



THUNDER BAY DISTRICT
SOCIAL SERVICES ADMINISTRATION BOARD

**THUNDER BAY DISTRICT SOCIAL SERVICES
ADMINISTRATION BOARD**

BOARD REPORT

DATE PREPARED	January 4, 2008	REPORT NO.: 2008-01
MEETING DATE	January 17, 2008	TBDSSAB File No.: 420.01
SUBJECT	Thunder Bay District Social Services Administration Board Year 2008 Budget - Additional Information	

REPORT SUMMARY

To provide the Thunder Bay District Social Services Administration Board (TBDSSAB or the Board) with additional information concerning the Thunder Bay District Housing Corporation (TBDHC) revenue estimates for the 2008 year.

BACKGROUND

Report No. 2007-27 (Finance) presented at the November 18, 2007 meeting provided an overview regarding the proposed TBDSSAB year 2008 budget. The report provided options with respect to acceptance of the proposed budget or deferral to January 2008 in order to obtain further information from the TBDHC regarding its revenue estimates for the public portfolio on a portfolio by project basis, a detailed analysis of tenant incomes and vacancy issues relating to the various project locations, and the submission of a detailed Business plan identifying solutions for the decline in revenues. In response to TBDSSAB Resolution No. 07/92, provided as Attachment #1, correspondence was received December 21, 2007, from Carl White, Chair - TBDHC Board, which is provided as Attachment #2.

COMMENTS

Business Case – Revenue Declines

The letter from Mr. White, Chair - TBDHC Board, received December 21, 2007, and recommendation from the TBDHC indicates that a study will be conducted and formulated into a business plan to be brought back to the TBDHC Board with recommendations brought forward to TBDSSAB.

Data completed by TBDHC does not indicate the number of vacant months incurred for each year in each housing project. With respect to the vacancies, the attachments provided by TBDHC are reflective of a point in time only (December 31st). During 2002 and 2003 the non elderly singles were not reported separately

resulting in non comparable data and the non elderly singles may have been included in the families and seniors' categories. TBDSSAB administration has updated the TBDHC Report Attachment #4 to include the number of targeted units for the total public housing portfolio. The updated TBDHC Public Housing Portfolio (Incomes) - Amended by TBDSSAB is attached to this report as Attachment #4A.

Family Units

As per Attachments #4 (TBDHC) and #4A (TBDSSAB) the number of tenants housed in the family portfolio has been continually decreasing since 2002. In 2006 there are substantially less family tenants than 2002.

Seniors Portfolio

The seniors' portfolio in 2002 illustrates a higher occupancy, however during 2002 and 2003 the non elderly singles were not reported separately resulting in non comparable data. The community housing plan primarily addressed vacancies in the seniors' portfolio. As noted in the TBDHC summary there has been a net loss of revenues as a result of housing non elderly seniors.

Special Needs

Since 2002 the number of special needs tenants housed has increased, however income levels have declined below the 2002 levels. In 2006 the number of special needs individuals increased by 17.

2008 Draft DSSAB Budget Amendments

The correspondence from the TBDHC indicates that the Rent-Geared-to-Income revenue estimate previously provided for the Public Housing portfolio was reduced by 1.5%, or \$90,800 pursuant to a TBDHC Board resolution. Alternatively, the estimate for non-rental revenue has been increased by \$23,733 by TBDHC Administration. The use of these revised estimates would result in an increase to the Public Housing subsidy of \$67,067.

In light of the additional information provided by the TBDHC it is recommended that the 2008 subsidy budget for the Public Housing portfolio is increased by \$67,067. However, it is also recommended that the contingency contained in the 2008 draft budget be reduced by like amount from \$100,000 to \$32,933. The contingency was proposed in the initial draft budget in large measure to cover potential additional requirements related to revenue shortfalls in the Public Housing portfolio.

In this regard, revised pages 50 and 75 of the Year 2008 Budget (Draft) have been prepared and attached to this report. (Attachment #3)

As a result of these changes there would be no change to the 2008 municipal levy amount previously recommended in November 2007.

Correspondence from the TBDHC indicates a revenue decrease of approximately \$330,000 from the level generated since 2003. The actual rent revenue figures presented below are as per the TBDHC audited financial statements. As noted below the amended budgeted revenue for 2008 of \$5,959,400 or a decrease of \$598,300 since 2003 or 11%.

