

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.



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

Housing York Inc.'s 2021 to 2024 Strategic Plan, [Building Better Together](#), was adopted by the HYI Board of Directors in November 2020. 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 enables 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 achieve its vision, and reflects input and feedback from residents, partners and the Board of Directors.



PRIORITY 1:
Expanded Housing Portfolio

PRIORITY 2:
Inclusive Communities and Successful Tenancies

PRIORITY 3:
Financial Sustainability

The 2022 Business Plan operationalizes the second year of the four-year strategic plan. Details and key results to be achieved by the end 2022 are outlined in the 2022 Business Plan (Attachment 1).

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, protects 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 are used to fund more immediate capital expenses needed for older buildings, smoothing pressures on the reserve over time while ensuring 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 (Public Housing, Provincial Reform and Regional) will contribute enough funding to cover all 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 and Upcoming Developments

Unionville Commons

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. The development will also offer on-site underground resident and visitor parking, with some short-term surface parking, indoor and outdoor amenity spaces for residents, and green/energy efficient building systems.

Construction began in December 2019 and the project is scheduled 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 2021 on this potential two-phase affordable housing development located at 5676 Main Street in the Town of Whitchurch-Stouffville. The first phase of the development includes 97 apartments with a mix of affordable and market rate one, two and three-bedroom units that will serve seniors, families, couples and those living alone.

Planning approvals, detailed engineering and design plans, and preliminary site work was completed in 2021. The tender for the construction contract has been issued and building construction is expected to begin in the fall of 2021, with completion anticipated for end of 2023.

Transitional Housing in the Town of East Gwillimbury and the Town of Georgina

In December 2020, the Region received funding through the Province of Ontario's Social Services Relief Fund (SSRF) Phase Two allocation for developing a minimum of 20 transitional housing units, on two HYI properties, by the end of 2021.

Planning approvals and public consultation took place during the first six months of 2021, with construction beginning in September. The East Gwillimbury project consists of 18 units and will be constructed using prefabricated construction where components will be made off-site in a factory, then transported and assembled on-site. This project will be the first prefabricated construction project for HYI and the Region. The Georgina project will provide eight transitional housing units for youth aged 16 to 26.

Both projects are currently underway and on schedule for substantial completion by the end of 2021, with operations commencing in 2022. While building maintenance services will be provided by HYI on a cost-recovery basis, resident services will be provided by emergency and transitional housing providers already located on the sites, and funded by the Region's Social Services.

Men's Emergency and Transitional Housing in the Town of Aurora

York Region is constructing a new emergency and transitional housing building to replace the existing aging emergency housing building, Porter Place, currently located in the Town of East Gwillimbury. This new building will provide space for more inclusive, diverse and flexible supports for adult men experiencing or at risk of homelessness.

Design of the new emergency and transitional housing building began in 2021. York Region also launched an extensive planning and public engagement processes that will help define the building's form, features and service delivery model.

The development will be co-located with the new Henderson Sewage Pumping Station. Construction of the building is anticipated to begin once construction of the Henderson Sewage Pumping Station is completed in spring 2023. Completion of the emergency and transitional housing building is expected by the end of 2024.

2022 Operating Budget

Overview

HYI's 2022 budget reflects an operating surplus of \$274,000, 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 2022 budget is presented in Table 1 below.

