



City Budget 2012

Affordable Housing Program Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget

(In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	2,886.5	2,713.8	2,580.8	0.0	2,580.8	(305.7)	(10.6)	36.8	14.6
REVENUE	1,607.8	1,494.8	1,433.4	0.0	1,433.4	(174.4)	(10.8)	(481.6)	(110.8)
NET EXP.	1,278.7	1,219.0	1,147.4	0.0	1,147.4	(131.3)	(10.3)	518.4	125.4
Approved Positions	22.0	22.0	19.0	0.0	19.0	(3.0)	(13.6)		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction v.s. 2012 Rec'd Reduction	Target %
2012 Reductions	(126.7)	(131.3)	4.6%	10.4%

Recommendations

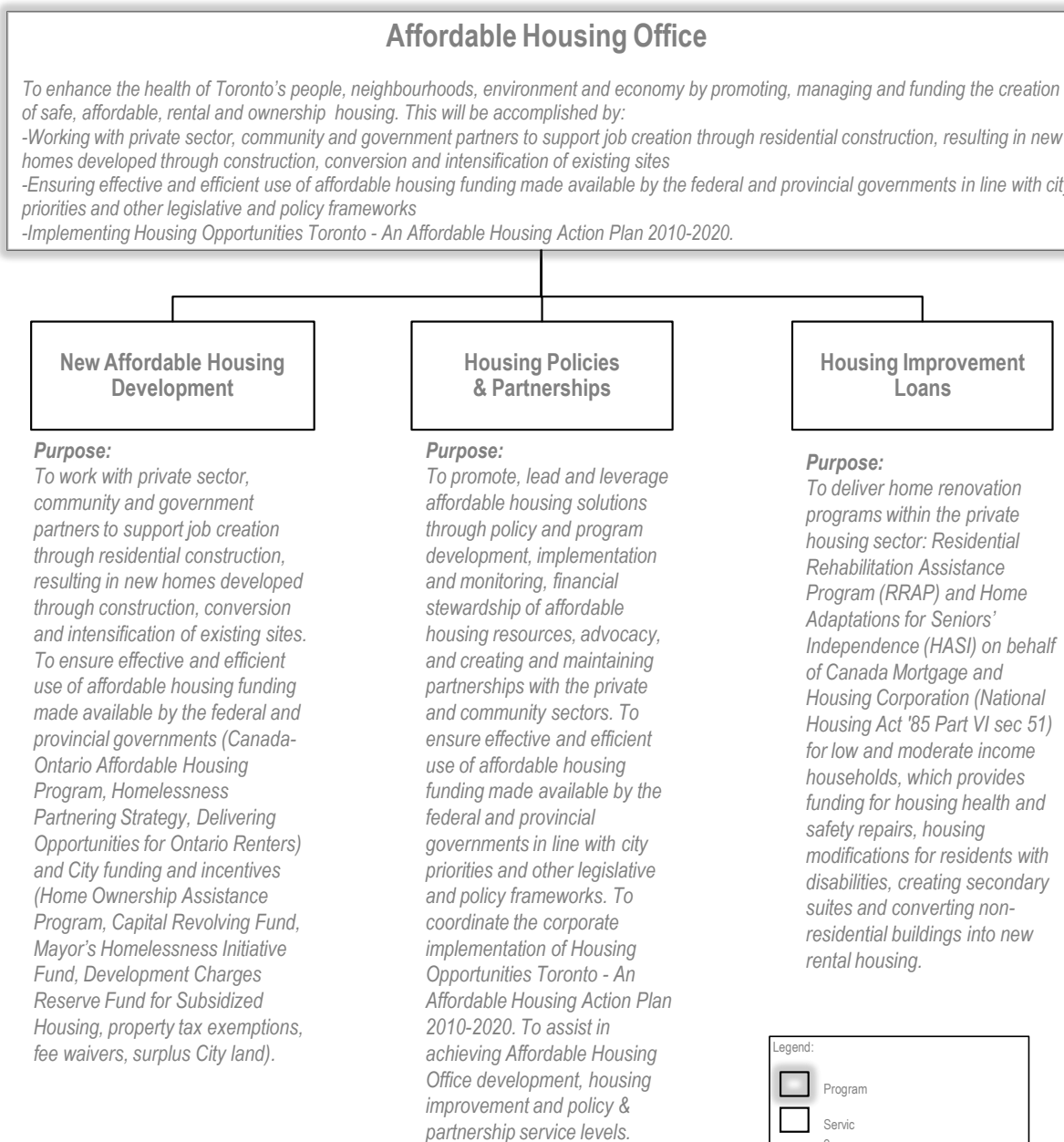
The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for the Affordable Housing Office of \$2.581 million gross and \$1.147 million net, comprised of the following services:

<u>Service</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Housing Improvements	526.9	226.9
Housing Development, Policy and Partnerships	2,053.9	920.5
Total Program Budget	2,580.8	1,147.4

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

New Affordable Housing Development	Housing Policies & Partnerships	Housing Improvement Loans
<ul style="list-style-type: none"> • Low and moderate income residents of Toronto • Private Sector Housing Developers • Community Organizations • Toronto Community Housing Corporation • Build Toronto 	<ul style="list-style-type: none"> • Low and moderate income, vulnerable residents of Toronto • Other orders of government • Community & non-profit groups • Private sector housing developers • Business organizations • City 	<ul style="list-style-type: none"> • Low and moderate income residents of Toronto • Private Landlords • Seniors with mobility problems • Homeowners with disabilities

