

Heartland Housing Foundation 2020 Operating Budget

INTRODUCTION

Heartland Housing Foundation (“Heartland”) was formed in 2013 by the amalgamation of Pioneer Housing Foundation of Strathcona County, Fort Lions Haven and Fort Saskatchewan Foundation of the City of Fort Saskatchewan. By consolidating management of nearly 550 units in total under different operating models, Heartland built on its legacy to develop a culture of operational excellence. Employees are proud to deliver caring, quality service to their current and future residents, and to do so cost-effectively as a not-for-profit foundation.

OUR MISSION

To provide safe and affordable homes for residents of Strathcona County and the City of Fort Saskatchewan in order to foster caring and inclusive communities.

OUR VISION

Homes for all.

OUR VALUES

Heartland Housing Foundation demonstrates dignity, respect and trust by:

- Acknowledging the worth of our residents, staff and partners
- Caring and listening to the concern of others
- Encouraging healthy involvement and connections within our facilities

The problem facing Heartland Housing Foundation and the region is the great and growing need for secure housing for people of low and moderate income. All of the Foundation’s properties have waitlists, which can be up to five years for apartments. Heartland’s management portfolio includes



four lodges (three subsidized and one affordable) and seven apartment buildings (five subsidized seniors and two affordable buildings). Heartland is looking forward to the much-anticipated opening of the new Clover Bar Lodge scheduled to open in December 2020. This will be an exciting project for the local community, replacing the existing 75 original lodge units built over 50 years ago with 84 new

lodge units as well as 60 supportive living level 4 units.

PROGRAMS & SERVICES

SUPPORTIVE LIVING SERVICES

Supportive living services include three meals a day plus snacks, weekly housekeeping, recreational activities and 24 hours staff in case of emergencies in a communal living environment.

Our subsidized residences, which comprise 265 units at three lodges in Strathcona County and Fort Saskatchewan, are currently fully occupied. The waitlist for the lodge accommodation includes 121 seniors.

Our newest affordable supportive living community, Silver Birch Haven, is 64% occupied. The occupancy rate should increase to 85%, pending the approval of the LAP grant from the Alberta Government. Once approved, this grant will allow individuals from the subsidized lodge waitlist to move in immediately.

LOW INCOME SENIORS HOUSING

Residents live in well maintained, safe apartment communities. Wellness programs and a range of recreational activities are mostly self-directed by the groups living in the building. Rent is charged at 30% of a senior's gross income.

Currently, our 161 self-contained apartment units are fully occupied with a waiting list of approximately 100 seniors.

AFFORDABLE HOUSING

Silver Birch Manor (seniors) and Silver Birch Court (community) are our affordable housing apartments. Rent is charged at 15-20% below market rent. Seniors living in the affordable apartments can access the lodge to purchase meals if they desire and take part in the recreational programs.

We are currently fully occupied with a waitlist of approximately 121 seniors and families combined.



STRATEGIC PLAN

The Board of Directors is currently revising the Strategic Plan documents for the Organization. We look forward to presenting our Strategic Plan in the New Year. In the meantime, we are continuing to work within our existing Strategic Plan to oversee affordable housing in this sub-region.

HEARTLAND HOUSING FOUNDATION STRATEGIC PLAN – 2019

Financial Sustainability

In order to thrive in the environment of the future, Heartland Housing Foundation will require a broad funding base that draws on support from both government and non-government sources.

Enhancing Relationships

Heartland Housing Foundation works in partnership with many stakeholder groups. We need to take every opportunity to enhance those relationships while also forging new ones.

Operational Excellence

Heartland Housing Foundation will empower our employees to be the leaders of tomorrow through effective human resource practices, efficient operational systems, and the development of a strong governance model.

Community Building

Working with like-minded community partners, Heartland Housing Foundation will grow and develop solutions to provide affordable housing options for community families and seniors that have helped build the community.

APPROVED 2020 BUDGET

Over the past year, the organization has worked hard to improve efficiencies within our budgets. We are proud of the work we have completed in 2019, and plan to continue working through operational program reviews as well as with our industry partners through comparative provincial benchmarking. In 2019, Heartland Housing Foundation hosted a benchmarking survey with other housing management bodies. With thirteen management bodies responding, covering 33% of the lodge units across the province, the data we are extrapolating is meaningful to the industry. This survey will allow more conversations across our industry for improved efficiencies and drive our future business decisions where appropriate.

