



Report of the General Manager

2022 Housing York Inc. Annual Report, Including Financial Statements and Annual Information Return

Recommendations

1. The Board of Directors approve the Housing York Inc. 2022 Annual Report (Attachment 1) as part of Housing York Inc.'s submission to York Region, as sole shareholder of the Corporation.
2. The Board approve the 2022 Financial Statements and Notes for Housing York Inc. (Attachment 2) and submit them as part of Housing York Inc.'s Annual Report to York Region, as Service Manager and sole shareholder of the Corporation.
3. The Board approve the 2022 Annual Information Return for Housing York Inc. Provincial Reform Program (Attachment 3) and submit it to York Region, as Service Manager.

Summary

This report highlights Housing York Inc.'s (HYI's) 2022 activities and fulfills reporting requirements of the Corporation to York Region as sole shareholder and Service Manager.

Key points:

- In accordance with requirements of the *Ontario Business Corporations Act, 1990*, and the Amended and Restated Shareholder Direction, HYI's Annual Report (Attachment 1) and 2021 Financial Statements and Notes (Attachment 2) are provided as part of the annual shareholder meeting
- The 2022 Annual Information Return (Attachment 3) provides financial, operating and statistical information of HYI's Provincial Reform portfolio and requires Board approval for submission to York Region as Service Manager as mandated under the *Housing Services Act, 2011*
- The Auditor's Report reflects KPMG's opinion that the financial statements present fairly, in all material respects, the financial position of HYI as of December 31, 2022. While also responding to pandemic impacts, HYI effectively carried out building maintenance and development projects, reinstated in-person resident engagement activities, and achieved notable success in completing 36 out of 53 actions, representing over 68% of the organization's 2022 business plan objectives.

Background

The portfolio for Housing York Inc. includes 2,762 rental units and six Regional emergency and transitional housing facilities

In 2022, HYI provided a home to over 4,500 residents. HYI's rental housing portfolio is comprised of 36 properties, with seven family townhouse locations and 29 low and high-rise apartment buildings, 23 of which are dedicated to seniors. HYI also owns and operates five condominium units acquired through agreements with the City of Richmond Hill under Section 37 of the *Planning Act, 1990*.

The portfolio also includes all six of the Region's emergency and transitional housing facilities. HYI provides property management and capital repair services to support delivery of Regionally funded homelessness programs. The HYI Financial Statements include the costs related to these facilities as well as associated reserves. The Region funds facility operating and capital repair services on a cost recovery basis. Community agencies, contracted by the Region, deliver client services in the emergency and transitional housing facilities. Client services 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 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 Provincial Reform portfolio includes buildings constructed in the late 1980s and 1990s that were transferred to the Region in 2001 from the Province. 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 Annual Information Return is required prior to submission to the Region as Service Manager and shareholder.

Analysis

Housing York Inc.'s 2022 property management highlights include pandemic response efforts, fostering resident engagement through the 2022 survey and reintroduction of resident social events, and successfully executing the 2022 Business Plan actions

The 2022 HYI Annual Report (Attachment 1) demonstrates progress and achievements to meet the 2021 to 2024 strategic plan objectives while fulfilling HYI's vision as a leader in affordable housing, by building inclusive communities that everyone can be proud to call home. Throughout 2022, HYI consistently demonstrated its dedication to assisting residents as they navigated the shift toward a changing pandemic landscape. The organization's resilient and adaptive approach to service delivery facilitated a smoother recovery process. The subsequent

2022 highlights exemplify HYI's unwavering commitment to being a responsible and caring landlord:

- **Strengthening communities and supporting resident well-being:** As COVID-19 restrictions eased, HYI prioritized the well-being and re-engagement of residents with in-person events. Proactive wellness checks were conducted to link residents with appropriate services and support resident safety during challenging times. COVID-19 rapid antigen test kits were distributed to seniors' communities. HYI emphasized meaningful resident engagement to create connected neighborhoods and foster a sense of pride in all HYI communities through ice cream truck and barbecue social events to facilitate open and inclusive interactions among residents.
- **Championing Diversity and Inclusion:** HYI pursued several inclusivity activities throughout 2022 by offering ongoing employee equity, diversity and inclusion training; supporting community diversity through translated tenancy materials and bilingual translation services to support Unionville Commons in the City of Markham, new building rent-up; and providing accessible documents in plain language and alternative formats.
- **Achieving an 80% resident satisfaction rating:** In collaboration with CCI Research, HYI conducted a comprehensive resident satisfaction survey assessing communications with resident, building services and upkeep, community well-being, and overall satisfaction. With an impressive 1,284 responses from the 2,687 households surveyed, representing a response rate of nearly 50%, the survey results demonstrated HYI's commitment to high-quality service and resident satisfaction, surpassing comparative benchmark averages. Additionally, residents gave a 96% satisfaction rating regarding the respectfulness of team members. The 2022 resident survey results showcased remarkable improvements in nearly every aspect evaluated, with numerous outcomes meeting or surpassing established strategic plan goals.
- **Supporting Pandemic Recovery:** Despite challenges such as Landlord and Tenant Board (LTB) hearing delays, the termination of government COVID-related financial aid, and inflation, HYI remained dedicated to assisting residents with financial difficulties. The organization connected residents with income programs and support services, exceeding the 2022 Business Plan target for households in good standing, and preserving 100% of at-risk tenancies.
- **Addressing Rent Arrears:** In 2022, rent arrears at HYI rose significantly from previous years. Rent arrears increased to 1% of total rents, compared to 0.2% in 2019 with 259 households owing a total of \$435,447. Although HYI issued 450 N4 Notices (Notice to End a Tenancy for Non-Payment of Rent) to 273 households and requested 26 LTB hearings, all tenancies were preserved by connecting residents with financial supports and offering rent repayment plans. Ongoing capital investment in new developments and the existing portfolio addresses Regional housing needs while ensuring Housing York Inc. buildings are responsibly and efficiently run and well maintained

Capital investments in 2022 supported several key accomplishments to ensure current and future HYI residents enjoy well-maintained and sustainable buildings that optimized expected asset life cycles. In 2022 asset management highlights included:

- Investing \$6.4 million in the existing housing portfolio through 62 active projects to improve resident safety, accessibility, service reliability and expand the lifespan of HYI buildings. Residents are well supported as capital projects take place in residents' homes through continuous engagement and communications throughout all stages of the

project delivery process. This commitment has resulted in HYI residents rating capital repair projects with an overall satisfaction rating of 86%.

- Light-emitting diode lighting retrofits completed at Blue Willow Terrace in the City of Vaughan and Mackenzie Green in the City of Richmond Hill, will achieve reduction of greenhouse gas emissions and long-term cost savings, as endorsed by the Board approved [HYI Energy and Utilities Management Plan 2020 to 2024](#).
- The heating management system at the Richmond Hill Hub in the City of Richmond Hill is nearing completion. It will improve resident comfort, reduce energy costs and decrease greenhouse gas emissions.
- In 2022, HYI's portfolio of facilities had a replacement value of approximately \$1.2 billion and a facility condition index of 5.4%. Assets are in fair to very good condition with an average age of 33 years. The facilities condition index has increased above the portfolio target of 5% due to project delivery backlog resulting from the COVID-19 pandemic. The annual capital budget has been increased for the years of 2023-2027 to address deferred work to return to a facility condition index below the 5% target.
- Construction is nearing completion for a new seniors building, Unionville Commons in the City of Markham, and a mixed family development in the Town of Whitchurch-Stouffville is being constructed. These buildings will add 362 units to the HYI portfolio to help address York Region's housing needs.

HYI's community housing development and capital repair projects showcase the commitment to creating vibrant, inclusive, and sustainable communities while ensuring the housing portfolio remains in good condition for current and future residents.

Housing York Inc. made steady progress towards strategic plan commitments in the face of pandemic impacts

In November 2020, the Board approved [Building Better Together: Housing York Inc.'s 2021 to 2024 Strategic Plan](#) which outlines HYI's vision for addressing York Region's housing challenges through three strategic priorities: expanding the housing portfolio, fostering inclusive communities and successful tenancies, and ensuring financial sustainability.

Over the course of 2022, HYI worked to implement commitments outlined in the [2022 HYI Business Plan](#), which operationalizes the second year of the [2021 to 2024 HYI Strategic Plan](#). The 2022 HYI Annual Report (Attachment 1) details the year-end performance against the 2022 business plan goals and objectives.

In 2022, HYI completed 36 actions, which represents 68% of the total actions planned for the year as set out in the Business Plan. HYI also met or exceeded 32 targets, accounting for 62% of the total targets. 2022 posed challenges through continued impacts of the pandemic, including trade strikes and shortages of materials. Some work was delayed to align with upcoming plans, such as the Community Housing Development Master Plan and a community partnership plan, the latter of which will reflect a strategic approach to program and service planning to better connect residents to services based on their needs. A consultant will be hired to undertake a comprehensive review to identify programs that support stable tenancies and encourage resilient communities through best practice research, interviews and resident survey results. Actions that were not completed will be carried over into 2023 to help ensure HYI is well-positioned to meet the overall four-year targets. Highlights of 2022 accomplishments are included below.