2012 Recommended Service Levels

Service	Activity	Type	Sub Type	2011 Current Service Level	2012 Proposed Service Level
New Affordable Housing Development		New Development through Construction, Conversion and Intensification		Funding disbursed within prescribed guidelines leading to completion of new homes 100% of the time, achieving annual targets according to available funding	Funding disbursed within prescribed guidelines leading to completion of new homes 100% of the time, achieving annual targets according to available funding
Housing Improvement Loans		Private Homes		Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding	Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding
		Private Apartments		Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding	Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding
		Other Housing Improvements		Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding	Funding disbursed within prescribed guidelines leading to completion of renovation or modification 100% of the time achieving annual targets according to available funding
Housing Policy & Partnerships		Policies, Plans, Programs and Agreements	Housing Opportunities Toronto	Reporting deadlines to Council will be achieved 100% of the time	Reporting deadlines to Council will be achieved 100% of the time
			Home Ownership Programs	100% of funding disbursed within prescribed timelines and parameters with quarterly reporting on the federal-provincial program and every 2 years to Council on the city Home Ownership Assistance Program.	100% of funding disbursed within prescribed timelines and parameters with quarterly reporting on the federal-provincial program and every 2 years to Council on the city Home Ownership Assistance Program.
			Policies	100% of the time authorized policies developed and maintained according to required parameters and high standards of best practices	100% of the time authorized policies developed and maintained according to required parameters and high standards of best practices
			Research and Analysis	100% of the time approved initiatives conducted according to required parameters and high standards of best practices	100% of the time approved initiatives conducted according to required parameters and high standards of best practices
		Partnership/ Relationships	Government	100% of the time excellent partnerships/relationships maintained with the federal and provincial governments to assist in the implementation of HOT strategies and recommendations including funding decisions.	100% of the time excellent partnerships/relationships maintained with the federal and provincial governments to assist in the implementation of HOT strategies and recommendations including funding decisions.

			Developers	100% of the time excellent partnerships/ relationships maintained to ensure the successful completion of developments goals according to program parameters and supporting the implementation of HOT strategies and recommendations.	100% of the time excellent partnerships/ relationships maintained to ensure the successful completion of developments goals according to program parameters and supporting the implementation of HOT strategies and recommendations.
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2012 Service Deliverables

The 2012 Operating Budget of \$2.581 million gross and \$1.147 million net will provide funding for the delivery of affordable housing services to the public in three key areas:

New Affordable Housing Development

- Oversee the administration and completion of Council approved federal/provincial affordable rental and ownership housing investments of \$124.259 million comprising 1,237 homes in seven developments.
- Administer Council determined new affordable housing priorities for federal/provincial funding arising for the new Investment in Affordable Housing Program 2012–2015.
- Support private and non–profit sector affordable housing developers in creating affordable housing opportunities and generating economic activity with no impact on the City tax base.

Housing Improvement Loans

- Administer \$13.244 million in Federal Residential Rehabilitation Assistance Program (RRAP) and the Housing Adaptations for Seniors’ Independence (HASI) Program to assist a total of approximately 890 low income households with home repairs and adaptations.
- Administer Council determined renovation priorities for federal/provincial funding arising from the new Investment in Affordable Housing for Ontario Program 2012–2015.

Housing Policy & Partnerships

- Strengthen Federal and Provincial involvement in funding the full range of affordable housing requirements of Toronto as approved by Council in Housing Opportunities Toronto 2010 to 2020.
- Co–ordinate implementation of Toronto’s council–approved 10–year affordable housing plan.
- Support and facilitate specific affordable housing pilot initiatives by government agencies without projects impacting the city tax base.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget

(In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
					2013	2014
	\$	\$	\$	%	\$	\$
GROSS EXP.	2,886.5	2,580.8	(305.7)	(10.6)	36.8	14.6
REVENUE	1,607.8	1,433.4	(174.4)	(10.8)	(481.6)	(110.8)
NET EXP.	1,278.7	1,147.4	(131.3)	(10.3)	518.4	125.4
Approved Positions	22.0	19.0	(3.0)	(13.6)		

TARGET COMPARISON	10% Reduction Target	2012 Rec.'d Reduction	2012 Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(126.7)	(131.3)	4.6	10.4%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$1.147 million net is \$0.131 million or 10.3% below the Affordable Housing Office's 2011 Approved Operating Budget of \$1.278 million.
- The 2012 Recommended Base Budget includes net reductions of \$0.131 million, which are \$0.005 million or 0.4% higher than the reduction target of \$0.127 million. The \$0.131 million reductions are achieved through a combination of savings from base changes of \$0.043 million and savings from service efficiencies of \$0.088 million.
- The 2012 recommended staff complement has decreased from 22.0 in 2011 to 19, reflecting the deletion of three vacant positions, as noted below, as noted below.

