



## Report of the General Manager and Chief Financial Officer

### **2020 Housing York Inc. Annual Report, Including Financial Statements and Annual Information Return**

#### **Recommendations**

1. The Board of Directors receive this report and approve the accompanying Housing York Inc. 2020 Annual Report (Attachment 1) as part of Housing York Inc.'s Annual Report for submission to York Region, as Service Manager and sole shareholder of the Corporation.
2. The Board approve the 2020 Financial Statements and Notes for Housing York Inc. and submit them as part of Housing York Inc.'s Annual Report to York Region, as Service Manager and sole shareholder of the Corporation (Attachment 2).
3. The Board approve the 2020 Annual Information Return for the Housing York Inc. Provincial Reform Program and submit it to York Region, as Service Manager and sole shareholder of the Corporation (Attachment 3).

#### **Summary**

The Amended and Restated Shareholder Direction, approved by the Region in [June 2018](#), requires the Housing York Inc. (HYI) Board of Directors to approve an annual report and audited financial statements for submission to the Region as Service Manager and sole shareholder of the Corporation, along with the 2020 Annual Information Return, a housing program report mandated under the *Housing Services Act, 2011*. There is also a requirement for annual reporting of tenancy management activity in accordance with the Tenancy Management Policy, approved by the Board in [December 2017](#).

This report highlights HYI's 2020 activities and fulfills all reporting requirements of the Corporation. Beginning in 2021, tenancy management activity will be reported through the performance measures identified in HYI's [2021 to 2024 Strategic Plan](#).

Attachment 1 to this report is the 2020 HYI Annual Report proposed for submission to the shareholder, which is also shared with residents. The 2020 Financial Statements and Notes for HYI (Attachment 2) constitute the remainder of the submission to the shareholder. HYI engaged KPMG to perform the audit of the financial statements and to review the Annual Information Return. KPMG is prepared to issue an unqualified opinion of the 2020 financial statements.

## Background

### **Housing York Inc.'s portfolio includes 2,762 rental units and five Regional emergency and transitional housing facilities**

The HYI rental portfolio is comprised of 36 properties, with seven family townhouse properties and 29 apartment buildings, 23 of which are dedicated to seniors. HYI also operates five condominium units acquired through agreements with the City of Richmond Hill under Section 37 of the *Planning Act, 1990*. HYI's rental properties are home to more than 4,500 residents.

HYI also owns the Region's emergency and transitional housing facilities, providing property management and capital repair services to support delivery of Regionally funded homelessness programs. The facilities and associated reserve are reflected in HYI's financial statements. Facility operating and capital repair services are provided on a Regionally funded cost recovery basis. The Region contracts with community agencies to deliver client services in these facilities. Client service related program funding is not reflected in HYI's financial statements.

### **Housing York Inc.'s reporting requirements are governed by legislation and the Shareholder Direction**

In accordance with the requirements of the *Ontario Business Corporations Act, 1990*, and the Shareholder Direction, HYI's annual report and audited financial statements are provided as part of the annual shareholder meeting.

HYI prepares annual audited financial statements that are consolidated with the Region's financial statements. HYI's audit is performed concurrently with the Region's audit, by the same external auditor, ensuring that related-party transactions, such as subsidy transfers and payroll costs, are fully examined at the corporate and shareholder level.

In addition to the financial statements, the auditor reviews the Annual Information Return which is required under the *Housing Services Act, 2011*. The Annual Information Return is a summary of the financial, operating and statistical information of HYI's Provincial Reform portfolio. The Region, as Service Manager, uses this information to verify subsidy entitlement, assess compliance with the *Housing Services Act, 2011*, and for forecasting and budgeting purposes.

Board approval of the annual report, financial statements and information return is required prior to submission to the Region as Service Manager.

## Analysis

### **Housing York Inc.'s annual activities include property management, resident relations and the capital repair program**

Property management encompasses preventative and responsive maintenance, tenancy management and resident programs. The capital repair program includes major repairs and retrofits to existing buildings as well as the energy management program. Development of new buildings is managed and reported through the Region, as are Service Manager functions, such as the subsidized housing waiting list.

## The COVID-19 response impacted all aspects of Housing York Inc.'s 2020 activities

Selected highlights of the 2020 COVID-19 response are summarized below.

