



REPORT Peel Living

DATE: October 25, 2012

REPORT TITLE: **PEEL LIVING 2013 BUDGET**

FROM: Mwarigha M.S. , General Manager, Peel Living
Dave Bingham, Treasurer, Peel Living

RECOMMENDATION

That the 2013 Operating Budget with total revenue of \$99,843,359 and total expenditure of \$93,205,624, before Reserve transfers, as identified in Appendix I of the 2013 Budget Document, be approved;

And further, that the net transfers to Reserves of \$6,637,735 as identified in Appendix I of the 2013 Budget Document, be approved;

And further, that the 2013 Capital Budget for Peel Living for a total of \$12,150,000, \$12,000,000 for state of good repair and \$150,000 for consulting services for the Twin Pines Community project be approved, and the projects identified in Summary III of the 2013 Budget Document be authorized to proceed;

And further, that the 10 Year Capital Plan for Peel Living for a total of \$136,353,000 as per Summary V of the 2013 Budget Document be approved in principle, for planning purposes.

REPORT HIGHLIGHTS

- Proposed 2013 Operating Budget total revenues of \$99.8 million (2012 - \$96.8 million) with total expenditures of \$93.2 million (2012 - \$94.4 million) before reserve transfers
- Net reserve transfer of \$6.6 million – an increase of \$4.2 million from 2012 budget
- 2013 Capital Budget value of \$12,150,000

DISCUSSION

The 2013 Budget document (attached) includes an integrated operating and capital budget document for the Corporation. It highlights the costs required to provide the 2012 level of service in 2013. The 2013 budget is impacted by inflation, annualization of a new building that opened in July 2012 and contract renewals as well as decreases in costs for items such as mortgages and minor capital. The reporting on capital projects includes an update on the existing approved capital in addition to the new capital being requested.

PEEL LIVING 2013 BUDGET

2013 Budget Overview

The 2013 net budget is comprised of \$99.8 million in revenues, \$93.2 million in expenditures and a net reserve contribution of \$6.6 million. The reserve transfers consist of \$5.3 million mandatory replacement reserve contribution, \$2.7 million discretionary reserve contribution, and a \$0.4 million working fund reserve contribution, offset by a \$1.8 million draw to fund minor capital repairs.

The 2013 proposed budget is reporting \$1.2 million (1.2%) decrease in expenditures as represented by the following drivers:

- \$1.7 million decrease for minor capital
- Building systems and services increase of \$0.5 million, mainly due to stack cleaning and preventative maintenance contract renewals
- Inflationary and other costs such as administration, increase by \$0.1 million
- \$0.1 million decrease for items such as mortgages, loan & depreciation and utilities

The 2013 budget revenue is expected to increase by \$3.0 million (3.1%) comprised of:

- \$2.4 million from rental revenue
- \$0.2 million in the subsidy received from the Service Manager
- \$0.4 million for items such as interest, rooftop rental revenue and the recovery from the Region of Peel for the Region-owned sites and shelters

The capital budget request for state of good repair includes \$14.2 million brought forward from 2012, and an additional \$12.0 million to meet the capital needs of 2013, resulting in a total of \$26.2 million in capital funding for state of good repair. In addition to state of good repair, there is one capital project for the Twin Pines Community project, which totals \$150,000 for 2013.

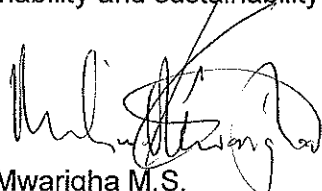
Capital repair and replacement projects are funded by Peel Living and Region of Peel capital reserves. As forecasted in the cash-flow chart in the budget document, \$13.3 million will be spent in 2013 inclusive of the carry-over and some of the 2013 projects.

The proposed capital budget will result in a capital reserve net deficit of \$7.1 million for 2013 in Peel Living capital reserves. As in the prior year, Peel Living will work with the Region of Peel Service Manager to address the above capital reserve shortfall.

PEEL LIVING 2013 BUDGET

CONCLUSION

The proposed 2013 Budget for Peel Living represents the resources required in 2013 to deliver the services at 2012 levels to Peel Living clients. The Corporation continues to pursue initiatives to maximize revenue, realize operational efficiencies, and reduce costs while maintaining or improving customer service. Over the coming year, staff will be conducting a review of all funding programs and engage the Peel Living Board and staff in evaluating the Corporation's overall operations and service commitments to chart its long-term financial viability and sustainability.



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Approved for Submission:



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Peel Living
2013 Budget Document

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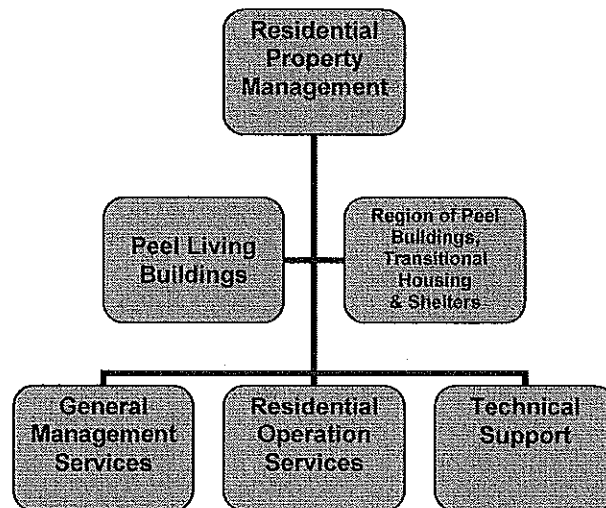
Section I. Existing Services and Service Levels

1. Who we are

Peel Housing Corporation, also known as Peel Living, is a Region of Peel owned social housing provider. Peel Living is one of 46 housing providers under the overview of the Region's Service System Manager. Peel Living provides 7,410 homes for approximately 16,400 residents in 77 properties.