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Complement	22.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	22.0
2012 Recommended Staff Complement	
- 2012 Temporary Complement - Capital Project Delivery	
- 2012 Operating impacts of completed Capital projects	
- 2012 Service Change Adjustments	(3.0)
Total Recommended Complement	19.0

**2012 Recommended Service Change Summary
(In \$000s)**

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Absorb Econ. Factors (non-labour) within base budget		(4.6)	(4.6)	(0.4%)				
Reduction to Reflect Actual Experience		(39.0)	(39.0)	(3.0%)				
Base Expenditure Changes	-	(43.6)	(43.6)	(3.3%)	-	-	-	-
Base Revenue Changes								
Base Revenue Changes	-	-	-	-	-	-	-	-
Sub-Total Base Budget Changes	-	(43.6)	(43.6)	(3.3%)	-	-	-	-
Service Efficiencies								
Realignment of Workload	(3.0)	(306.0)	(87.7)	(6.7%)				
Sub-Total Service Efficiencies	(3.0)	(306.0)	(87.7)	(6.7%)	-	-	-	-
Revenue Adjustments:								
Sub-Total Revenue Adjustments	-	-	-	-	-	-	-	-
Minor Service Impact:								
Sub-Total Minor Service Impacts	-	-	-	-	-	-	-	-
Major Service Impact:								
Sub-Total Major Service Impacts	-	-	-	-	-	-	-	-
Total Service Changes	(3.0)	(306.0)	(131.3)	(10.4%)	-	-	-	-

2012 Recommended Service Changes

Base Expenditure Changes

Reduction to Reflect Actual Expenditures:

- After a detailed review of expenditure trends, the Program's Operating Budget will be reduced by \$0.039 million net including reductions in Materials and Supplies of \$0.007 million; Equipment of \$0.006 million; and Service and Rents of \$0.058 million, with an offsetting increase in legal costs of \$0.032 million.

Absorb Non-Labour Economic Factor Increase:

- Inflationary increases of \$.005 million applied to non-salary expenses in materials and supplies, equipment and services will be absorbed by the Program.

Service Efficiencies

Workload Realignment:

- Effective January 1, 2012, one AHO Policy Development Officer and one Program Officer position will be eliminated through attrition, resulting in savings of \$0.218 million gross, \$0 net. Both are permanent, filled positions. These positions will be permanently deleted (effective January 1, 2012). There will be no impact on service levels, as the work load will be absorbed by existing staff. These savings will be offset by a reduction in revenue, as these positions were funded through a draw from the Capital Revolving Fund.
- The elimination of one Support Assistant B position, a temporary vacant position, will provide savings of \$0.088 million. This position provides administrative support to housing development officers and program management. The elimination of this position will have no service level impact, as the position duties will be reassigned to remaining staff.

2013 and 2014 Outlook:

- Approval of the 2012 Recommended Base Budget for the Affordable Housing Office will result in an incremental impact of \$0.518 million in 2013; and \$0.125 million in 2014 to maintain the 2012 level of service and staff complement. These increases are attributed to the following cost drivers:
 - In 2013, the projected increase of \$0.518 million is comprised of the following pressures:
 - The reversal of the 2012 contribution from the Capital Revolving Fund of \$0.327 million;
 - A reduction in funding of \$0.154 million in administration fees from AHP; and
 - An increase in salary and benefits of \$0.037 million for progression pay and a 0.9% OMERS rate increase.
 - In 2014 the projected increase of \$0.125 million is attributable to the following pressures:
 - Reduction of \$0.110 million in funding in administration fees from AHP; and
 - An increase of \$0.015 million for progressive pay step increases, and fringe benefits.

Part V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

Sustainability of Funding Sources

The 2012 Recommended Operating Budget for the Affordable Housing Office is funded by a combination of Provincial and Federal fees of \$1.106 million, and funding from the Capital Revolving Fund of \$0.327 million with the balance from property tax revenue (net City funding).

The 2012 Recommended Operating Budget for AHO includes changes in funding sources from 2011, as noted in the following table. These changes include a decrease in Provincial / Federal fees and grants of \$0.057 million, and a reduction in City funding of \$0.117 million, reflecting a reduction in the contribution from the Capital Revolving Fund.

Gross Expenditures	2010	2011	2012	Change	Incremental	
	Approved Budget	Approved Budget	Rec'd Budget	2011 Approved v. 2012 Rec'd	Funding Requirements	
	3,222.7	2,886.5	2,580.8	(305.7)	2013	2014
Grants, Fees						
Provincial Admin Fee (AHP)	350.0	150.0	50.0	(100.0)	780.8	(110.8)
Fed /Prov AHP 2009: Economic Stimulus Fees	326.0	475.0	685.0	210.0	(685.0)	
Federal Admin Fee (RRAP)	300.0	300.0	250.0	(50.0)	(250.0)	
Homelessness Partnering Strategy	221.8	238.3	121.0	(117.3)		
Total Grants, Fees	1,197.8	1,163.3	1,106.0	(57.3)	(154.2)	(110.8)
City Funding						
Capital Revolving Fund	420.4	444.5	327.4	(117.1)	(327.4)	
Capital Funding	270.0			0.0		
Total City Funding	690.4	444.5	327.4	(117.1)	(327.4)	
Total Revenue	1,888.2	1,607.8	1,433.4	174.4		
Net Expenses	1,334.5	1,278.7	1,147.4	131.3	(481.6)	(110.8)