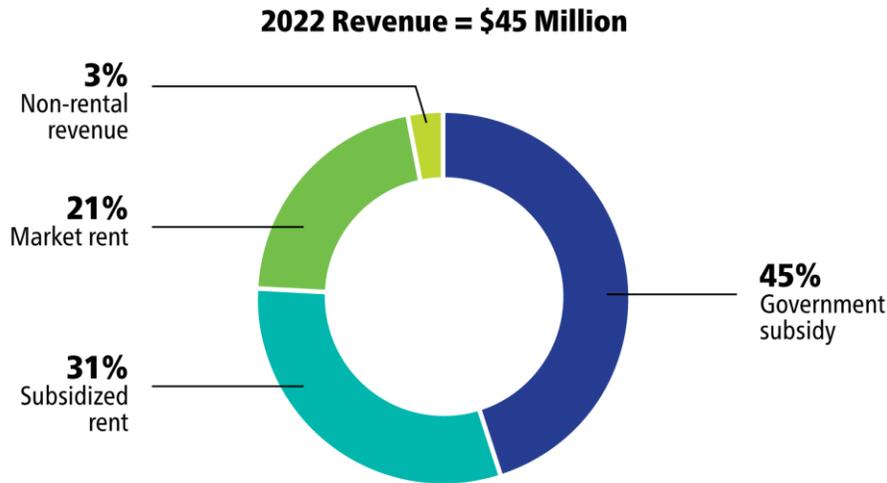
Table 1
2022 Operating Budget

	2021 Budget (\$000)	2022 Budget (\$000)	2022 Budget Variance	
			(\$000)	(%)
Revenue				
Market rent	9,091	9,355	264	2.9%
Subsidized rent	14,146	14,171	25	0.2%
Non-rental revenue	1,365	1,426	61	4.4%
Regional subsidies	17,471	20,054	2,583	14.8%
Total revenue	42,074	45,006	2,932	7.0%
Expenditures				
Salaries and benefits	8,185	8,263	78	1.0%
Administration	1,934	1,851	(83)	-4.3%
Facilities	5,822	6,843	1,021	17.5%
Utilities	4,072	3,918	(154)	-3.8%
Property taxes	3,508	3,606	98	2.8%
Mortgage/debentures	9,361	9,321	(40)	-0.4%
Mandatory contributions to reserve	8,812	10,930	2,118	24.0%
Total expenditures	41,694	44,732	3,038	7.3%
Operating surplus before contributions	380	274	-106	-27.9%
Contribution to reserves	380	274	-106	-27.9%
Net surplus/(deficit)	0	0	0	0.0%

Note: Numbers may not add due to rounding

Revenue

Total revenue is projected to be \$45 million in 2022. 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.

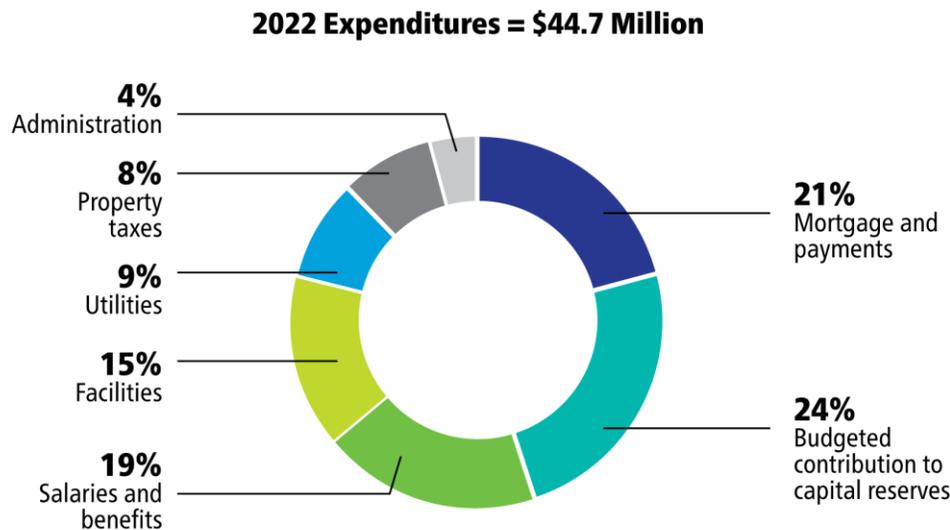


Total revenue is projected to increase by \$2.9 million or 7% over 2021. This increase is due to higher market and non-rental revenue and additional Regional subsidies.