Property management services are primarily delivered by the Region of Peel through the Human Services Department led by the Residential Property Management (RPM) Division. The Human Services framework enables an integrated service delivery model to its clients.

Through RPM, Peel Living provides safe, well maintained properties that contribute to the overall tenant experience, the majority of whom are children and independently living elderly people.



2. Existing Services and Service Levels

Key services provided by RPM focus on three main components:

- Promoting successful tenancies and assisting tenants maintain their housing with emphasis on face-to-face meetings, approximately 600 in 2012.
- Ensuring safe, well maintained properties, that meet currently established industry-wide property management standards (Federation of Rental Properties in Ontario – FRPO), 7300 unit inspections completed in 2012.
- Community engagement and partnerships with external agencies to provide direct services and supports as well as implement community development initiatives such as KaBoom Playground Build and Refresh Painting programs that mobilized the volunteer efforts of over 500 community and Peel Living residents.

The following provides a description of the services provided by RPM:

General Management Services

The office of the Director of RPM and General Management of Peel Living is responsible for the overall leadership and oversight of the service model for Peel Living as defined by the various program funding requirements and the direction outlined by its Board of Directors. The range of Regional services delivered to Peel Living include: integrated human services, finance, legal, clerks, capital planning and purchasing. In addition, the office of the Director is responsible for the overall quality of service delivered by RPMs Resident Services and Residential Operations Unit and the Technical Support Unit.

Resident Services and Residential Operations

The focus of the Resident Services and Residential Operational Unit includes: tenancy management, building maintenance, business management and supporting a healthy and effective staff team. Services provided are aimed at maximizing the overall tenant experience along a spectrum that includes: enhancing social mobility and tenant engagement, and high level tenancy management services and supports to vulnerable tenancies either directly or in partnership with community agencies. In 2012, the unit was reorganized into two areas, each under a Manager of Resident Services and Residential Operations. The intent of this change is to enhance the unity of operations and tenancy management and the overall delivery of integrated services to tenants.

Technical Supports

The Technical Support Unit provides strategic expertise in areas of building maintenance, asset management and capital planning. Staff members oversee building systems and services contract management through the establishment and evaluation of contract terms, vendor performance management, preventative maintenance services and providing customer service to residents either directly through the maintenance call line or via property management staff.

The Technical Support Unit works with external agencies such as the municipal fire departments, the Technical Standards and Safety Authority (TSSA), Canadian Safety Authority (CSA), to ensure legislative regulatory compliance by Peel Living.

RPM works with staff in arrange of internal Region of Peel divisions, such as Real Property Asset Management (RPAM), in defining and implementing capital projects and monitoring the capital budget. RPM also liaises with other internal Region of Peel Divisions such as Legal and Risk, Service System Management, Finance and Purchasing.

Key facts

- Total Properties and Units: 68 PL properties, 6,900 Units (In addition, PL revenue base includes property management services to 4 regionally owned buildings, 2 Transitional housing properties, 3 shelters, totaling 510 Units)
- Total Residents Served: 15,897 (665 ROP) [7,067 Children & 2,080 Senior Tenancies]
- Legislative Authority: Housing Services Act, 2011 (HSA)
- Unit Profile: 69% Rent Geared to Income and Rent Supplement (4,728 units), 31% Market (2,172 units) [ROP - properties 64% Rent Geared to Income and Rent Supplement (326 units), 36% Market (184 units)]

- Six Funding Programs of housing delivery:
 - Section 95 - Federal Program
 - Section 27 - Federal Program
 - (FP/U) Federal/Provincial Unilateral
 - Peel Regional Housing Corporation (PRHC)
 - Other New Regional Development Initiatives
 - Other Non-program Initiatives

3. Key Initiatives in 2012

Key Initiatives are grouped in these strategic areas of focus:

Tenant Experience and Service Agencies

Community Engagement initiatives in partnership with tenants, agencies, private corporations, and Human Services staff resulted in:

- Youth employment opportunities (Youth Refresh with Boys and Girls created 15 youth employment opportunities)
- Partnership with Habitat for Humanity to create opportunities in homeownership for people on the housing waiting list (through donation of land/volunteers/fundraising).
- Enhanced community assets in partnership with KaBoom Canada resulting in \$100,000 playground being built at minimal cost to Peel Living.
- Partnership with Ephraim's Place in Region-wide Refresh initiative resulting in the painting of 150 units throughout Peel and 50 in Peel Living buildings.

These initiatives had a positive impact not only on the quality of life of tenants but financially to Peel Living in terms of dollars saved through voluntary and corporate material donations.

Business Efficiencies

During 2012, a Performance Measurement tool was developed that will establish benchmarks to assist with monitoring and reporting in four strategic focus areas: tenant experience, business management, healthy organization and asset sustainability. A prototype of the tool was presented to the Board of Directors in May 2012.

Face-to-face meetings with tenants were increased in 2012 resulting in a higher frequency of rental debt recoveries and reducing the need for legal services. These face-to-face meetings have reduced legal services costs (a Regional expense recovered through the Peel Living administration expense) by approximately \$7,000 per month, and reduced the rent arrears from 9.6% to 7.5% between January and August 2012. These meetings will continue during 2013 and beyond.

Asset Sustainability

The Technical Services Unit, directly manages Peel Living's preventive maintenance contracts with a value over \$3.9 million, and oversees 75 Peel Living contracts valued at over \$17.5 million.

Staff developed a business case and obtained approval to purchase the Asset Planner from the Housing Services Corporation. This capital planning tool will improve the efficiency of the capital planning process and help Senior Management in the decision making process related to

capital spending and align the capital planning budget with the minor capital and operation budget so that spending in one area would lead to decrease in the spending in other areas.

The tool will decrease the cycle of performing Building Condition Assessment (traditionally done every three years at an annual cost of approximately \$400,000 totalling \$1.3 million) to a 7 year cycle. Going forward, the Technical Services Unit will perform validation of the capital plan in-house on an annual basis aided by the Asset Planner tool. This will minimize the need and expense of external consultants.

