

## Report FR-SS-27-14

**To:** Chair Burley and Members of the Social Services Committee  
**From:** Mary Lou Spicer, Deputy Director of Finance  
**Meeting Date:** July 16, 2014  
**Subject:** **Housing Financial Update and Year-End Projection as of May 31, 2014**  
**Status:** Recommendation adopted by Committee as presented per Resolution SSC51-14; Endorsed by County Council August 5, 2014 per Resolution CC109-014;

### Recommendation(s)

**THAT the Social Services Committee receive Report FR-SS-27-14 regarding a Financial Update and Year-End Projection as of May 31, 2014 for the Housing Department.**

### Background

The purpose of this report is to provide members of the Social Services Committee with a financial update for the Housing Department based upon financial statements as of May 31, 2014.

### *Summary*

This report is based upon May 2014 financial statements as well as having taken into account known expenses that have been incurred since that time as well as calculating best estimates for the remainder of the year.

Summary of Projected Housing Year-End Surplus/(Deficit)	Projected Year-End Surplus/(Deficit)
Housing Operating Budget	(\$244,600)
Housing Programs	\$0
Investment in Affordable Housing	\$0
Non Profit Housing	\$0
Housing Capital Budget	\$0

Summary of Projected Housing Year-End Surplus/(Deficit)	Projected Year-End Surplus/(Deficit)
Total	(\$244,600)

### *Housing Operating Budget*

The Housing operating budget has several pressure points and is expected to end the year with a budget shortfall of approximately \$244,600 as a result of higher than budgeted costs for salaries and benefits, building maintenance, insurance and snow removal. At this point, staff does not have sufficient information to project any potential savings in the utility or property tax budget lines; it is anticipated that the budget for these accounts is adequate.

Revenue from tenants is on target and totaled approximately \$2,300 more than budgeted at May 31. Salaries and benefits will exceed budget by \$93,000 and this is a combination of unbudgeted settlement and reorganization costs and the impact of the non-union grid adjustment, offset by the vacant administrative assistant position.

The cost of rehabilitating units at vacancy continues to put pressure on the maintenance of buildings budget lines as floor replacement, clean up and repairs occur in more units and at a higher cost than anticipated. The budget for this work totals \$178,400 and \$65,800 is remaining for the balance of the year. A five year average of 2009-2013 building maintenance costs totals \$243,000; using this as an estimate indicates a budget shortfall of \$64,600 could result at year-end.

Any savings from the budget for property taxes cannot be determined at this time as few final billings have been received; for those properties that have a final billing, savings currently total \$33,000. It is anticipated that the property tax budget will be sufficient to the end of the year and staff is hopeful that savings will exist that may be used to offset the anticipated shortfall.

The insurance invoice will not be received until September; it is expected that this budget will have a shortfall as the 2013 premium totaled \$102,500 and represented a 13% increase over 2012. The 2014 budgeted amount is \$106,000 and if a similar increase occurs, this will result in a budget shortfall of \$10,000.

It is difficult to predict the year-end position for the utility budgets; for most buildings four months' invoices had been received at the time the financial statements were reviewed. Hydro is the greatest challenge to predict due to significant fluctuations in the charge for global adjustment and a lack of control over energy consumption in the family unit properties. At this point, it is believed that the combined budgets for heat, hydro and water are sufficient; as more invoices are received, this projection will be refined.

The cost for snow removal in the first four months of the year exceeds the annual budget by \$34,300; after calculating the average costs over the past five years for November and December, it is estimated that a shortfall totaling \$77,000 will exist at year-end in this budget line.

### *Housing Programs*

The Housing Programs budget includes Rental and Supportive Housing subsidy to Owen Sound Municipal Non Profit, Delivering Opportunities to Ontario Renters (DOOR) for one affordable housing project that is not fully complete in Durham and funds repaid under the previous Home Ownership Program. These programs do not have a levy requirement and therefore will not generate a surplus or deficit at year-end.

### *Investment in Affordable Housing (IAH)*

Similarly, the IAH Programs are 100% Ministry funded and program intake winds down once funds are committed to applicants.

### *Non Profit Housing*

Subsidy to non-profit housing providers was \$14,200 less than budget at May 31 and is expected to be sufficient for the remainder of the year.

### *Housing Capital Budget*

In report HDR-SS-07-14, the Housing Manager received approval to proceed with an unbudgeted basement foundation waterproofing project at Alpha Street in the amount of \$125,000 including contingency with work funded by savings from 2014 awarded capital projects or if insufficient savings result, the remaining balance funded from the Housing Reserve. This project will go to tender shortly; \$87,000 from savings from awarded capital projects is currently available to assist with the cost of this project. Staff is also working on an emergency repair to the septic system at Holstein, in the interim the tank is being pumped weekly and the cost of the project is unknown at this time.

## Financial / Staffing / Legal / Information Technology

### Considerations

As of the end of May, the review of the actual to budget projects that the Housing department will have a budget shortfall of approximately \$244,600 at year-end.

Staff will continue to monitor the financial statements; financial projections will be updated and presented to the Social Services Committee later this year.

## Link to Strategic Goals / Priorities

The analysis of current financial statements compared to the approved budget is a key mechanism to ensure Council's goals of ensuring financial sustainability and ongoing public accountability are maintained.

Attachments - none

Respectfully submitted by,

Mary Lou Spicer  
Deputy Director of Finance

Director Sign Off: *Kevin Weppler, Director of Finance*