Comparison of Thunder Bay District Housing Corporation RGI revenue since 2003						
Budget						
Rent Revenue	2003	2004	2005	2006	2007	2008(1)
Public Housing	6,557,700	6,619,000	6,597,000	6,490,700	6,289,870	5,959,400
(1) 2008 budget based on 2007 forecast Actuals						
Actual (per audited financial statements)						
Rent Revenue	2003	2004	2005	2006	2007	
Public Housing	6,454,744	6,415,405	6,300,570	6,245,364	6,050,200	(404,544) (2)
Actual to Budget Variance						
Rent Revenue	2003	2004	2005	2006	2007	Cumulative Variance
Public Housing	(102,956)	(203,956)	(296,430)	(245,336)	(239,670)	(1,088,348) (3)
(1) Decrease in rent revenue from 2003 budget is \$598,300						
(2) Decrease in rent revenue from 2003 actual to projected actual for 2007 is \$404,544						
(3) Cumulative variance not levied by TBDSSAB due to variance from budget to actual since 2003						

CONCLUSION

The 2008 budget subsidy for the Public Housing portfolio is \$3,708,431. Based on a letter from the Ministry of Municipal Affairs and Housing (MMAH), dated May 9, 2007, the apportionment of "federal" funding for Public Housing for 2008 will be \$2,268,759; however, the Province will retain \$2,131,905 to make debenture payments related to Public Housing. The TBDSSAB would therefore receive \$136,854 from the MMAH; thus the amount levied for Public Housing from the municipal tax base will be \$3,571,577. As a comparison, the amount levied in 2002 for Public Housing was \$1,837,435.

It is concluded that the Public Housing subsidy budget of \$3,708,432, as revised, represents an increase 8.8% over the 2007 budget amount, and is \$67,067 higher than the previously proposed amount for 2008. This further increase brings the

amount required from the TBDSSAB levy to subsidize Public Housing revenues to \$330,470 versus the 2007 budget.

It is further concluded that the Social Housing budget contingency be reduced by \$67,067 to cover the additional revenue decrease of \$67,067 proposed by TBDHC. In this way no further levy increase, versus the amount proposed in the November Board report, would result.

RECOMMENDATION

First Recommendation

THAT with respect to Report No. 2007-27 and Report No. 2008-01 (Finance), we, the Thunder Bay District Social Services Administration Board, approves the budget for the year 2008 as amended in Report No. 2008-02 (Finance);

AND THAT \$6,950 representing Thunder Bay District Social Services Administration Board member honourariums be financed from unrestricted surplus;

AND THAT the Thunder Bay District Social Services Administration Board budget for 2008 be circulated to participating municipalities;

AND THAT the member municipalities be billed as per the 2008 budget using weighted assessment for the year 2007 until the 2008 weighted assessment can be determined;

AND THAT any necessary by-law be presented to the Board.

Second Recommendation

THAT with respect to Report No. 2008-01 (Finance), and with respect to the documentation received December 21, 2007, from the Thunder Bay District Housing Corporation relative to Public Housing - Analysis of Change in Revenue, we recommend that the Thunder Bay District Housing Corporation be directed to compile information relating to the vacancy loses as noted in their Report No. 2007-93 - Attachment #2 - Thunder Bay District Housing Corporation - Annual Revenue Per Property - Public Housing Portfolio, itemizing the total number of vacancy months for each property by year as part of the previously requested business plan submission.

REFERENCE MATERIALS ATTACHEDS

Attachment #1: TBDSSAB Resolution No. 07/92

Attachment #2: Correspondence from Carl White, Chair - TBDHC Board
 Received December 21, 2007
 re: Public Housing - Analysis of Change in Revenue

Note: Letter Attachment: Due to size TBDHC Report Attachments #5 & #6 were not included in this report. These items were previously distributed to the Thunder Bay District Social Services Administration Board. They will be available for review at the meeting.

Attachment #3: Revised 2008 Budget pages 50 and 75

Attachment #4A: Updated TBDHC Public Housing Portfolio (Incomes)
 - Amended by TBDSSAB

PREPARED BY:	William Bradica, CGA, Manager - Finance Mary Lucas, General Manager District of Thunder Bay Social Services Department
SUBMITTED BY:	Mary Lucas, General Manager District of Thunder Bay Social Services Department



Resolution No. 07/92

DATE: November 15, 2007

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Councillor J. Virdiramo
MOVED BY

Councillor A. Foulds
SECONDED BY

CARRIED

AMENDED

LOST

DEFERRED/REFERRED

Re: Report No. 2007-27 (Finance) - Thunder Bay DSSAB - 2008 Proposed Budget Option #2

