

## Report FR-SS-36-14

**To:** Chair Burley and Members of the Social Services Committee  
**From:** Mary Lou Spicer, Deputy Director of Finance  
**Meeting Date:** November 12, 2014  
**Subject:** **Housing Financial Update and Year-End Projection as of September 30, 2014**  
**Status:** Recommendation adopted by Committee as presented per Resolution SSC68-14; Endorsed by County Council November 25, 2014 per Resolution CC164-14;

### Recommendation(s)

**THAT the Social Services Committee receive Report FR-SS-36-14 regarding a Financial Update and Year-End Projection as of September 30, 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 September 30, 2014.

### *Summary*

This report is based upon September 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. This provides an update to the projection provided to committee July 16, 2014 in report FR-SS-27-14.

Summary of Projected Housing Year-End Surplus/(Deficit)	Projected Year-End Surplus/(Deficit)
Housing Operating Budget	(\$373,500)
Housing Programs	\$0

Summary of Projected Housing Year-End Surplus/(Deficit)	Projected Year-End Surplus/(Deficit)
Investment in Affordable Housing	\$0
Non Profit Housing	\$40,000
Housing Capital Budget	\$82,200
Total	(\$251,300)

### *Housing Operating Budget*

The Housing operating budget has several pressure points and is expected to end the year with a budget shortfall of approximately \$373,500 that is primarily the result of less revenue than anticipated, higher than budgeted costs for salaries and benefits, building maintenance, insurance and snow removal.

In the previous financial report, revenue from tenants was meeting target; as of September 30, revenue has dipped below target and totaled approximately \$7,500 less than budgeted at September 30. Miscellaneous revenue which is primarily from coin laundry is \$21,200 below budget; a portion of the variance will be the result of timing coin collection. Overall if trends continue for the remainder of the year, it is anticipated that a shortfall in revenue of approximately \$30,000 will result at year-end.

Salaries and benefits will exceed budget by \$90,000 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.

At this point it is anticipated that the budget for utilities is adequate and may generate a small surplus of \$30,000. 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.

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 is \$178,400 and it is now anticipated that the cost of building maintenance could be \$200,000 overspent by the end of the year. Other variance in the building accounts such as appliance and plumbing repairs, equipment purchases, site maintenance and painting are a combined \$56,600 over budget and is offset by savings of approximately \$21,000 in pest control service.

The insurance invoice should be received in the next few weeks; based on preliminary information a small shortfall of \$5,650 may result in this budget line. Final property tax installment invoices have been received and savings of \$34,750 will be used to offset the operating budget shortfall.

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 \$15,527 less than budget at September 30; this budget is expected to be sufficient for the remainder of the year and should provide surplus totaling \$40,000. Subsidy is reconciled with providers upon submission of an annual information return and several reports have recently been received that will reduce subsidy expense.

### *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 be combined with parking lot paving/lighting upgrades and patio replacement; the full project has been deferred to next year. Staff will bring forward a year-end report requesting that the funds for these projects and several others be transferred to reserve for use in the 2015 budget.

The emergency repair to the septic system at Holstein totaling approximately \$43,300 is in progress with an estimated completion date of November 30, in the interim the tank is being pumped weekly. After taking into consideration the unbudgeted septic repair and several other projects that came in over budget that will be funded from Housing capital surplus, \$82,200 from awarded capital projects exists at this point. This figure excludes surplus for projects that will be deferred to 2014; staff will recommend in a year-end

report that capital surplus be transferred to reserve to assist with funding the cost of the waterproofing project outlined above.

## 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 and capital budget shortfall of approximately \$251,300 at year-end.

Staff will bring a report to committee at year-end with a recommendation for funding the anticipated deficit.

### 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*