- Planned maintenance and responsive repair services were adapted to address COVID-19 safety precautions. Initially all but emergency in-suite work was deferred. As knowledge of transmission risks and corresponding safety precautions grew, including the use of personal protective equipment, HYI resumed high priority work. High priority work included in-suite repairs required to enable residents to remain comfortably in their home as well as health and safety system inspections, and preventative maintenance. Completion of in-suite work required screening of residents, team members and/or contractors, physical distancing precautions, such as requiring the resident to stay in a different part of their home while work was completed in the repair area, as well as the use of personal protective equipment in accordance with standards established by the Region's Employee Health team.
- In March 2020, HYI worked with contractors to retrofit Leeder Place to convert the family shelter into an isolation shelter. The isolation shelter provided individuals experiencing homelessness and who needed to self-isolate with basic needs, health monitoring and care. HYI was also responsible for building maintenance from the date the centre opened on April 3<sup>rd</sup> to the isolation centre's relocation in early December, to better meet the needs of client groups. Families returned to Leeder Place in December 2020 after the completion of deep cleaning, painting and renovation work.
- Under normal circumstances, tenancy management outcomes are reported annually. In 2020, suspension of Landlord and Tenant Board hearings and bans on eviction disrupted HYI's normal tenancy management activities. As a result, HYI provided regular updates on arrears to the HYI Board through the Activity Updates. HYI worked closely with impacted households to connect them to income support programs and to adjust rents where appropriate. Rent arrears as of December 31, 2020 totalled \$224,526 compared to \$83,050 for 2019. The arrears increase is predominantly attributable to market rent households. In all cases, the HYI management team sought to work with households in arrears to establish manageable repayment plans, to avoid future evictions.
- Recognizing the critical need for affordable housing, HYI adapted its business processes to continue leasing units. Showing of vacant units was coordinated either virtually or by appointment with physical distancing precautions. Adaptations included providing new residents with their keys using a lockbox rather than directly from a resident services team member, and sanitizing of move-in elevators before and after use. HYI welcomed 278 new resident households in 2020, including 214 applicants from the Region's subsidized housing waiting list, the remainder being market residents.
- For the safety of residents and team members, in person meetings and programs were cancelled. HYI shifted to telephone and email services for individual resident interactions. Recognizing the resident survey indicated that many residents, particularly seniors, did not regularly use the internet, HYI shared Public Health notices and other essential information by door-to-door delivery of notices. HYI residents also benefitted from a number of Regional programs, including virtual wellness checks, food share adapted to provide safe delivery and Community Paramedicine.

## **Despite COVID-19 related pressures, Housing York Inc. accomplished key 2020 business plan objectives**

The 2020 Annual Report provided as Attachment 1 includes a summary of business plan results. Key accomplishments are detailed below.

- Woodbridge Lane, HYI's newest building, opened at the end of 2019. Market units were fully leased by September 2020. With the exception of twelve accessible units, subsidized units were fully leased at the end of 2020. Overall, the building was 92% leased in 2020. Accessible units were offered to all eligible applicants on the Region's subsidized housing waiting list who had expressed interest in Woodbridge Lane. HYI also offered an accessible unit leasing opportunity to supportive housing agencies, resulting in a head lease agreement with a new agency partner. Leasing of remaining units to seniors who would benefit from the accessibility modifications continued in 2021.
- HYI conducted a comprehensive resident survey in 2019. Results were reported to the Board in [2020](#). Although overall the survey results were very positive, residents identified some opportunities for improvements. In response, during 2020 HYI improved curb appeal at properties where residents noted the need for improvement to exterior grounds. In response to resident preferences for traditional communication channels, HYI continued providing paper communications while encouraging residents who are able to do so to connect with HYI electronically.
- In [November 2020](#), the HYI Board approved *Building Better Together: Housing York Inc.'s 2021 to 2024 Strategic Plan*. The plan advances the organization toward achieving its vision and delivering on its mission through three strategic priorities that reflect input from residents, partners and the Board of Directors. Each strategic priority has specific goals for the next four years, high-level actions to achieve them, and key performance indicators and targets to measure success. The plan includes further responses to areas highlighted in the resident survey, such as enhancing accessibility in HYI properties and improving elevator services through a revised procurement process.

## **Financial Considerations**

### **The auditor's opinion on the 2020 financial statements is free of any qualifications or conditions**

HYI's financial statements were prepared in accordance with the financial reporting provisions in the *Housing Services Act, 2011*. KPMG conducted the annual audit in accordance with generally accepted auditing standards. The Auditor's Report reflects KPMG's opinion that the financial statements present fairly, in all material respects, the financial position of HYI as at December 31, 2020.