- Market rent is projected to increase by \$264,000 or 2.9%. This increase is based on the 2021 annual market rent forecast plus an increase of 1.2% based on the 2022 Ontario Rent Increase Guideline.
- HYI generates non-residential rental revenue through parking charges, coin laundry and rental of commercial space. Non-residential rental revenue is projected to increase by \$61,000 or 4.4%. This increase is mainly due to the rental of commercial space at Woodbridge Lane.
- Regional subsidies are projected to increase by \$2.6 million or 14.8% largely due to:
 - Increase of \$1.9 million in funding approved through the Investing in Canada Infrastructure Program (ICIP). This program was designed to provide capital funding to community housing providers to address challenges brought on by COVID-19. This funding will be transferred to reserves to offset capital projects identified under the Energy and Utilities Management Plan (EUMP), and upgrades to HYI sites to meet enhanced health and safety protocols.
 - Increase of \$169,000 in subsidy for emergency housing related to 26 transitional housing units to be located on existing HYI emergency housing sites in the Town of East Gwillimbury and the Town of Georgina.
 - Increase of \$393,000 in the provincial reform portfolio based on benchmark indices released by the Ministry of Municipal Affairs and Housing.
 - An inflationary increase of \$87,000 or 2.5% in the public housing portfolio.

Expenditures

Total expenditures are projected to be \$44.7 million in 2022, these being \$165,000 for strategic plan initiatives, \$497,000 for enhanced preventive maintenance programs and \$500,000 related to the introduction of a capital expenditure threshold.



Total expenditures are projected to increase by \$3 million or 7.3% over 2021. The main drivers are:

- Salaries and benefits are projected to increase by \$78,000 or 1%. The methodology of preparing the salaries and benefit budget has changed for 2022. For the 2022 budget, salaries are budgeted at current rates plus a cost of living increase and an allowance for vacancies. In prior budgets, salaries and benefits were budgeted based on the top of the salary grid for the position. The change in methodology will minimize the impact of three additional full-time positions being requested in 2022 (Building Superintendent, Tenant Services Coordinator and Program Manager, Maintenance Programs). These positions are needed to support the 362 units being added to the HYI Portfolio, including 265 units in 2022 at Unionville Commons and 97 units in 2023 at the Whitchurch-Stouffville affordable housing development. To align costs with the addition of Unionville Commons, the budget reflects 25% of the Building Superintendent and 50% of the Tenant Services Coordinator positions being requested in 2022. The 2023 budget will reflect 100% of the cost for these positions.
- Administration expenses are expected to decrease by \$83,000 or -4.3%. This decrease is due to:
 - The temporary decrease of \$190,000 in office lease charges related to the move from 1091 Gorham Street to 17150 Yonge Street in the Town of Newmarket.
 - This decrease is offset by \$30,000 in consulting fees for software upgrades and \$75,000 for multiple surveys included in HYI's Strategic Plan.

- Facility expenses are projected to increase by \$1 million or 17.5%. This increase is related to:
 - An inflationary increase of \$140,000 or 2.8%.
 - A \$497,000 increase for maintenance program enhancements that support health and safety objectives along with supporting HYI's Strategic Plan goal to meet or exceed life expectancy of building components. Enhancements to existing maintenance programs include:
 - Plumbing stack cleaning – Despite education campaigns, in collaboration with York Region Environmental Services, on how to best dispose of fats, oils, grease and wipes, coupled with reduced water flows through pipes from water saving plumbing fixtures, plumbing back-ups are occurring more frequently. Increasing stack cleaning frequency is expected to reduce emergency blockages, backups and unit clean-up costs associated with backups.
 - Dryer vent cleaning for townhouse locations – Dryer vent fires are a leading cause of residential fires. While dryer vent cleaning is a resident responsibility, unit inspections reveal that most residents do not clean their dryer vents. Proactive dryer vent cleaning will help reduce fire risk.
 - Preventative maintenance for electrical distribution and switchgear – Regular inspections, testing and cleaning of low voltage electrical power distribution equipment across all buildings and emergency housing locations will help provide a safe and reliable power system. The program is not mandated by code or regulation; however, the maintenance service is a best practice program recommended by the National Electrical Manufacturers Association, and the Institute of Electrical and Electronics Engineers as equipment ages to prevent serious equipment failure and safety issues. The program will take three years to complete at which time a service schedule will be developed based on the findings of each building's system.
 - An increase to contracted elevator service cost with procurement focusing on value for money rather than low bid.
 - A \$500,000 increase due to the implementation of a \$10,000 threshold for expenditures to be considered capital. Review of HYI's capital expenditures over the last few years indicated not all expenditures being charged to the capital reserve met the definition of a capital expenditure, such as flooring replacement in individual units. A \$10,000 threshold was introduced to charge these types of expenditures to the operating budget. This change will ensure capital reserve funds are preserved and available for large component replacements such as roofs, windows, and ventilation systems.
 - A \$70,000 increase related to the 26 new transitional housing units to be located on existing HYI emergency housing sites in the Town of East Gwillimbury and the Town of Georgina. As noted above, this cost is 100% offset by an increase in subsidy received from Social Services.