Work with the Health Department provided training to building staff on dealing with bed bugs, resulted in the program reimbursing \$80,000 for bed bug treatment to Peel Living.

Economic/Financial Viability

Reviewing the Twin Pines agreement (expiring in 2016) to explore the potential of the site toward providing additional affordable housing units to meet the growing need in Peel, will have cost implications going forward..

Healthy and Effective Teams

Training investment in staff to improve planning and selection of minor capital projects with a focus on maximizing the impact of dollars spent on building and community environmental improvements.

Section II. Issues and Trends

Economic Uncertainty

The cumulative effect of the economic recession is still being felt. Declining prospects for long term jobs continue to put pressure on Peel Living's tenants' ability to pay rent and their ability to move from market rent units or leave Peel Living to enter the private housing market or home ownership.

Growing Community Demands

Pressure to house the most vulnerable applicants in the waiting list impacts on Peel Living's mission of healthy mixed income communities. Staff members continue to monitor the ratio of subsidized to market units which in the last year has risen from 60/40 subsidized to market to almost 70/30.

The Ministry of Health's policy to reduce hospital stay times has resulted in an increase in tenants who require some level of home care or adaptation to their apartment to allow them to manage and live independently. As well, this has resulted in an increase in demand from service agencies that provide supportive housing to have presence and additional units in our buildings. These requests have a financial cost which impact operating costs. As well, the Fire Department has interpreted this kind of service as a change in building classification which can result in costly building retrofits designed for nursing care homes. And, the provision of support services in a building might impact insurance coverage and potential risk even if services are provided via a third party.

Aging Infrastructure

Peel Living Capital Reserves continue to be insufficient to meet repair and replacement requirements. The growing need for capital dollars for aging buildings has a negative impact on the long term sustainability of Peel Living buildings. Staff will continue to monitor capital funding requirements and will consult with the Service System Manager to seek appropriate capital loans.

Aging building structures and building systems (plumbing and piping systems, underground parking garage structure, windows, roofs, elevators, HVAC systems, interior finishes such as kitchen cabinets) are putting immense pressure on operating costs. The escalation of operating costs is in turn migrating additional costs to the capital budget versus the operational budget envelop. This has further negative implications for the already depleted capital reserves.

The System Service Manager is implementing new software called Asset Planner that provides housing providers with a tool to enhance their management of their capital infrastructure maintenance programs. The Asset Planer tool is anticipated to improve the overlaps between operation and capital expenditures as well as improve decision making and prioritization of operational expenses and capital project choices.

Section III. 2013 Business Focus

In 2013, Peel Living will focus on the following:

- Investing in staff training and coaching and organizational development to enhance staff capacity to manage escalating costs of operations and to identify new opportunities for revenue generation. Training will focus on improving ownership and management of performance and outcome-driven initiatives, development of business processes and key performance indicators to guide operations and tenancy management
- Continued development of a Performance Measurement Framework to provide ongoing measurement targets for monitoring impact of the services provided by staff
- Complete review of Peel Living's long term potential for improving its non-rental revenue through a combination of parking and laundry fees, and maximizing building envelop opportunities
- Financial review of Peel Living housing programs including Federal, Provincial and Regional in order to determine specific funding gaps and develop tailored solutions that work to improve budget outcomes
- Implementation of the Asset Planner tool from the Housing Services Corporation as a central capital planning mechanism to enhance management decision making on annual operations, capital budget and long term asset sustainability
- Aligning the capital planning budget with the minor capital and operation budget so that spending in one area would lead to decrease in the spending in other areas
- Continuing to work with external agencies such as Housing Services Corporation and GLOBE Inc. and other government agencies such as Ontario Power Authority as well as local Energy companies to find opportunities for implementing energy saving measures
- Twin Pines land review to explore prospects for new models of additional affordable green social housing in Peel

Section IV. 2013 Operating Budget

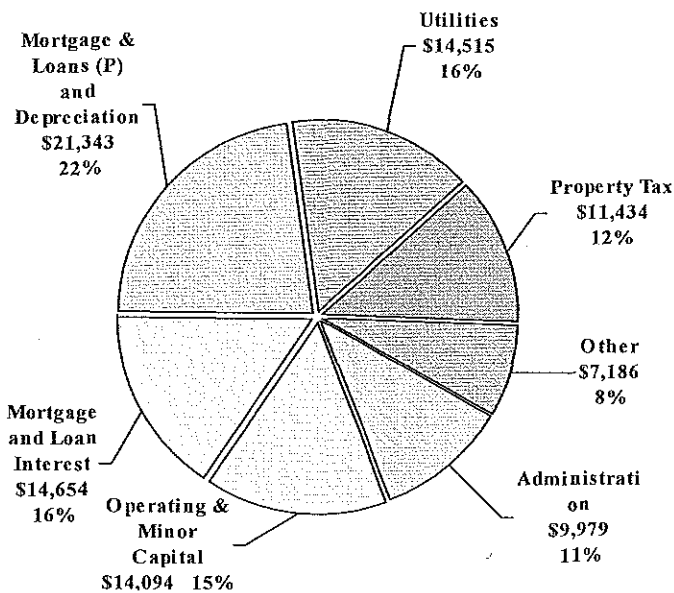
1. 2013 Departmental Operating Budget Overview

The chart on the next page summarizes the Peel Living’s 2013 operating budget.