THAT with respect to Report No. 2007-27 (Finance) we recommend that the 2008 budget as proposed for the Thunder Bay District Social Services Administration Board, be deferred to the January 17, 2008, Thunder Bay District Social Services Administration Board meeting;

AND THAT the Thunder Bay District Social Services Administration Board request that the Thunder Bay District Housing Corporation provide a detailed budget analysis with respect to revenue projections for the 2008 budget submission on a project by project basis for the public portfolio, allowing for consideration of differing vacancy issues within the Portfolio;

AND THAT the Thunder Bay District Social Services Administration Board request that the Thunder Bay District Housing Corporation provide a detailed analysis of tenant incomes including singles, seniors, family projects, and vacancy issues relating to the various project locations;

AND THAT the Thunder Bay District Housing Corporation submit a detailed Business Plan to the Thunder Bay District Social Services Administration Board identifying solutions for the decline in revenues;

AND THAT the Business Plan is submitted to the Thunder Bay District Social Services Administration Board by January 4, 2008.

Councillor I. Angus
CHAIR / VICE-CHAIR

Councillor J. Virdiramo
SECRETARY

DISTRIBUTION: Original - Resolution Binder

cc:

B. Bradica	Compliance	K. Bradica	Information
M. Lucas	Information	C. Wheeler	Information
J. Bax	Information		Outstanding List
File No: 420.01			

Thunder Bay District Social Services Administration Board
Social Housing Budget Summary

Program Description	2007		2008	% Change
	Budget	Est Actuals	Budget	
Expenditures				
Provincial Reformed - Market Component (<i>SHRA S.103</i>)	3,878,799	3,677,027	3,895,033	0.4%
Provincial Reformed - 100% RGI (<i>SHRA S.106</i>)	5,501,237	5,444,656	5,498,443	-0.1%
Provincial Reformed - Pre '86 MNP	778,166	774,132	723,232	-7.1%
Public Housing	3,408,569	3,641,686	3,708,431	8.8%
Urban Native Housing Program	2,508,957	2,645,379	2,385,367	-4.9%
Commercial Rent Supplement	2,973,508	2,927,963	2,975,570	0.1%
Non-profit Rent Supplement	1,276,760	1,220,931	1,276,760	0.0%
Strong Communities Rent Supplement	437,218	413,701	437,218	0.0%
NHA Section 95 Non-profit	206,958	207,241	223,537	8.0%
Affordable Housing Program	105,300	234,464	1,541,250	1363.7%
Provincial Rent Bank Program	-	67,985	26,416	n/a
Administration	910,224	869,621	1,031,908	13.4%
Contingency	-	-	32,933	n/a
Total Expenditures	21,985,696	22,124,786	23,756,098	8.1%
Financing				
Federal Block Funding	(8,596,126)	(8,596,124)	(8,595,753)	0.0%
Provincial Grants	(542,518)	(723,388)	(2,040,627)	276.1%
Social Housing Development Reserve Fund	-	(285,000)	-	n/a
Net Cost	12,847,052	12,520,274	13,119,718	2.1%

Thunder Bay District Social Services Administration Board Social Housing Programs Budget

Program: Public Housing

Housing Provider: Thunder Bay District Housing Corporation

	2007		2008	% Change
	Budget	Est Actuals	Budget	
Expenditures				
Maintenance and Administration	3,376,750	3,376,750	3,413,068	1.1%
Utilities (1)	2,476,539	2,508,611	2,372,436	-4.2%
Bad Debts (net of recoveries)	31,628	31,628	32,071	1.4%
Insurance	140,389	140,389	143,772	2.4%
Mortgage Payments	48,800	48,800	48,800	0.0%
Property Taxes	2,414,480	2,384,130	2,455,654	1.7%
Well Water Costs (2)	16,514	8,189	8,189	-50.4%
Capital Reserve Allocation	1,259,656	1,259,656	1,283,841	1.9%
Total Expenditure	9,764,756	9,758,153	9,757,831	-0.1%
Revenue				
Rent	(6,289,870)	(6,050,200)	(5,959,400)	-5.3%
Other	(66,317)	(66,267)	(90,000)	35.7%
Total Revenue	(6,356,187)	(6,116,467)	(6,049,400)	-4.8%
Total Subsidy Required	3,408,569	3,641,686	3,708,431	8.8%

(1) 2007 utilities finalized after 2006 actuals were known

(2) Well water costs to be settled at actual