Highlights for Strategic Priority 1: Expanded Housing Portfolio

- A total of 825 units were in the planning and development stage (762 community housing units and 63 transitional units), surpassing the 2022 target of 480.
- Construction of Passage House in the Town of East Gwillimbury was completed, adding 18 new transitional units to York Region's emergency and transitional housing system, with occupancy achieved in the fall of 2022.
- Three development concepts and feasibility assessments were completed in collaboration with developers, local municipalities (Town of Georgina) and Regional partners, amounting to a total of six concepts since 2021, which exceeded the 2022 target of five cumulative concepts. These concepts are related to sites in the Towns of Aurora and Georgina, and the Township of King.

Highlights for Strategic Priority 2: Inclusive Communities and Successful Tenancies

- The 2022 resident survey achieved the highest response rate to date with residents indicating significant improvements in almost all areas assessed, with numerous results meeting or surpassing targets. For instance, 96% of residents reported that staff were respectful, exceeding the four-year target of 93%.
- As of December 31, 2022, 91% of households maintained good standing with their rent, despite the pandemic's negative effects, surpassing the target of 90%. If residents fall behind on rent and are at risk of eviction, HYI moves quickly to offer residents reasonable repayment plans and connects them to agency supports to maintain their tenancy.

Highlights for Strategic Priority 3: Financial Stability

- In terms of life cycle value for building components, 96% of assets reached or exceeded the expected useful life, surpassing the four-year target of 90%.
- To ensure the operational self-sustainability of new developments, market rents ranging from \$1,800 to \$2,450 were established for Unionville Commons in the City of Markham while maintaining 70% of units as subsidized.

Financial Considerations

The auditor's opinion on the 2022 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 of December 31, 2022.

Housing York Inc. continued to be in a strong financial position in 2022

Table 1 summarizes HYI's balance sheet as of December 31, 2022, with comparative figures for 2021.

Table 1
Consolidated Balance Sheet
as at December 31, 2022

	2021	2022	Variance	
	(\$000)	(\$000)	(\$000)	(%)
Assets				
Current Assets	29,203	13,777	(15,426)	(53%)
Investments	8,454	26,470	18,016	213%
Property Holdings	209,977	208,613	(1,364)	(1%)
Total Assets	247,634	248,860	1,226	0%
Liabilities				
Current Liabilities	17,458	11,280	(6,178)	(35%)
Building Finance	37,237	36,422	(815)	(2%)
Other LT Liabilities	-	25	25	NA
Total Liabilities	54,695	47,727	(6,968)	(13%)
Equity				
Reserve Funds	31,579	34,358	2,779	9%
Shareholder Contribution	161,360	166,775	5,415	3%
Total Equity	192,939	201,133	8,194	4%

Note: totals may not add due to rounding

In 2022, total assets were \$248.9 million, an increase of \$1.2 million (0%) compared to 2021 resulting from:

- A decrease in current assets due to a decrease in cash resulting from investment purchases partially offset by higher subsidies
- An increase in investments due to \$18.8 million in bond and T-Bill purchases in 2022
- A decrease in property holdings due to annual mortgage payments partially offset by the addition of Passage House

In 2022, total liabilities were \$47.7 million, a decrease of \$7 million (13%) compared to 2021 resulting mainly from annual mortgage payments.

In 2022, total equity was \$201.1 million, an increase of \$8.2 million (4%) compared to 2021 resulting mainly from an increase in reserves of \$2.8 million due to lower capital expenditures and an increase of \$4.8 million in shareholder contribution due to the addition of Passage House in the Town of East Gwillimbury. Passage House was developed by the Region through funding from the United Way and the Province's Social Services Relief Fund and then transferred to HYI to manage.

Housing York Inc. generated an operating surplus of \$122,194 in 2022

Table 2 summarizes HYI's Statement of Revenue and Expenditures as of December 31, 2022, with comparative figures for 2021. The operating surplus was allocated to the Emergency Housing Reserve.