These changes result in the following funding levels for 2012:

Provincial Administration Fees (AHP):

- The 2012 Recommended Operating Budget includes revenue of \$0.200 million from the Province through the Canada/Ontario Affordable Housing Program (AHP). This funding is a partial reimbursement to municipalities to cover the costs Service Managers incur in delivering affordable housing projects under the program. This program provides the City with 3.27% of the capital costs that include developing, implementing and managing approved affordable housing projects.
- Under the AHP (signed in 2005) the City has been allocated 4,829 units, with provincial / federal funding of \$301.935 million. Since the timing of the capital funding is matched to the timing of the completion of these projects, as the projects are completed less administrative funding is available in 2012 than was available in 2011.
- This funding of 0.050 million provides or technical support to assist in the selection of non-profit rental housing providers who will own and operate 250 affordable rental homes in perpetuity following the 2015 Pan Am Games.

Economic Stimulus Plan – Canada–Ontario Affordable Housing Program 2009 Extension:

- The 2012 Recommended Operating Budget includes \$0.685 million for the management of projects allocated to the City under this Program. Under the Economic Stimulus Plan, the City has been allocated funding for 1,408 affordable rental and ownership units with provincial / federal funding of \$152.190 million. The City has received \$1.276 million to cover the costs of the administration of projects under this Program, with the funding to be matched to the timing of project completion.

Residential Rehabilitation Assistance Program (RRAP) and Home Adaptations for Seniors' Independence (HASI):

- The 2012 Recommended Operating Budget includes revenue of \$0.250 million, paid to agents for delivering the 2011/2012 Federal government's Rental Rehabilitation Assistance Program. The City is in the final year of administering the current Program on behalf of Canada Mortgage and Housing Corporation as the Ontario government has assumed the federal program under the new Investment in Affordable Housing for Ontario Program 2012–2015.
- The City receives a set fee for each home owner application and each rental unit within a project that is successfully delivered through RRAP. The City also receives a smaller set fee for approved projects that may for technical reasons be unable to proceed.

Homelessness Partnering Strategy (HPS):

- The 2012 Recommended Operating Budget includes funding from HPS of \$0.121 million. HPS is a Federal program that supports a number of initiatives aimed at combating

homelessness. In 2012 the HPS administrative funding for the AHO will decrease by \$0.117 million from \$0.238 million to \$0.121 million to reflect a reduction in transitional housing development.

Contribution from the Capital Revolving Reserve Fund of \$0.327 Million:

- The 2012 Recommended Operating Budget includes a one-time contribution of \$0.327 million (a decrease of \$0.117 million from 2011) from the Capital Revolving Fund (CRF). The CRF was initially set up with dedicated funding from the Provincial government. The fund has primarily been used in the past to provide low interest loans and grants to support the creation of new Council-approved affordable non-profit housing developments. The CRF has an uncommitted balance of \$3.856 million as of September 30, 2011.
- The use of this reserve to offset base pressures on the Affordable Housing Office is consistent with the purpose of supporting “activities related to improving the quality and quantity of affordable housing in the City.” The Program maximizes all external revenues to minimize the contribution from reserves. While this funding is a one-time non-sustainable amount, the receipt of administration fees as part of the Canada-Ontario Affordable Housing Program Extension (2009) provides additional resources that reduce the need to draw funds from the reserve.
- The Program will continue to advocate the Federal/Provincial governments to provide new housing funding and administration support to increase new housing opportunities for Toronto residents.

Confirmation of 2012–2015 Funding Allocations:

- On July 4, 2011 the Ministry of Municipal Affairs and Housing announced a new framework and the investment of \$1.4 billion in affordable housing from April 2011 to March 2014. Of this amount the City of Toronto has been allocated a total of \$108.377 million, with \$44.458 million available for the 2012–13 period; \$44.538 million available for the 2013–14 period; and \$19.342 million for the 2014–15 period.
- Based on the recommended allocation of funding to be shared between Shelter, Support and Housing Administration and the Affordable Housing Office, the AHO would receive \$2.160 million in administration fees over the period 2013, 2014 and 2015.
- The Director of the Affordable Housing Office and General Manager, SSHA will be reporting to Council with an update on the status of the renewal of the Canada-Ontario Investment in Affordable Housing Program 2012–2015. The report will seek authority for the General Manager, SSHA and the Director, Affordable Housing Office to enter into agreements with the provincial government to deliver the program components and ensure effective use of federal/provincial funding.

- Additional administrative fees associated with the work of the Affordable Housing Office will be, subject to Council approval, available through the new Investment in Affordable Housing for Ontario Program in 2013 and future years to offset the additional pressure of \$0.475 million in 2013. The last year the Program has access to Federal Economic Stimulus Fees is 2012.

Reduction of Homelessness Partnering Strategy Funding:

- The 2012 Recommended Operating Budget for the AHO includes a base revenue reduction of \$0.117 million, reflecting reduced funding from the Homelessness Partnering Strategy (HPS). This change reduces the funding from \$0.238 million in 2011 to \$0.121 million in 2012.
- HPI funding had been available to AHO to support two positions, primarily responsible for managing the development of new and existing supportive/ transitional housing projects that were partially funded through HPS. As there will be a reduction in the level of transitional housing development in 2012, funding for one position has been eliminated. The revenue shortfall has been offset by increasing the draw from the Capital Revolving Fund by \$0.117 million.

