

Report FR-SS-04-16

To: Chair and Members of the Social Services Committee
From: Mary Lou Spicer, Deputy Director of Finance
Meeting Date: December 9, 2015
Subject: **Housing Financial Report and Treatment of Year-End Surplus/Deficit Positions**
Status: Recommendation adopted by Committee as presented per Resolution per Resolution SSC08-16; Endorsed by County Council January 5, 2016 per Resolution CC13-16;

Recommendation(s)

THAT the Social Services Committee receive Report FR-SS-04-16 regarding a Financial Report and Treatment of Year-End Surplus/Deficit Position for the Housing Department;

AND THAT savings/shortfalls from the “Revolving” Home Ownership Programs be transferred to/from the Home Ownership Reserves;

AND THAT the 2015 operating budget deficit be funded from the One-Time Funding Reserve;

AND THAT \$341,900 for the following outstanding 2015 budgeted capital projects be included in the 2016 budgeted capital project list and where applicable, the funds for these projects be transferred to the Housing Reserve for use in 2016:

- **Ceiling and lighting, 640 4th Street “A” East, Owen Sound \$40,000; 41 Mark Street, Markdale \$25,000; 17 Legion Road, Meaford \$40,000 (budgeted from reserve in 2015)**
- **Kitchen cabinet replacement, 130 Rowe’s Lane Dundalk \$55,000 and Family Units, Meaford \$50,000 (budgeted from reserve in 2015)**
- **Air Make Up system replacement, 17 Legion Road, Meaford \$28,900 (transfer to reserve project budget \$25,000)**
- **Emergency generator, 50 McNab Street, Chatsworth \$20,000 (budgeted from reserve in 2015); and transfer to reserve for Main Street, Holstein \$20,000 and 43 Hill Street, Flesherton \$20,000**

- Video and key fob system, 50 McNab Street, Chatsworth \$13,000 (transfer to reserve)
- Video, Alpha Street, Owen Sound \$5,000 (transfer to reserve)
- Siding Replacement, 250 12th Avenue, Hanover \$15,000 (transfer to reserve)
- Exterior Painting, Alpha Street, Owen Sound \$10,000 (transfer to reserve)

AND FINALLY THAT any remaining 2015 capital budget surplus be transferred to the Housing Reserve.

Background

The purpose of this report is to provide members of the Social Services Committee with a financial update with projections to year-end for the Housing Department based upon financial statements as of October 31, 2015.

Summary

This report is based upon October 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. The financial projection is unchanged from the information provided to committee November 12, 2015 in report FR-SS-38-15.

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 Operating Budget	\$0
Housing Capital Budget	\$0
Total	(\$60,000)

Housing Operating Budget

The Housing operating budget is expected to have a shortfall of approximately \$60,000 at year-end; with the cost of building maintenance and a lower federal conditional grant than budgeted the largest contributing factors. Savings in the administration budget and property taxes offset property management costs and mild weather continues to assist the budget for snow removal.

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. If home buyers sell the home, the County may receive a loan repayment; the Province requires that the funds be held and loaned to another applicant. This program is referred to as the “Affordable Housing Revolving Home Ownership Program” for staff to differentiate it and the IAH Home Ownership Program. At December 2014, there was \$4,381 in reserve for this purpose and after loans and repayments that have occurred during 2015, there is currently \$6,757 to be transferred to the reserve. If no further transactions occur during the year, this will result in a reserve balance totaling \$11,138.

Investment in Affordable Housing (IAH)

Similarly, the IAH Programs are 100% Ministry funded and program intake winds down once funds are committed to applicants. There is home ownership program in the IAH program and as with the Affordable Housing Programs budgets, any repayments from this loan program are required to be held for another home buyer. One loan has been repaid in the amount of \$7,545 in 2015 and these funds will be held as part of the “IAH Revolving Home Ownership Program”. Because the Ministry requires that the two home ownership programs cannot be combined, the funds will be transferred to a separate reserve at year-end.

Non Profit Housing Operating Budget

Subsidy to non-profit housing providers is expected to break even or provide a small surplus; this will not be finalized until the year-end reconciliations are complete. Staff recommends using any surplus from the non profit budget to offset the anticipated housing operating budget shortfall.

Housing Capital Budget

Staff requests that the following capital projects that were not completed in 2015 be carried forward to 2016 and funded from the Housing Reserve (funds transferred to reserve if project funded from taxation in 2015 or shown as funded from reserve if project was budgeted as funded from reserve in 2015):

- Ceiling and lighting, 640 4th Street “A” East, Owen Sound \$40,000; 41 Mark Street, Markdale \$25,000; 17 Legion Road, Meaford \$40,000 (budgeted from reserve in 2015)
- Kitchen cabinet replacement, 130 Rowe’s Lane Dundalk \$55,000 and Family Units, Meaford \$50,000 (budgeted from reserve in 2015)
- Air Make Up system replacement, 17 Legion Road, Meaford \$28,900 (transfer to reserve budgeted amount of \$25,000)

- Emergency generator, 50 McNab Street, Chatsworth \$20,000 (budgeted from reserve in 2015); and transfer to reserve for Main Street, Holstein \$20,000 and 43 Hill Street, Flesherton \$20,000
- Video and key fob system, 50 McNab Street, Chatsworth \$13,000 (transfer to reserve)
- Video, Alpha Street, Owen Sound \$5,000 (transfer to reserve)
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- Exterior Painting, Alpha Street, Owen Sound \$10,000 (transfer to reserve)

Financial / Staffing / Legal / Information Technology

Considerations

The review of the actual to budget financial statements for October as well as taking into account known expenses and best estimates since that time projects that the Housing department will have an operating shortfall of approximately \$60,000 offset by any savings from the Non Profit Housing Operating Budget. Staff recommends funding the shortfall from the One-Time Funding Reserve in order to maintain adequate funding in the Housing Reserve to complete capital projects. Staff also recommends transferring any capital surplus to the Housing Reserve to assist with funding future capital projects as well as transferring funds to the Housing Reserve for budgeted but not completed 2015 capital projects in order that the projects may be undertaken in 2016.

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:

Attachment to FR-SS-04-16 Housing Financial Report and Treatment of Year End Surplus Deficit Positions

Respectfully submitted by,

Mary Lou Spicer
Deputy Director of Finance

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