2013 Operating Budget Summary

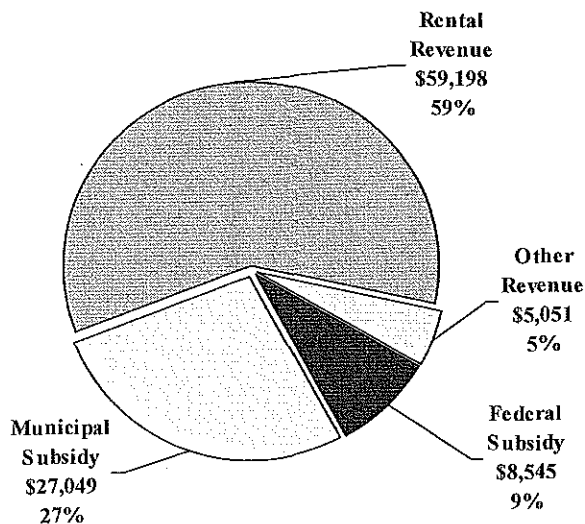
(In \$'000)	2013 Budget PHC	2013 Budget ROP Sites	Total 2013 Budget	2012 Budget	2012 Projection (As at June 30, 2012)	Budget Change \$ 2013 vs. 2012	Budget Change % 2013 vs. 2012
Net Revenue	\$94,162	\$5,681	\$99,843	\$96,796	\$96,771	\$3,047	3.1%
Net Expenditures	\$87,840	\$5,365	\$93,205	\$94,384	\$93,349	(\$1,179)	-1.2%
Net Reserve Contribution	\$6,322	\$316	\$6,638	\$2,412	\$3,422	\$4,226	175.2%

Total Expenditures By Type (In \$'000 & %)



Total Expenditures = \$93,205 (\$'000)

Total Funding Source By Type (In \$'000 & %)



Total Revenues = \$99,843 (\$'000)

Note: Difference between revenues and expenditures equals the net transfer to reserves.

2. 2013 Proposed Budget

The following section provides a summary of the 2013 proposed budget changes. It highlights the major financial drivers, the financial requirements for maintaining existing service levels to support increasing service demands and new services. Details can be found in Appendix I.

Base Budget Changes (in \$'000s)**Annualization**

The 2012 budget for Region-owned site Snelgrove Place was for six months as the site became operational as of July 2012. The annualization of Snelgrove Place had an increase of \$431 thousand in revenue and \$393 thousand in expenses, resulting in a net surplus increase of \$38 thousand over the 2012 budget.

Inflation

The decrease of \$1.3 million in Base Changes Economic Adjustments was primarily due to a decrease in property operating maintenance costs.

Economic Factors

With the projected changes in the utility and mortgage rates, there is an estimated decrease of \$0.3 million over the 2012 budget.

Base Subsidy/Recovery

Peel Living expects revenue from both internal and external recoveries totaling \$2.6 million, of which \$1.9 million is rental revenue, \$0.5 million recoveries such as rooftop revenues, internal & external chargeback's, and \$0.2 million of subsidies from the Service Manager.

Transfer to/from Reserves

Compared to the 2012 budget, the 2013 overall net transfer to reserves increased by \$4.2 million. This consists of a \$3.0 million lower withdrawal from reserves due to lower minor capital spending, max shelter units converted to RGI units, and removal of reserve funding for Regionally owned buildings (Chapelview shortfall funded by Region of Peel instead of Peel Living reserves). The balance is a \$1.2 million net increase in the reserve contribution for capital replacement reserves and discretionary contributions from increased program surplus.

Service Demand

No new service demands are applicable in 2013.

Budget for New Services

No new services are introduced in 2013.

Section V. 2013 Capital Budget and Reserves**1. 2013 Departmental Capital Plan Overview**

The following table summarizes the 2013 capital budget. For 2013, \$12 million of capital work has been identified for state of good repair based on resource capacity and available funding.

In 2013, Residential Property Management will be revisiting these service standards through the implementation of the Asset Planner software. This new software will provide a more detailed analysis of the capital budget requirements for future years.

Also, in 2013, Peel Living will undergo a \$150,000 consulting project for Twin Pines Community project.

Capital Budget Summary

Classification of Capital Plan	Carry-Forward from Prior Years (In \$'000)	2013 Capital Budget (In \$'000)	Total Capital In 2013 (In \$'000)
State of Good Repair	\$14,184	\$12,000	\$26,184
Other	0	\$150	\$150
Total Expenditures	\$14,184	\$12,150	\$26,334
Carry-Forward Cash Flow	0	\$9,481	\$4,703
2013 Capital Cash Flow		\$3,779	\$8,371
# of Projects	3	2	5

Financing sources for 2013 Capital can be found in Summary III. The 2013 Capital budget by classification can be found in Summary IV.

Key Deliverables for 2013 include:

Structural upgrades (Building structures, parking surfaces and roof slabs) - These projects help to extend the life and performance of the buildings as most of the buildings structures have reached the end of their lifecycle.

- Windows, sliding doors and caulking replacement – These projects are prioritized based on performance of the windows and expiry of thermal performance of the windows. This investment helps to reduce the condensation, eliminate foggy glass (improve the living condition of the tenants), help to save energy
- Plumbing upgrades – These projects are prioritized based on end of life cycle of the plumbing fixtures and pipes. This investment helps to reduce operational costs, unexpected floods, leaks, and improve the dependability of plumbing system
- Interior upgrades – Due to the age of most buildings, interior finishes are at the end of their life cycle and due for replacement. Further, new designs help to improve the accessibility standards which improve the lives of special needs tenants and generally improves the living environment and living conditions of the tenants
- Buildings' security and fire safety system upgrades – Security and fire safety are the most important features of buildings. Most of the buildings are 20 years or older and the existing technology is outdated and most of the items are at the end of service lives. Projects are needed to upgrades to meet the current applicable codes requirements
- HVAC and electrical upgrades – Energy saving measures, high frequency of breakdowns and life cycle identified during the validation process
- Elevators upgrades – These projects are prioritized based on the life cycle consideration and frequency of breakdowns

2. Existing Capital Projects

2010 Major Capital

The 2010 Major capital projects are near completion. Real Property Asset Management expects all the work to be completed in the next few months, with only one project remaining. Consequently, this project will close by December 31, 2012 with the balance of unspent funds being returned to reserves.

2011 Major Capital

Real Property Asset Management has projected to complete 60% of the project by the end of the year. The remaining balance of work will be completed in 2012.