Issues Referred to the 2012 Operating Budget Process

Core Service Review

On September 26, 27, 2011 City Council adopted a report that addressed the results of the service review, and adopted the following recommendations:

- *"Ensure that 2012 and 2013 affordable housing development activities are funded by the federal and provincial governments."*
- *"Consider a stronger consolidation of housing and homeless planning and program delivery within City divisions and Toronto Community Housing Corporation".*
- *"Reduce new affordable housing commitments (federal and provincial); reflect these reductions in an upcoming report to Council on the new Investment in Affordable Housing Program, including limiting any new development activities to federal and provincial funding initiatives".*
- *"Reduce the Housing Loan Program, and the Housing Policy Partnership activities to a service level supported by funding from the federal and provincial government, and request that then GM for Shelter Support and Housing Administration and the Director of the Affordable Housing Office reflect these reductions in their upcoming report to Council on the Investment in Affordable Housing Program".*
- Status: While there are no changes in the 2012 Recommended Operating Budget that address these recommendations, further studies will be conducted in 2012 with the

findings of these studies reported to Council during 2012, and, where appropriate, be implemented through the 2013 Operating budget process. As discussed above, every effort has been made to maximize the use of Provincial and Federal funding in the 2012 Recommended Operating Budget, as recommended by Council.

Service Efficiency Study

- As part of the City's Service Efficiency study process the Affordable Housing Office was reviewed in 2011 to assess the merits of possible consolidation within the Shelter, Support and Housing Administration Division and the potential for efficiencies to be found. MCC Workplace Solutions Inc. undertook an independent review and will be reporting the results of this review to the City Manager later in 2011.

Appendix 1

2011 Performance

2011 Key Accomplishments:

In 2011, the Affordable Housing Office achieved the following results:

Success in Engaging the Federal and Provincial Governments in New Funding

- ✓ The Director of the Affordable Housing Office in partnership with the General Manager of Shelter, Support and Housing Administration supported the province policy and program development related to the new provincial Housing Services Act, the provincial Long Term Housing Strategy and the federal/provincial Investment in Affordable Housing Program.

The work of the Director in 2011 will result in additional administrative funding in 2012 for the AHO for professional assistance with the provincial Pan Am Village affordable housing legacy and increased RRAP allocation activity.

Managing the Creation of Housing and Jobs

- ✓ The Affordable Housing Office continued to fulfill its legislative requirements in its role as Service Manager responsible for Federal, Provincial and Municipal funding which is creating or upgrading affordable rental and ownership homes in Toronto. This funding leverages additional investment from the private and non-profit sectors.
- ✓ As a result of new development, 2,900 residents moved into 1,502 new affordable rental and ownership homes in 2011. These new homes had a significant impact on the economy by creating more than 3,800 jobs.
- ✓ In addition, 350 jobs will be created by the 1,034 affordable rental and privately owned homes that were repaired, renovated or modified under the Federal government's Residential Rehabilitation Assistance Program (RRAP) and Home Adaptations for Seniors' Independence (HASI) program.
- ✓ Toronto residents being served include seniors, persons with disabilities, single mothers and their children, Aboriginal persons and other low and moderate income families and individuals.

Action on Affordable Housing Policies and Programs

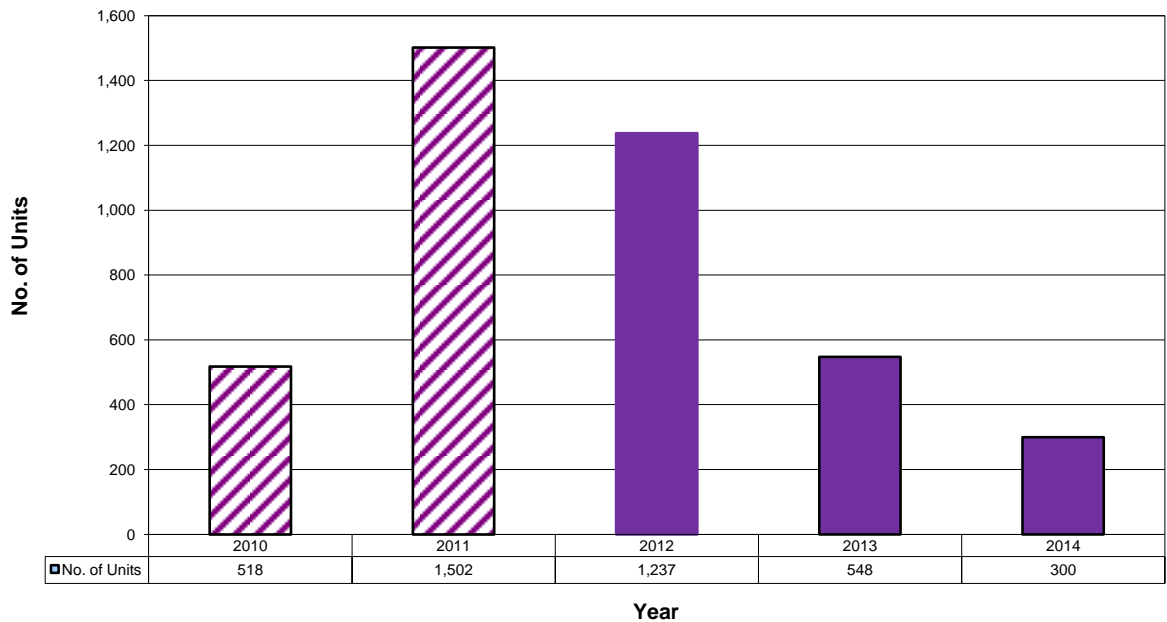
- ✓ Since Housing Opportunities Toronto was adopted by City Council in 2009, modest progress continues in implementing the plan's 67 actions across several City Divisions, Agencies and external partners. However, federal/provincial financial