- The above increases are offset by \$200,000 for the designated substance survey that was included in the 2021 budget as a one-time expense.
- Utilities are projected to decrease by \$154,000 or -3.8%. This decrease is due to the 18.9% Ontario Electricity Rebate program established by the Ontario government in May 2021.
- Property taxes are projected to increase by \$98,000 or 2.8%. This increase is based on the 2021 annual forecast plus a 2.04% annual inflationary factor provided by the Region.
- Mortgage/debenture payments are projected to decrease by \$40,000 due to one mortgage expiring in November. Two mortgages will be renewing in 2022 and the budget assumes they will be renewed at the same rate.
- Budgeted contributions to capital reserves are projected to increase by \$2.1 million or 24% due to the following:
 - HYI will receive \$1.9 million in ICIP funding to offset capital projects identified under the EUMP, and upgrades to HYI sites to meet enhanced health and safety protocols.
 - An inflationary increase of \$79,000 in the public housing and provincial reform portfolios.
 - An increase of \$56,000 to the emergency housing reserve related to the 26 new transitional housing units to be located on existing HYI emergency housing sites in the Town of East Gwillimbury and the Town of Georgina. This cost is fully funded by Social Services.

2022 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.

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.

The 2022 capital budget is \$13.2 million. Of this, \$11.3 million is funded by HYI's reserves and the remaining \$1.9 million is funded under the ICIP.

HYI plans to invest \$11.3 million in capital design, repairs and upgrades during 2022. A significant amount of the expenditures will go towards site improvements including bathroom and kitchen refurbishments with accessibility considerations, window, sidewalks and curbs and roof system replacements, balcony slab and

railing restorations, and replacement of mechanical systems. Within the 2022 capital budget, \$570,000 is dedicated towards design of projects for 2023.

Investing in Canada Infrastructure Program

In November 2020, the federal government created a new funding stream under ICIP to address the challenges faced by communities due to the COVID-19 pandemic. The expanded program takes steps to address the current health crisis and support economic stability. The federal government will be responsible for cost-sharing 80% of project costs and the remaining 20% will be cost-shared by the province. Municipalities will not be required to participate in cost-sharing, to ensure they receive as much fiscal support as possible.

Eligible projects must support public infrastructure, defined as tangible capital assets, including temporary infrastructure related to pandemic response that is primarily for public use and/or benefit. Projects must be completed by December 2023. Through the Region, HYI is the recipient of \$3.75 million in funding for the projects listed in Table 2:

Table 2
Investing in Canada Infrastructure Projects

Project	Year			Total (\$000)
	2021 (\$000)	2022 (\$000)	2023 (\$000)	
Site improvements at Leeder Place	1,320	-	-	1,320
Energy and utility management enhancements	80	1,500	-	1,580
Health and safety measures	-	270	270	540
Reconfiguration of site offices	-	115	115	230
Access control at Armitage Gardens	-	40	40	80
Total	1,400	1,925	425	3,750

Energy Conservation Initiatives

In [November 2019](#), the HYI Board of Directors approved the 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.