Renewable Energy Initiatives (REI)

The Renewable Energy Initiative project is anticipated to be completed by December 31, 2012.

2012 Major Capital

The 2012 Major Capital has experienced delays due to many reasons. The budget approval was later this year which impacts the ability to tender and award the contracts. As a result, capital spending for 2012 is projected to be 30% of the total budget.

Social Housing Renovation and Retrofit Program (SHRRP)

This project is expected to be fully spent by the end of 2012 and will be closed out. There is one project ongoing within SHRRP and Real Property Asset Management is anticipating the project will be completed by December 31, 2012.

3. 2013 Capital Budget and Operating Impact

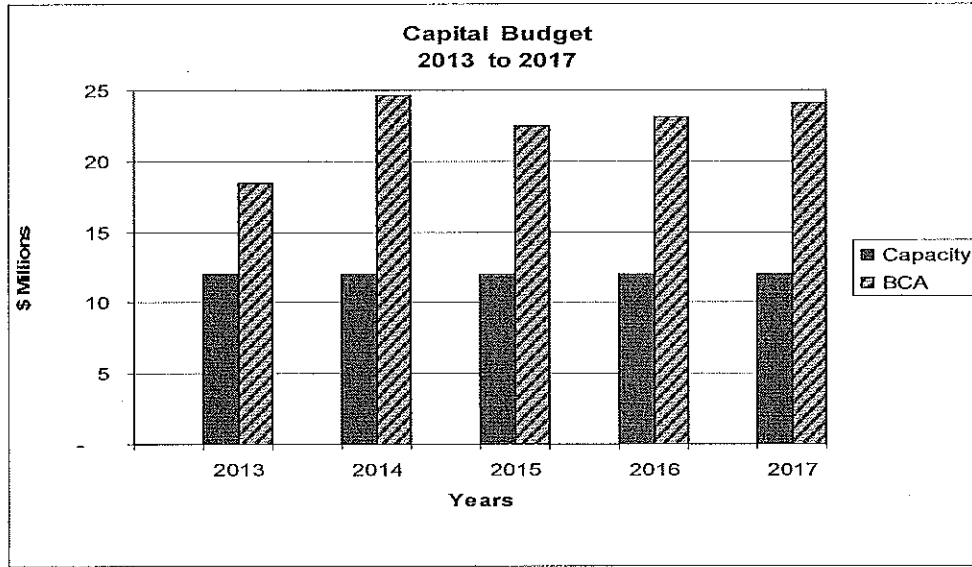
There are no operating impacts as a result of new capital for 2013. Tighter capital spending policies have decreased minor capital expenditures by \$1.7 million, resulting in a lower withdrawal from capital reserves.

4. 2013 – 2022 10-Year Capital Plan

Similar to the 2013 capital, the 10 year capital plan has been developed based on capacity and the actual funding available. From 2014-2022, \$124 million is projected for capital expenditures, based on capacity. The amount reflected based on the BCA for 2014-2022 is \$191 million.

The graph below compares the current 5 year plan based on capacity with the 5 year plan based on the requirements identified through the Building Condition Assessment process. The graph illustrates the gap between the funding required and the funding available.

5 Year Capital Budget (Capacity versus Requirements)



As mentioned above, Residential Property Management will be revisiting these service standards through the implementation of the Asset Planner software. This new software will provide a more detailed analysis of the capital budget requirements for future years and as a result, these projections are anticipated to change as they are refined. The 10-year capital plan can be found in Summary V.

5. Capital and Working Fund Reserves

The following schedule provides a summary of the capital and working fund reserves for Peel Living and Region of Peel directly owned buildings. The proposed capital budget will result in a capital reserve deficit of \$7.1 million for 2013 in Peel Living’s capital reserves. Over the coming year, staff will be conducting a review of all programs with the focus on evaluating the Corporation’s overall operations and service commitments in order to improve its long term financial viability and sustainability.

Capital and Working Fund Reserve Schedule (in \$'000s)

Reserve Types	2011	2012		2013		
	Ending Balance	Requested Funds from SM	Forecasted Ending Balance	Planned Contribution	Proposed Draws	Forecasted Request from SM
Capital Fund PHC						
15.1	2,090	-	2,233	242	123	2,351
56.1	(1,835)	-	(5,385)	3,812	2,933	(4,506)
FP Uni	(3,323)	7,000	181	1,771	11,118	(9,166)
PRHC	2,365	-	2,740	273	984	2,029
PHC - OTHER	1,002	-	1,299	1,473	19	2,753
Twin Pines	(177)	-	(254)	49	337	(541)
Subtotal Capital	122	7,000	814	7,620	15,515	(7,081)
Working Fund PHC	6,836	-	5,893	1,961	1,355	6,500
Energy	852	-	885	33	-	918
Total PHC	7,810	7,000	7,593	9,614	16,870	337
Capital Fund ROP	631	-	919	364	71	1,212
Working Fund ROP	(187)	-	(569)	(24)	-	(593)
Total ROP sites	444	-	350	340	71	619
TOTAL ALL SITES	8,254	7,000	7,943	9,953	16,941	956

Section VI. Staffing

One Superintendent FTE that was previously shared between Confederation Place (owned by Peel Living) and Millbrook (owned by the Region) will now work full-time at Confederation Place. The Superintendent positions for Regionally owned sites (Chapelview, Millbrook, Nance Harwood and Snelgrove) will now be contract positions for the Region of Peel.

	2012 Approved FTEs *	Proposed Changes in 2013 **	2013 Proposed Total	Change % 2013 vs. 2012
PHC Sites	80.00	-1.00	79.00	-1.25%
Region of Peel Sites	0.00	0.00	0.00	0.00%
Total	80.00	-1.00	79.00	-1.25%

* Include 2012 in-year approvals/changes

** Include new additions/transfers in 2013

Section VII. Future Outlook

The following table provides a projection for 2014 to 2016. Forecast assumptions are provided below.