constraint measures and reduced affordable housing funding is limiting the ability to achieve short and medium term targets outlined in the action plan. The AHO was given the mandate to coordinate this work and will continue this effort in 2012.

- ✓ The Affordable Housing Office was directed by Council to host an Action Symposium to mobilize support for the recommendations of the Senate report *In From the Margins: A Call to Action on Poverty, Housing and Homelessness*. The Symposium, sponsored by the Toronto Board of Trade and United Way Toronto, took place March 4, 2011 and attracted more than 200 representatives from the private and non-profit sectors, as well as federal, provincial and municipal officials.
- ✓ As a follow-up to the Symposium the Affordable Housing Office is supporting the Chair of the Affordable Housing Committee in staffing the Chairs Private Sector Roundtable which was formed in 2011.
- ✓ Recommendations of the 2010 program review continued to be implemented, with the goal of improved program efficiency and service to the public.

2011 Performance

Number of New Affordable Homes Opening 2010 –2014



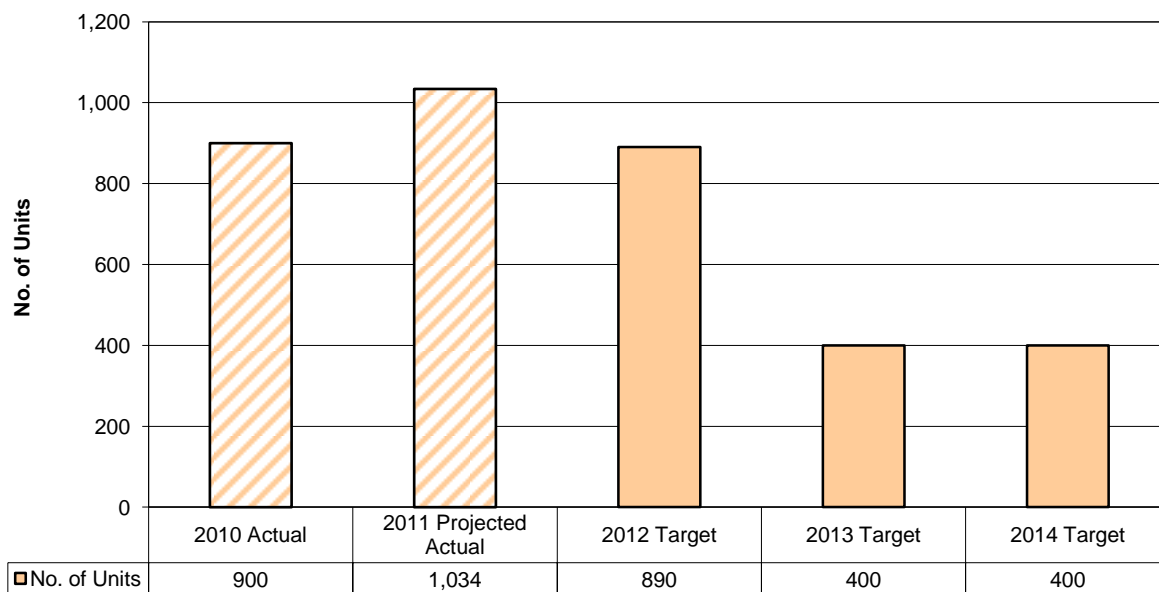
- In 2010, 518 units comprised of 308 affordable rental homes, 210 ownership homes were opened through Federal/Provincial new affordable housing programs.
- In 2011, 1,502 units comprised of 1,097 affordable rental homes, 405 affordable ownership homes are opening through Federal/Provincial new affordable housing programs.
- In 2012, 1,237 units comprised of 1,140 affordable rental homes, 97 affordable ownership homes are projected to open through Federal/Provincial new affordable housing programs.
- In 2013, 548 units comprised of 292 affordable rental homes, 256 affordable ownership homes are projected to open through Federal/Provincial new affordable housing programs.
- In 2014, 300 rental units are projected to open through Federal/Provincial new affordable housing programs

Housing Improvement Performance

Housing improvements are made under the Federal Residential Rehabilitation Assistance Program (RRAP) and the Home Adaptations for Seniors' Independence (HASI) program through to March 2012.

After that, Federal funding for housing has been confirmed through to March 2014 through the Investment in Affordable Housing for Ontario Program.

