

Report FR-SS-38-15

To: Chair Burley and Members of the Social Services Committee
From: Mary Lou Spicer, Deputy Director of Finance
 Anne Marie Shaw, Director of Housing
Meeting Date: November 10, 2015
Subject: **Housing Financial Update and Year End Projection as of September 30, 2015**
Status: Recommendation adopted by Committee as presented per Resolution SSC93-15; Endorsed by County Council November 24, 2015 per Resolution CC159-15;

Recommendation

THAT Report FR-SS-38-15 regarding a Financial Update and Year-End Projection as of September 30, 2015 for the Housing Department be received for information.

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 September 30, 2015.

Summary

This report is based upon September 2015 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	(\$60,000)
Housing Programs	\$0
Investment in Affordable Housing	\$0
Non Profit Housing	\$0
Housing Capital Budget	\$0
Total	(\$60,000)

Housing Operating Budget

Based upon the September financial statements, it is expected that a shortfall of \$60,000 will exist in the operating budget at year-end; this projection has not substantially changed from report FR-SS-22-15 that was based on the May financial statements. The greatest challenges in predicting a year-end position for the housing operating budget continue to be utility costs and unit rehabilitation costs upon vacancy. Hydro costs are difficult 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 anticipated that the combined budgets for heat, hydro and water will be sufficient to year-end.

The administration budget should generate approximately \$3,700 in savings; small savings exist in a number of lines with the largest variances occurring in the budgets for insurance and federal grant. The insurance proposal shows that the premium renewal should total \$24,000 less than budget; staff anticipates that the invoice will be received within the next few weeks. The savings are largely offset by a difference in the amount budgeted for the federal conditional grant that will be \$21,225 less than budgeted.

Revenue from tenants totaled \$17,000 less than budget to September 30; in the previous financial report based on May financial statements the revenue shortfall was comparable. Staff now anticipates a tenant revenue shortfall of \$26,000 in comparison to the previously projected \$37,700.

Property management staff is working with the goal of keeping building maintenance costs within budget while ensuring residents have a properly maintained and safe environment in which to live. The cost of rehabilitating units at vacancy will remain a budgetary pressure as floor and bathroom replacements, clean up and repairs occur in more units. The year-to-date budget for this work totals \$178,940 as compared to the actual amount spent of \$215,700. The 2015 budget for this line was increased by \$60,200 to \$238,600 based on the five year average of 2009-2013 costs that totaled \$243,000. In comparison, staff anticipates that costs will exceed budget by \$50,000 at year-end resulting in an actual amount spent of \$265,700. Savings from the budget for property taxes total \$26,000 and will be used to offset the shortfall.

The cost of snow removal also continues to be a challenge with the cost for the first four months of the year totaling \$122,900 and this leaves \$23,200 available for the remainder of the year. If the mild weather continues to the end of November and assuming December aligns with the five year average, a budget shortfall of \$11,500 will result at year-end. Other budget line savings and shortfalls are expected to result in an additional \$2,200 shortfall for a net property management deficit position of \$63,700.

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)

Similar to the Housing Programs budgets, the IAH Programs are 100% Ministry funded and program intake winds down once funds available for the year are committed to applicants.

Non Profit Housing

The financial statements to September 30 reflect a small surplus totaling \$14,900 and the budget for this program is considered sufficient for the remainder of the year.

Housing Capital Budget

The capital program has been adjusted in order to provide funding for capital projects that came in over budget or alternately, staff recommended the project be deferred and rebudgeted due to insufficient funds. The capital budget has benefited from \$23,000 in work to insulate family housing units that was done instead under the EcoFit program at no cost to Grey County. These funds have been used to offset over expenditures in other capital projects. After taking into consideration savings in awarded projects, the capital budget is at a break-even point. This reflects the tender for the Alpha Street Improvements (HDR-SS-15-15) that had a budget shortfall of \$56,626; the motion states the shortfall will be funded from savings from other 2015 capital projects or if insufficient savings result, the Housing Reserve. Several projects have not yet been awarded but it is anticipated that there will be sufficient savings from the 2015 capital budget to fund the shortfall for this project. In the December report to Committee, staff will recommend carrying several more projects over to 2016 than were included in the draft 2016 budget; this will not have a budget impact as the funds will be transferred in 2015 to reserve for use in 2016.

Financial / Staffing / Legal / Information Technology Considerations

As of the end of September the review of the actual to budget projects that the Housing department will have an operating budget shortfall of approximately \$60,000 at year-end. It is anticipated that the capital budget will have a break-even point.

Staff will continue to monitor the financial position with a report recommending treatment of year-end surplus/deficit brought forward to the Social Services Committee in December.

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

Anne Marie Shaw, Director of Housing

Director Sign Off: *Kevin Weppler, Director of Finance, Anne Marie Shaw, Director of Housing*