Net Expenditures

(In \$'000)	2013 Budget Forecasted in 2012 Budget	2013 Budget	2014 Forecast	2015 Forecast	2016 Forecast
PHC	\$92,403	\$87,840	\$89,445	\$90,823	\$91,891
ROP Sites	\$6,937	\$5,365	\$5,434	\$5,510	\$5,588
Total	\$99,340	\$93,205	\$94,879	\$96,333	\$97,479
# of FTEs	82	79	79	79	79

Note:

1. For the 2012 budget the Peel Living sites were not separated from the Region-owned sites, so an estimate has been entered in the first column.
2. The 2013 Budget forecasted in 2012 Budget for the Region of Peel sites included two Region-owned sites currently in the construction stage (Creditview/Eglinton and The Legion totalling \$1.9 million); staff are working with external partners to establish responsibilities for the management the operations of these two sites, as a result, they have not been included in the 2013 Budget or the 2014 through 2016 forecast.

Forecast Assumptions

An economic adjustment has been applied for 2014 through 2016. An increase of 2% a year was used for property operating maintenance costs, an increase of 3% each year was estimated for insurance, and approximately 4% each year for utilities.

Section VIII. Disclosure of 2013 Budget Risks and Key Program Assumptions

- As the Region of Peel continues to build new housing with separate service requirements, financial management and staffing models need to be developed. This means that Region owned buildings will require separate accounting management, cost tracking, etc.
- Increasing costs to operations in areas such as routine maintenance will put more pressure on the already stretched capital budget
- The aging nature of Peel Living housing stock means that our capital repairs budget will continue to be under immense pressure

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Peel Living – 2013 Budget Document

Appendix I
Peel Living

2013 Operating Budget Pressures - Department Summary

	2013 Budget - PHC	2013 Budget - ROP Sites	2013 Budget - Total	2012 Budget	2012 Year End Projection (Unaudited)	2013 Budget Variance Better/(Worse)	
						\$	%
Revenue:							
Rental Revenue	\$ 54,022,295	\$ 5,175,845	\$ 59,198,140	\$ 56,757,225	\$ 57,220,394	\$ 2,440,915	4.3%
Other Revenue	4,836,219	214,664	5,050,883	4,696,805	4,216,251	354,078	7.5%
Government Subsidies							
Federal Assistance	8,545,041	-	8,545,041	8,861,194	8,726,475	(316,153)	-3.6%
Deficit Recovery from ROP	-	104,338	104,338	42,732	462,799	61,606	144.2%
Municipal Assistance	26,758,057	186,900	26,944,957	26,437,896	26,145,346	507,061	1.9%
Total Government Subsidies	35,303,098	291,238	35,594,336	35,341,822	35,334,620	252,514	0.7%
Total Revenue	94,161,612	5,681,747	99,843,359	96,795,852	96,771,265	3,047,507	3.1%
Expenditures:							
Salaries & Benefits	5,099,822	-	5,099,822	5,148,612	5,169,535	48,790	0.9%
Building Services & Systems	11,695,473	608,556	12,304,029	11,840,116	12,346,034	(463,913)	-3.9%
Minor Capital	1,771,225	18,750	1,789,975	3,537,700	3,533,000	1,747,725	49.4%
Utilities	13,810,095	704,974	14,515,069	14,574,455	14,002,090	59,386	0.4%
Administration	9,097,774	881,326	9,979,100	9,919,032	9,208,077	(60,068)	-0.6%
Mortgage, Loans & Depreciation	33,676,365	2,321,129	35,997,494	36,033,571	35,991,766	36,077	0.1%
Municipal Taxes	10,715,711	718,576	11,434,287	11,269,158	11,051,075	(165,129)	-1.5%
Bad Debt	359,304	16,488	375,792	356,721	329,379	(19,071)	-5.3%
Twin Pines 'Consultant' Costs	-	-	-	-	44,131	-	n/a
Insurance	1,614,143	95,913	1,710,056	1,704,666	1,673,688	(5,390)	-0.3%
Total Expenditures	87,839,912	5,365,712	93,205,624	94,384,031	93,348,775	1,178,407	1.2%
Operating Surplus Before Reserve Transfer	6,321,700	316,035	6,637,735	2,411,821	3,422,490	4,225,914	175.2%
Reserves Transfer:							
Legislated Replacement Reserve Contribution	(4,974,323)	(354,590)	(5,328,913)	(5,232,145)	(5,232,145)	(96,768)	1.8%
Transfer from Replacement Reserve for Minor Capital	1,771,225	18,750	1,789,975	3,537,700	3,533,000	(1,747,725)	-49.4%
Operating Surplus/(Deficit)	3,118,602	(19,805)	3,098,797	717,376	1,723,345	2,381,421	332.0%
Discretionary Transfer of Surplus to Replacement Reserve*	(2,653,793)	-	(2,653,793)	(2,316,393)	(2,471,780)	(337,400)	14.6%
Transfer (to)/from Working Fund Reserves	(464,809)	19,805	(445,004)	1,599,017	748,435	(2,044,021)	-127.8%
Net Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

* Permitted by the Service Manager or Board Directed

** Figures do not include current year unrealized gains or losses on investment held for trading

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Peel Living – 2013 Budget Document

Program Summaries – PEEL LIVING

Peel Living

Summary I: Peel Living 2013 Operating Budget Pressures

Summary I: PHC Owned Sites 2013 Operating Budget Pressures

Summary I: ROP Sites 2013 Operating Budget Pressures

Summary II: Operating Budget Four-Year Program Forecast

Summary III: 2013 Financing Sources and Funding Status

Summary IV: 2013 Capital Budget by Classification

Summary V: Ten-Year Capital Plan

Peel Living – 2013 Budget Document

Summary I
Peel Living - All Sites
2013 Operating Budget Pressures (\$'000)