Affordable Housing Units Repaired, Renovated or Modified 2010 - 2014



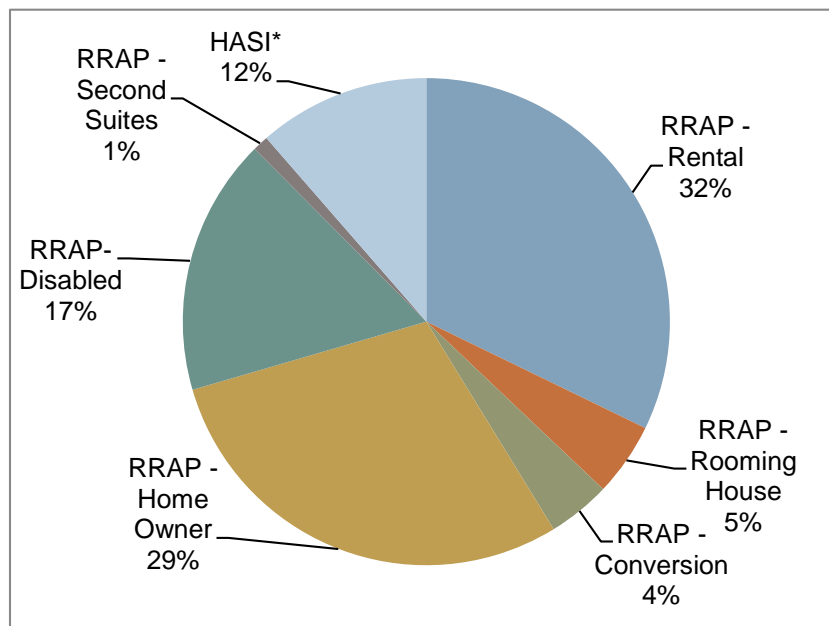
- In 2010, 900 units, (497 units repaired, 120 units modified and 44 newly created units) were funded by the Rental Rehabilitation Assistance Program (RRAP) and 239 units modified through the Home Adaptation for Seniors' Independence (HASI) Program.
- In 2010, the total Federal investment in these upgrades was \$8.462 million, with \$7.704 million delivered through RRAP, and \$0.758 million through HASI.
- In 2011, 1,034 units, are projected (598 units repaired, 116 units modified and 20 newly created units) to be funded by the Rental Rehabilitation Assistance Program (RRAP) and 300 units modified through the Home Adaptation for Seniors' Independence (HASI) Program.
- In 2011, the total Federal investment in these upgrades is projected to be \$9.207 million, with \$8.157 million delivered through RRAP, and \$1.050 million through HASI.

2010-2011 RRAP & HASI Allocation

Program	Number of Loans	Number of Units	Total RRAP Funding \$ Allocated
RRAP- Rental	7	360	2,964,830
RRAP- Rooming House	1	28	448,000
RRAP - Conversion	3	16	384,000
RRAP - Home Owner	210	210	2,692,765
RRAP - Disabled	115	116	1,571,428
RRAP – Second Suites	4	4	96,000
HASI*	300	300	1,050,000
TOTAL	640	1,034	9,207,023

* Estimates

2010 – 2011 RRAP & HASI Funding Allocation (Percentage)



2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	2,742.3	2,599.4	2,886.5	2,713.8	(172.7)	(6.0)
REVENUES	1,437.2	1,264.9	1,607.8	1,494.8	(113.0)	(7.0)
NET EXP.	1,305.1	1,334.5	1,278.7	1,219.0	(59.7)	(4.7)
Approved Positions	26.0	25.0	22.0	22.0	-	-

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- The Affordable Housing Office is projecting year-end gross under spending of \$0.173 million, with revenues \$0.113 million lower than budget, resulting in a favourable net variance of \$0.60 million.
- Under spending is primarily related to salary and benefit savings, due to the hiring slow down and cost containment.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The under spending in salaries will continue into 2012, as 3 positions will be permanently eliminated through attrition and workload realignment for savings of \$0.306 million.
- Savings of \$0.039 million from the review of actual expenditures are included 2012, that are reflected in the 2012 Recommended Base Budget of \$0.131 million.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category

(In \$000s)