Projects totaling \$1.5 million identified under EUMP qualified and received approval under the new ICIP funding stream. This amount represents three years of funding for the EUMP to complete work that was planned in 2020 and 2021 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.

2022 Capital Expenditures = \$13.2 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 2022 budget projects a net surplus, before reserve allocations, of \$274,000. It is important for HYI to continue to generate surpluses to support long-term sustainability. Table 3 shows how the projected surplus will be allocated to the reserves according to the Operating Surplus Policy. [Appendix 2](#) includes projected 2022 reserve ending balances.

Table 3
Allocation of 2022 Operating Surplus to Reserves

	Surplus Allocation (\$000)
Capital Repair and Replacement Reserve	137
Working Capital Reserve	0
Insurance Reserve	0
Operations Reserve	0
Strategic Initiatives Reserve	137
Emergency Housing Reserve	0
Total	274

2022 to 2026 Outlook

The forecast for 2022 to 2026 is based on previously approved strategic directions. This financial plan was developed for the operating and capital programs based on forecasted needs.

Table 4
2022 to 2026 Outlook

	2022 Budget (\$000)	2023 Outlook (\$000)	2024 Outlook (\$000)	2025 Outlook (\$000)	2026 Outlook (\$000)
Revenue					
Market rent	9,355	10,297	11,796	12,136	12,291
Subsidized rent	14,171	14,853	16,015	16,330	16,475
Non-rental revenue	1,426	1,533	1,931	1,993	2,012
Regional subsidies	20,054	18,400	18,205	18,094	18,319
Total revenue	45,006	45,083	47,947	48,553	49,097
Expenditures					
Salaries and benefits	8,263	8,668	8,821	8,977	9,135
Administration	1,851	2,034	2,223	2,243	2,262
Facilities	6,843	7,075	7,535	7,608	7,747
Utilities	3,918	4,314	4,786	4,959	5,141
Property taxes	3,606	3,893	4,239	4,325	4,413
Mortgage/debentures	9,321	9,289	9,780	9,407	9,407
Mandatory contributions to reserve	10,930	9,514	9,866	9,921	9,978
Total expenditures	44,732	44,788	47,250	47,440	48,083
Operating surplus before contributions	274	295	697	1,113	1,014
Contribution to reserves	274	295	697	1,113	1,014
Net surplus/(deficit)	0	0	0	0	0

Revenue

Revenue is projected to increase annually due to the following:

- Market rents to increase annually by 1.2%;
- Subsidized rents to increase annually by 1%;
- Regional subsidies are assumed to continue at the current calculations/formulas and committed levels;
- A decrease in subsidies due to a mortgage expiry in the 2025 outlook year; and
- Increase in revenue with the addition of a full year of revenue for Unionville Commons and the addition of Whitchurch-Stouffville affordable housing development beginning in the 2023 outlook year.

Expenditures

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

- Annual operating expenditures and utility increases based on the Region's economic assumptions;
- Salaries and benefits will increase in the 2023 outlook year as two new permanent positions will be added due to the addition of the Unionville Commons and Whitchurch-Stouffville developments;
- A decrease in mortgage costs due to a mortgage expiry in the 2025 outlook year; and
- Increase in operating expenditures with the addition of a full year of expenses for Unionville Commons and the addition of Whitchurch-Stouffville developments beginning in the 2023 outlook year.

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 	\$5,000,000
Emergency Housing	Funds for emergency housing to support capital repairs and operating expenditures	<ul style="list-style-type: none"> • Regional subsidies 	None

Appendix 2

2022 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 2022 opening balance	16,170	3,500	180	500	4,525	3,417
Budgeted contribution	8,680				1,500	471
Projected reserve interest	245					34
Projected expenditures	(11,167)				(1,500)	(544)
Contribution from operating surplus	137				137	
Projected 2022 closing balance	14,065	3,500	180	500	4,662	3,378
Maximum Balances per HYI's Reserve Policy	None	3,500	180	500	5,000	None