Table 2
Consolidated Statement of Revenue and Expenditures
as of December 31, 2022

	2021 (\$000)	2022 (\$000)	Increase/ (Decrease) (\$000)	Increase/ (Decrease) (%)
Revenue				
Rental and other income	24,604	26,077	1,473	6%
York Region subsidies	18,304	20,824	2,520	14%
Contribution from reserves	-	226	226	NA
Total Revenue	42,908	47,127	4,219	10%
Expenses				
Mortgage	9,339	9,346	7	0%
Administration and maintenance	14,962	17,316	2,354	16%
Property taxes	3,519	3,875	356	10%
Utilities	3,693	4,150	457	12%
Contribution to reserves	9,495	12,319	2,824	30%
Total Expenses	41,008	47,005	5,997	15%
Surplus	1,900	122	(1,778)	(94%)

Note: totals may not add due to rounding

Total revenues were \$47.1 million in 2022, an increase of \$4.2 million (10%) over 2021 resulting from:

- An increase in rental and other income due to higher investment income from additional investment purchases in 2022 and higher rents paid by residents
- Higher subsidies due to an increase in government funded capital projects (\$1.6 million) and a one-time contribution for emergency housing (\$0.7 million)
- A contribution of \$0.2 million from the Operations Reserve to offset inflationary pressures

Total expenses were \$47 million in 2022, an increase of \$6 million (15%) over 2021 resulting mainly from:

- Higher administration and maintenance costs due to supply chain disruptions and significant inflationary pressures (\$2.4 million)
- Higher property taxes due to one-time property re-assessments for Woodbridge Lane in the City of Vaughan and the Richmond Hill Hub
- Higher utilities due to rising fuel charges and increased water and stormwater rates
- An increase in contributions to reserves for capital repairs and upgrades due to a one-time contribution for emergency housing (\$0.7 million) and higher subsidies for government funded projects (\$1.6 million)

Housing York Inc. invested \$6.4 million in capital repairs and upgrades in 2022

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 fairly good condition which is attributable to solid investment in capital repairs and rehabilitation. The HYI portfolio currently has an average age of 33 years with a facility condition index of 5.4% indicating that assets are in fair to very good condition.

In 2022, HYI had 62 active capital projects to increase the safety, accessibility and lifespan of its buildings. Projects included roof replacements, exterior building upgrades and generators. Table 3 provides a list of the major capital projects that were active in 2022.

Table 3
Capital Repair and Replacement Projects Over \$250,000 Active in 2022

Property	Description
Armitage Gardens, Town of Newmarket	Foundation waterproofing
Armitage Gardens, Town of Newmarket	Roof replacement
Founders Place, Town of Newmarket	Natural gas generators
Mulock Village, Town of Newmarket	Front entrance and porch landscape upgrades
Northview Court, Town of Georgina	Roof replacement
Trinity Square, City of Markham	Vinyl siding replacement
Oxford Village, Town of East Gwillimbury	Natural gas generators
Northview Court, Town of Georgina	Balcony refurbishment
Leeder Place, Town of East Gwillimbury	Fire pond upgrades, well water installation and replacement of on-site sewage treatment
Various Locations	Lighting retrofit
Various Locations	Retrofit of central heating management system
Sutton Youth Services, Town of Georgina	Building upgrades

Of the \$6.4 million HYI invested in capital improvements in 2022, HYI received \$2.2 million through Federal and Provincial programs for capital projects. These projects included building upgrades at Sutton Youth Services in the Town of Georgina, site improvements at Leeder Place in the Town of East Gwillimbury, and retrofits of the central heating management system and lighting at various locations. 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 2022, bad debt write-offs totalled \$86,817

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 2022, HYI collected \$2,755 from former residents and wrote off \$89,571 in bad debt.

Local Impact

HYI 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

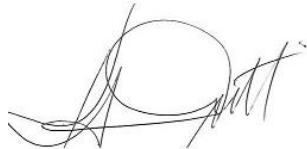
This report provides an overview of HYI's activities over the 2022 fiscal year, detailing progress made towards the *HYI 2021 to 2024 Strategic Plan, Building Better Together*, and highlighting property management activities to support residents during the second year of the pandemic. The 2022 activities are presented as Attachment 1 and will be provided to the Region, as Shareholder, as part of the 2022 Annual Report.

The 2022 Financial Statements reflect the financial results and position of HYI and are presented in accordance with the provision in the *Housing Services Act, 2011*. The report includes the 2022 Financial Statements and Notes for HYI (Attachment 2), and Annual Information Return (Attachment 3) to fulfill the Corporation's reporting requirements to the Region.

For more information on this report, please contact Josh Scholten, Acting Director, Housing Operations at 1-877-464-9675 ext. 72004 or Michelle Willson, Chief Financial Officer at ext. 76064. Accessible formats or communication supports are available upon request



Recommended by: Kathy Fischer
General Manager, Housing York Inc.



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

May 30, 2023

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Attachment #1 – 2022 Annual Report
Attachment #2 – 2022 Financial Statements
Attachment #3 – 2022 Annual Information Return