Strategic Initiatives Reserve was established to fund strategic priorities such as the upgrade to HYI's property management system and energy conservation initiatives. The Strategic Initiatives Reserve is funded through annual allocations from the operating surplus to a limit of \$3.5 million. Decisions about how to direct the operating surplus once the Strategic Initiatives Reserve reached the limit were not contemplated under the Operating Surplus Policy and are subject to Board approval.

### **Analysis**

#### **The Strategic Initiatives Reserve will reach the \$3.5 million limit in 2020**

In [November 2019](#), the Board approved the Energy and Utilities Management Plan to reduce energy consumption, operating costs and greenhouse gas emissions across HYI's building portfolio. There was \$500,000 budgeted in 2020 from the Strategic Initiatives Reserve to fund the first year of the plan but work was deferred due to COVID-19. This will result in the Strategic Initiatives Reserve exceeding the \$3.5 million limit in 2020 by approximately \$300,000.

### **Financial Considerations**

#### **Increasing the Strategic Initiatives Reserve limit to \$5 million would provide an opportunity to use operating surpluses to support Housing York Inc's Strategic Plan**

It is not anticipated that the Strategic Initiatives Reserve will increase significantly above its current \$3.5 million limit as the \$2.5 million five-year Energy and Utilities Management is funded from the reserve. An increase in the Strategic Initiatives Reserve limit to \$5 million would allow for any unanticipated operating surpluses to be used to support HYI's Strategic Plan, addressing challenges in the Region's affordable rental supply and seeking innovative ways to work to meet demand and support residents.

### **Local Impact**

There is no local municipal impact associated with this report.

### **Conclusion**

The Strategic Initiatives Reserve will reach the \$3.5 million limit in 2020. Increasing the limit to \$5 million would provide an opportunity to use any unanticipated operating surpluses to support HYI's 2021 to 2024 Strategic Plan.

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For more information on this report, please contact Michelle Willson, Director, Program Finance and Chief Financial Officer, Housing York Inc. at 1-877-464-9675 ext. 76064. Accessible formats or communication supports are available upon request.

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