	PEEL LIVING		
	Total Expenditures	Total Revenue	Net Cost
2012 Budgeted Net Expenditures and Revenue	94,384	96,796	(2,412)
2012 Budgeted Transfer to/from Reserves	8,636	6,224	2,412
2012 Revised Cost of Service	103,020	103,020	-
Annualizations - Section II			
1 Opening of Snelgrove (94 units) in July 2012	393	431	(38)
<i>Subtotal</i>	393	431	(38)
Inflation - Section II			
1 Property Operating Maintenance	(1,337)	-	(1,337)
2 Management Fee	(80)	-	(80)
3 Site Staff Salary	(9)	-	(9)
4 Increases of various accounts such as property tax and bad debt expense offset by decreases such as AHP Forgivable Loan Interest Expense	124	(2)	126
<i>Subtotal</i>	(1,302)	(2)	(1,300)
Economic Factors - Section II			
1 Decreases in utilities and mortgage payments	(269)	-	(269)
<i>Subtotal</i>	(269)	-	(269)
Efficiencies - Section III			
<i>Subtotal</i>	-	-	-
Base Subsidy and Recoveries - Section III			
1 Increase in net operating revenue (market and RGI, net of vacancy loss)	-	1,935	(1,935)
2 Increase in rooftops, ROP chargeback and interest revenues offset by lower laundry and parking revenue	-	523	(523)
3 Increase in municipal government subsidy from Region of Peel as Service Manager	-	161	(161)
<i>Subtotal</i>	-	2,619	(2,619)
2013 Base Changes	(1,178)	3,048	(4,226)
Growth - Section IV			
<i>Subtotal</i>	-	-	-
Service Demand - Section IV			
<i>Subtotal</i>	-	-	-
Subsidy and Fee Changes - Section IV			
<i>Subtotal</i>	-	-	-
Other - Section IV			
<i>Subtotal</i>	-	-	-
New Services - Section V			
<i>Subtotal</i>	-	-	-
2013 New Pressures			
Total 2013 Pressures	(1,178)	3,048	(4,226)
2013 Recommended Cost of Service before Reserve Transfers	101,843	106,068	(4,226)
Transfers to Reserves - Section VI			
1 Transfers to/from reserves (working fund and capital replacement)	1,146	(3,080)	4,226
<i>Subtotal</i>	1,146	(3,080)	4,226
2013 Recommended Cost of Service	102,988	102,988	-
2013 Budgeted Transfer to/from Reserves	(9,782)	(3,145)	(6,638)
2013 Budgeted Net Expenditures and Revenue	93,205	99,843	(6,638)

Summary I
PHC Owned Sites
2013 Operating Budget Pressures (\$'000)

	PEEL HOUSING CORPORATION		
	Total Expenditures	Total Revenue	Net Cost
2012 Budgeted Net Expenditures and Revenue	89,435	91,918	(2,483)
2012 Budgeted Transfer to/from Reserves	8,259	5,776	2,483
2012 Revised Cost of Service	97,694	97,694	-
Annualizations - Section II			
1 Opening of Snelgrove (94 units) in July 2012	-	-	-
<i>Subtotal</i>	-	-	-
Inflation - Section II			
1 Property Operating Maintenance	(1,328)	-	(1,328)
2 Management Fee	(215)	-	(215)
3 Site Staff Salary	122	-	122
4 Increases of various accounts such as property tax and bad debt expense offset by decrease in AHP Forgivable Loan Interest Expense	95	(2)	97
<i>Subtotal</i>	(1,326)	(2)	(1,324)
Economic Factors - Section II			
1 Decreases in utilities and mortgage payments	(269)	-	(269)
<i>Subtotal</i>	(269)	-	(269)
Efficiencies - Section III			
<i>Subtotal</i>	-	-	-
Base Subsidy and Recoveries - Section III			
1 Increase in net operating revenue (market and RGI, net of vacancy loss)	-	1,823	(1,823)
2 Increase in rooftop and interest revenues offset by lower laundry and shelter chargebacks revenue	-	265	(265)
3 Increase in municipal government subsidy from Region of Peel as Service Manager	-	158	(158)
<i>Subtotal</i>	-	2,245	(2,245)
2013 Base Changes	(1,595)	2,243	(3,838)
Growth - Section IV			
<i>Subtotal</i>	-	-	-
Service Demand - Section IV			
<i>Subtotal</i>	-	-	-
Subsidy and Fee Changes - Section IV			
<i>Subtotal</i>	-	-	-
Other - Section IV			
<i>Subtotal</i>	-	-	-
New Services - Section V			
<i>Subtotal</i>	-	-	-
2013 New Pressures			
Total 2013 Pressures	(1,595)	2,243	(3,838)
2013 Recommended Cost of Service before Reserve Transfers	96,099	99,937	(3,838)
Transfers to Reserves - Section VI			
1 Transfers to/from reserves (working fund and capital replacement)	1,169	(2,670)	3,838
<i>Subtotal</i>	1,169	(2,670)	3,838
2013 Recommended Cost of Service	97,268	97,268	-
2013 Budgeted Transfer to/from Reserves	(9,428)	(3,106)	(6,322)
2013 Budgeted Net Expenditures and Revenue	87,840	94,162	(6,322)

Summary I
Region of Peel Sites
2013 Operating Budget Pressures (\$'000)