### **Housing York Inc. continued to be in a strong financial position in 2020**

Table 1 summarizes HYI's balance sheet as of December 31, 2020, with comparative figures for 2019.

**Table 1**  
**Consolidated Balance Sheet**  
**As at December 31, 2020**

	2019 (\$000)	2020 (\$000)	Variance (\$000)	(%)
<b>Assets</b>				
Current assets	4,062	4,673	611	15%
Restricted cash and investments	22,051	27,381	5,330	24%
Property holdings	221,518	215,776	(5,742)	(3%)
<b>Total Assets</b>	<b>247,631</b>	<b>247,830</b>	<b>199</b>	<b>0%</b>
<b>Liabilities</b>				
Current liabilities	17,687	13,160	(4,527)	(25%)
Building finance	50,837	49,691	(1,146)	(2%)
<b>Total Liabilities</b>	<b>68,524</b>	<b>62,851</b>	<b>(5,673)</b>	<b>(8%)</b>
<b>Equity</b>				
Reserve funds	19,132	24,383	5,251	27%
Shareholder contribution	159,975	160,596	621	0%
<b>Total Equity</b>	<b>179,107</b>	<b>184,979</b>	<b>5,872</b>	<b>3%</b>

Note: totals may not add due to rounding

In 2020, total assets were \$247.8 million, an increase of \$0.2 million (0%) compared to 2019, resulting from:

- An increase in restricted cash and investments due to higher reserve balances
- A decrease in property holdings due to annual mortgage payments

In 2020, total liabilities were \$62.9 million, a decrease of \$5.7 million (8%) compared to 2019, resulting from:

- A decrease in current liabilities of \$4.5 million due mainly to accounting rules that require the mortgage of Heritage East, in the Town of Newmarket, to be reclassified as a long-term liability from a short-term liability upon renewal
- A decrease in building financing of \$1.2 million due to annual mortgage payments offset by an increase due to the reclassification of Heritage East mortgage renewal from current liabilities

In 2020, total equity was \$185.0 million, an increase of \$5.9 million (3%) compared to 2019 resulting from an increase in reserves of \$5.3 million mainly due to lower capital expenditures due to COVID-19.

### **Housing York Inc. generated an operating surplus of \$1.8 million in 2020**

Table 2 summarizes HYI's Statement of Revenue and Expenditures as of December 31, 2020 with comparative figures for 2019.

**Table 2**  
**Consolidated Statement of Revenue and Expenditures**  
**As at December 31, 2020**

	2019 (\$000)	2020 (\$000)	Increase/ (Decrease) (\$000)	Increase/ (Decrease) (%)
Revenue				
Rental and other income	22,596	24,395	1,799	8%
York Region subsidies	18,877	18,373	(504)	(3%)
Total Revenue	41,473	42,768	1,295	3%
Expenses				
Mortgage	8,813	9,331	518	6%
Administration and maintenance	14,064	14,722	658	5%
Property taxes	3,182	3,447	265	8%
Utilities	3,524	3,786	262	7%
Contribution to reserves	9,927	9,687	(240)	(2%)
Total Expenses	39,510	40,973	1,463	3%
Surplus	1,963	1,795	(168)	(8%)

Note: totals may not add due to rounding

Total revenues were \$42.8 million in 2020, an increase of \$1.3 million (3%) over 2019. The increase in revenues was due mainly to an increase in rental revenue from Woodbridge Lane.

Total expenses were \$41.0 million in 2020, an increase of \$1.5 million (3%) over 2019, resulting from:

- Higher administration and maintenance costs due to higher operating contracts, salaries and benefits, and additional costs incurred for personal protective equipment due to COVID-19
- A decrease in contributions to the capital reserve for capital repairs and upgrades (\$0.2 million)

- Higher property taxes, mortgage costs and utilities due to the addition of Woodbridge Lane

### **Housing York Inc. allocated the \$1.8 million operating surplus to specific reserves**

The 2020 operating surplus was \$1.8 million. In accordance with the Board-approved operating surplus policy, HYI allocated \$1.8 million from the operating surplus to reserves. Table 3 shows how the surplus funds were allocated.