Category of Expense	2009	2010	2011	2011	2012	Change from		2013	2014
	Actuals	Actuals	Approved Budget	Projected Actuals	Recommended Base	2011 Approved Budget	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	1,950.1	2,142.1	2,341.3	2,173.7	2,076.6	(264.7)	(11.3%)	2,113.4	2,128.0
Materials and Supplies	62.5	14.0	27.5	22.4	12.2	(15.2)	(55.5%)	12.2	12.2
Equipment	0.8	1.0	12.2	12.2	8.2	(4.0)	(32.7%)	8.2	8.2
Services & Rents	276.3	153.2	206.6	206.6	152.7	(53.8)	(26.1%)	152.7	152.7
Contributions to Capital	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	4.4	4.5	4.6	4.6	4.6	0.0	0.0%	4.6	4.6
Other Expenditures	14.1	0.0	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Interdivisional Charges	434.1	284.7	294.3	294.3	326.4	32.1	10.9%	326.4	326.4
TOTAL GROSS EXPENDITURES	2,742.3	2,599.4	2,886.5	2,713.8	2,580.8	(305.6)	(10.6%)	2,617.6	2,632.1
Interdivisional Recoveries	153.7	192.8	238.3	209.4	121.0	(117.3)	(49.2%)	121.0	121.0
Provincial Subsidies	475.0	500.9	625.0	625.0	735.0	110.0	17.6%	830.8	720.0
Federal Subsidies	0.0	0.0	300.0	306.1	250.0	(50.0)	(16.7%)	0.0	0.0
Other Subsidies	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0	0.0
User Fees & Donations	397.3	338.3	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Transfers from Capital Fund	31.6	232.9	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contribution from Reserve/Res Funds	379.5	0.0	444.5	316.0	327.4	(117.1)	(26.3%)	0.0	0.0
Other Revenues	0.0	0.0	0.0	38.3	0.0	0.0	n/a	0.0	0.0
TOTAL REVENUE	1,437.2	1,264.9	1,607.8	1,494.8	1,433.4	(174.4)	(10.8%)	951.8	841.0
TOTAL NET EXPENDITURES	1,305.1	1,334.5	1,278.7	1,219.0	1,147.4	(131.3)	(10.3%)	1,665.8	1,791.1
APPROVED POSITIONS	26.0	25.0	22.0	20.0	19.0	(3.0)	(13.6%)	19.0	19.0

2012 Key Cost Drivers

- Salaries and Benefits have decreased \$0.265 million, primarily due to the reduction in the staff complement from 22.0 approved positions in 2012 to 19.0. Three positions will be eliminated as service efficiencies achieved through attrition and workload realignment.
- Materials, Equipment, and Services and Rents have decreased by a total of \$0.073 million, as the 2011 base budget has been permanently reduced to reflect actual experience reductions, with savings primarily in external legal and technical services.

- Interdivisional Charges have increased by \$0.032 million to reflect greater reliance on City legal services.
- Interdivisional Recoveries have dropped \$0.117 million to reflect the loss of HPS funding for the construction of new supportive / transitional housing. Provincial subsidy has increased by \$0.060 million to reflect the increase in funding from the federal Affordable Housing Program and the development of affordable housing associated with the Pan Am Games.
- The contribution from the Capital Revolving Fund has decreased by \$0.117 million, primarily due to the savings resulting from the reduction in the program's staff complement.

Appendix 3
Summary of 2012 Recommended Service Changes



2012 Operating Budget - Recommended Service Change Summary of Administrative Review

TYPE	PRIORITY	CITIZEN FOCUSED SERVICES "A" Affordable Housing Office	Recommended Adjustments				2013 Net Incremental Outlook (\$000s)	2014 Net Incremental Outlook (\$000s)
			Change in Gross Expenditure (\$000s)	Change in Revenue (\$000s)	Net Change (\$000s)	Change in Approved Positions		
2012 Recommended Base Budget Before Service Change:			2,886.7	1,651.7	1,235.0	22.0	518.4	125.4
Z1	1	Eliminate Policy Development Officer and Program Officer Positions	(218.3)	(218.3)	0.0	(2.0)	0.0	0.0
<small>(AHO-VSP001)</small> Service / Activity: MULTIPLE / N/A Description: One AHO Policy Development Officer position in the AHO's Policy and Partnerships service and one Program Officer position in the AHO's Housing Improvement Program will be eliminated due to attrition, effective December 31, 2011. These positions are responsible for assisting in the development of new affordable housing through co-ordinating the tendering, monitoring the funding and construction progress, and resolving issues that arise throughout the phases of construction. Both are permanent, filled positions; which will become vacant through attrition. Work load will be absorbed by existing staff. Service Level Change: No service level impact. ADMIN:			(218.3)	(218.3)	0.0	(2.0)	0.0	0.0
Z1	1	Realignment of Workload	(87.7)	0.0	(87.7)	(1.0)	0.0	0.0
<small>(AHO-Z001)</small> Service / Activity: MULTIPLE / N/A Description: A Support Assistant position, a temporary vacant position, provides administrative support to housing development officers and program management. Effective January 1, 2012, this position is being eliminated, with duties to be reassigned among remaining staff. Service Level Change: No service level impact. ADMIN: Recommended			(87.7)	0.0	(87.7)	(1.0)	0.0	0.0
Total Recommended Service Level Reductions:			(306.0)	(218.3)	(87.7)	(3.0)	0.0	0.0
Total Recommended Base Budget:			2,580.7	1,433.4	1,147.3	19.0	518.4	125.4

Category Legend - Type

- Z1 - Base Efficiency Change
- Z2 - Base Revenue Change
- Z3 - Minor Service Level Change
- Z4 - Major Service Level Change

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2012	2013
			\$	\$	\$
Capital Revolving Reserve Fund	XR1058	Projected Beginning Balance	3,855.7	3,528.3	3,528.3
		Proposed			
		Withdrawals (-)	(327.4)		
		Contributions (+)			
Capital Revolving Reserve Fund Balance at Year-end			3,528.3	3,528.3	3,528.3

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
			\$	\$	\$
		31,346.4			
Insurance Reserve Fund	XR1010		4.6	4.6	4.6
Total Reserve / Reserve Fund Draws / Contributions			4.6	4.6	4.6