	REGION OF PEEL SITES		
	Total Expenditures	Total Revenue	Net Cost
2012 Budgeted Net Expenditures and Revenue	4,949	4,878	71
2012 Budgeted Transfer to/from Reserves	377	448	(71)
2012 Revised Cost of Service	5,326	5,326	-
Annualizations - Section II			
1 Opening of Snelgrove (94 units) in July 2012	393	431	(38)
<i>Subtotal</i>	393	431	(38)
Inflation - Section II			
1 Management Fee	134	-	134
2 Site Staff Salary	(131)	-	(131)
3 Increases in intercompany loan payments, bad debt and property tax offset by decreases in the expected insurance premium and property operating expense	20	-	20
<i>Subtotal</i>	24	-	24
Economic Factors - Section II			
1 Changes in expected utility rates and consumption	(0)	-	(0)
<i>Subtotal</i>	(0)	-	(0)
Efficiencies - Section III			
<i>Subtotal</i>	-	-	-
Base Subsidy and Recoveries - Section III			
1 Increase in net operating revenue (market and RGI, net of vacancy loss)	-	112	(112)
2 Increase in ROP chargeback, external chargeback and interest revenues offset by parking revenue	-	259	(259)
3 Increase in municipal government subsidy from Region of Peel as Service Manager	-	3	(3)
<i>Subtotal</i>	-	374	(374)
2013 Base Changes	417	805	(388)
Growth - Section IV			
<i>Subtotal</i>	-	-	-
Service Demand - Section IV			
<i>Subtotal</i>	-	-	-
Subsidy and Fee Changes - Section IV			
<i>Subtotal</i>	-	-	-
Other - Section IV			
<i>Subtotal</i>	-	-	-
New Services - Section V			
<i>Subtotal</i>	-	-	-
2013 New Pressures			
Total 2013 Pressures	417	805	(388)
2013 Recommended Cost of Service before Reserve Transfers	5,743	6,131	(388)
Transfers to Reserves - Section VI			
1 Transfers to/from reserves (working fund and capital replacement)	(23)	(410)	388
<i>Subtotal</i>	(23)	(410)	388
2013 Recommended Cost of Service	5,721	5,721	-
2013 Budgeted Transfer to/from Reserves	(355)	(40)	(316)
2013 Budgeted Net Expenditures and Revenue	5,365	5,681	(316)

Peel Living – 2013 Budget Document

Peel Living - 2013 Budget Document

Summary II
Operating Budget Four-Year Program Forecast

Peel Housing Corporation Sites

In \$'000	2013 Budget Forecasted in 2012 Budget	2013 Budget	2014 Forecast	2015 Forecast	2016 Forecast
Operating Budget - Net Expenditures	91,983	87,840	89,445	90,823	91,891
Operating Budget - Net Revenue	93,026	94,162	96,060	97,995	99,970
Operating Budget - Net Cost	(1,042)	(6,322)	(6,615)	(7,172)	(8,079)
Number of FTEs	77.50	79.00	79.00	79.00	79.00

Region Owned Sites

In \$'000	2013 Budget Forecasted in 2012 Budget	2013 Budget	2014 Forecast	2015 Forecast	2016 Forecast
Operating Budget - Net Expenditures	7,357	5,365	5,434	5,510	5,588
Operating Budget - Net Revenue	7,313	5,681	5,750	5,826	5,904
Operating Budget - Net Cost	43	(316)	(316)	(316)	(316)
Number of FTEs	4.50	-	-	-	-

All Peel Living Sites

In \$'000	2013 Budget Forecasted in 2012 Budget	2013 Budget	2014 Forecast	2015 Forecast	2016 Forecast
Operating Budget - Net Expenditures	99,340	93,205	94,879	96,333	97,479
Operating Budget - Net Revenue	100,339	99,842	101,810	103,821	105,874
Operating Budget - Net Cost	(999)	(6,638)	(6,931)	(7,487)	(8,394)
Number of FTEs	82.00	79.00	79.00	79.00	79.00

SUMMARY III

PEEL LIVING
2013 NEW CAPITAL DETAIL

2013 Financing Sources and Funding Status (\$'000)

2013 Funding Status:
Approved or Pending
(A/P)

<u>Project #</u>	<u>Project Name</u>	<u>Ward</u>	<u>Total Expense</u>	<u>2013</u>		
				<u>Funding External</u>	<u>Internal</u>	<u>DCA</u>
Major Capital						
A	13-0501	PEEL	11,959	0	11,959	0
A	13-0502		41	0	41	0
A	13-0503	PEEL	150	150	0	0
<i>Totals for Budget Year: 2013</i>			12,150	150	12,000	0

SUMMARY IV
PEEL LIVING
2013 CAPITAL BUDGET BY CLASSIFICATION

2013 Capital Budget by Classification (\$'000)

	SOGR \$'000	Growth \$'000	Other \$'000	External \$'000	Total \$'000
Major Capital					
Major planned capital repairs/replacements to existing residential properties.					
13-0502 ROP HOUSING MAJOR CAPITAL	42	0	0	0	42
MAJOR CAPITAL PL MANAGED SITE OWNED BY REGION					
13-0503 LAND REDEVELOPMENT - CONSULTING	0	0	150	0	150
LAND REDEVELOPMENT - CONSULTING					
13-0501 PEEL LIVING MAJOR CAPITAL	11,958	0	0	0	11,958
MAJOR CAPITAL					
1 Year Totals For: Major Capital	12,000	0	150	0	12,150
Grand Total:	12,000	0	150	0	12,150

Peel Living – 2013 Budget Document

SUMMARY V
PEEL LIVING

TEN YEAR CAPITAL PLAN

Ten Year Combined Capital Program (\$'000)

<u>Sub Type</u>	<u>Description</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Yrs 6-10</u>	<u>Gross</u>
Major Capital								
Major planned capital repairs/replacements to existing residential properties.								
13-0501	PEEL LIVING MAJOR CAPITAL MAJOR CAPITAL	11,959	13,666	13,445	13,766	13,350	68,592	134,778
13-0502	ROP HOUSING MAJOR CAPITAL MAJOR CAPITAL PL.MANAGED SITE OWNED BY REGION	41	134	357	35	451	406	1,424
13-0503	LAND REDEVELOPMENT - CONSULTING LAND REDEVELOPMENT - CONSULTING	150	0	0	0	0	0	150
10 Year Totals For:								
	Major Capital	12,150	13,800	13,802	13,801	13,801	68,998	136,352
Totals for 10 Year Capital Plan:		12,150	13,800	13,802	13,801	13,801	68,998	136,352