<b>Table 3</b>	
<b>Summary of Operating Surplus Allocation</b>	
<b>Reserve</b>	<b>(\$000)</b>
Capital Repair and Replacement Reserve	932
Insurance Reserve	(84)
Strategic Initiatives Reserve	932
Emergency Housing Reserve	15
	<u>1,795</u>

The negative insurance reserve allocation was due to a credit from an insurance claim from 2018. Since the Insurance Reserve has a maximum limit of \$180,000 and it was at its limit, the credit was applied to other reserves.

### **Housing York Inc. invested \$5.5 million in capital repairs and upgrades in 2020**

HYI is committed to maintaining properties in a state of good repair. As part of asset management practices, HYI completes building condition assessments and energy audits for all properties on a regular basis. These assessments identify future capital needs for HYI sites and buildings, taking into consideration items such as age, performance and reliability of building components. Generally, the portfolio is in good condition which is attributable to solid investment in capital repairs and rehabilitation.

In 2020, HYI had 68 active capital projects to increase the safety, accessibility and lifespan of its buildings. Projects included exterior building upgrades, parking lot repairs, elevator modernization, and kitchen and bathroom renovations. Table 4 provides a list of the major capital projects that were active in 2020.

**Table 4**  
**Capital Repair and Replacement Projects Over \$250,000 Active in 2020**

Property	Description
Armitage Gardens, Town of Newmarket	Generator replacement
Fairy Lake Gardens, Town of Newmarket	Building exterior upgrade
Maplewood Place, City of Richmond Hill	Make-up air replacement
Rose Town, City of Richmond Hill	Balcony repairs
Rose Town, City of Richmond Hill	Full site landscaping

Property	Description
Springbrook Gardens, City of Richmond Hill	Front entrance and patio landscape upgrades
Maplewood Place, City of Richmond Hill	Balcony repairs
Oxford Village, Town of East Gwillimbury	Natural gas generators
Kingview Court, Township of King	Parking lot repairs
Lakeside Residences, Town of Georgina	Window replacement
Sutton Youth Shelter, Town of Georgina	Gym and laundry room upgrades
Maplewood Place, City of Richmond Hill	Roof replacement

In addition to the \$5.5 million HYI invested in capital improvements, HYI also received an additional \$0.8 million through federal/provincial programs for capital projects. These projects included installation of gas generators at several emergency housing facilities, window replacements and renovations to the adult day program centre at Keswick Gardens in the Town of Georgina. Subsidy is received for these projects, which flows through the reserve to offset expenses.

By keeping assets in a state of good repair and increasing their safety and accessibility, HYI is striving to maximize the value and lifespan of all buildings in the portfolio.

#### **In 2020, bad debt write-offs totaled \$83,454**

Although rent collection activity continues indefinitely, former resident accounts with no repayment after one year in collections are written off at year-end. Outstanding accounts resulting from the death of a resident and accounts with a total outstanding balance of less than the minimum value required for acceptance by the collection agency (currently \$100), are written off in the year in which the tenancy ended. In 2020, HYI collected \$2,121 from former residents and wrote off \$83,454 in bad debt.

### **Local Impact**

HYI's buildings are located in all of the Region's cities, townships and towns. Effective property management positions HYI to be a good neighbour and positive member of the local community.

The Financial Statements and the Annual Information Return have no impact on local municipalities.

### **Conclusion**

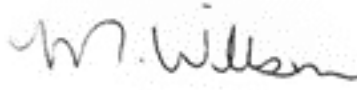
This report provides an overview of HYI's 2020 property management activities, including details regarding the implementation of the Tenancy Management Policy approved by the Board in [December 2017](#).

The 2020 Financial Statements reflect the financial results and position of HYI and are presented in accordance with the provisions in the *Housing Services Act, 2011*.

The 2020 annual report (Attachment 1) will be shared with residents and provided to the Region as shareholder as part of the annual report, which will also include the 2020 audited financial statements and the Annual Information Return.

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For more information on this report, please contact Kerry Hobbs, Director, Operations at 1-877-464-9675 ext. 72071 or Michelle Willson, Chief Financial Officer at ext. 76064. Accessible formats or communication supports are available upon request.



Recommended by: Michelle Willson  
Chief Financial Officer



Kathy Milsom  
General Manager, Housing York Inc.



Approved for Submission: Katherine Chislett  
President, Housing York Inc.

May 20, 2021  
Attachments (3)  
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