In preparation for the 2021 budget year, Heartland Housing Foundation plans to present three-year approved budgets to the Municipalities to assist the region with future taxation planning.

	Approved Budget		Variance
	2020	2019	
Operating revenues			
Rent and service fees	\$ 5,331	\$ 5,080	\$ 251 5%
Grants & rebates	1,094	975	119 12%
Management fees	651	327	324 99%
Municipal taxes (requisition)	3,765	3,765	- 0%
Total Revenue & requisition	\$ 10,841	\$ 10,147	\$ 694 7%
Operating expenses			
Human Resources	7,293	7,167	126 2%
Operating	1,150	1,235	- 85 -7%
Utilities	757	678	79 12%
Operating maintenance	660	430	230 53%
Administration	649	537	112 21%
Total operating expenses	\$ 10,509	\$ 10,047	\$ 462 5%
Excess(deficit) of revenue over expenses	\$ 332	\$ 100	\$ 232
Non-operating			
Interest income	\$ 60	\$ 35	\$ 25 71%
Capital requisition	989	989	- 0%
Rent to Strathcona County	- 989	- 989	- 0%
Capital reserve and amortization	- 392	- 135	- 257 -190%
Total non-operating	- \$ 332	- \$ 100	- \$232
Net Surplus / (Deficit)	\$ -	\$ -	\$ -

CHANGES IN SERVICES FOR 2019 (IN THOUSANDS)

Rent & Service Fees

These fees incorporate a 2% increase in service fees effective January 1, 2020. Rental rate maximums increased overall by 2%, with an adjustment to turnover/vacancy rate of 1% to report more accurately the year over year vacancy. An additional 69 units from the new Clover Bar (currently under construction) are budgeted to open in the Fall of 2020 for an increased revenue of \$215.

Grants & Rebates

The Lodge Assistance Program Grant (LAP) is provided by the Alberta Government to supplement the rent of low-income seniors. In 2019, the daily rate increased to \$13.23 per eligible resident (residents with annual incomes of less than \$28,835 qualify for the grant). The 2020 budget aligns with the current daily LAP grant rate based on the average number of residents receiving the grant year over year.

Management Fees

Management fees allocate a percentage of Head Office costs to the Affordable Housing and Senior Self-Contained operating programs.

There will be additional savings in Management fees for 2020 lodge program as a result of a greater spread of Head Office costs with additional affordable housing units coming on board.

Municipal Taxes

There is no anticipated increase in requisition for 2020. Increased efficiencies with the joint services between Silver Birch Lodge (subsidized) and Silver Birch Haven (affordable) have reduced operating costs in some budgetary areas; this has been offset by salary increases for 2020 and capital budget requests.

Human Resources

Overall personnel costs increased by 2%. Performance increases will remain within the existing wage grid for the organization. Staffing efficiencies of \$141 are reflected in 2020 as a result of shared kitchen services between Silver Birch Haven and the Lodge. New positions include 23 part time employees for the opening of Clover Bar Lodge (4th quarter only), new Finance Staff and three additional kitchen staff at Silver Birch Lodge (shared with the Haven). The total annual salary cost increase anticipated for these 27 new positions is \$533.

Operational

Operational costs primarily include food service costs for the lodge program. In 2019, Operations established a daily food cost per resident to improve budgeting process, thereby reducing our forecasts for the upcoming year. In addition, Silver Birch Lodge gained some efficiencies on food costs due to shared kitchen costs and improved buying power as a result of having more residents to serve in one location.

Operating Maintenance

A building maintenance plan was developed in 2019 to effectively plan facility management. Budget increased to support new snow removal contract for the Foundation and relieve

maintenance manpower for more effective maintenance related work. Additional funds are required for plumbing and lighting upgrades at Dr. Turner and Silver Birch.

Administration

This includes additional consulting services for strategic planning and comprehensive building condition assessment reviews completed to implement our 5 year facility management plan.

Capital Reserve and Amortization

	<u>2020</u>	<u>2019</u>
2020 Capital Budget plan		
Equipment upgrades	\$ 135	\$75
Leasehold improvements	200	-
	<hr/> \$335	<hr/> \$75
Amortization	57	60
Total capital reserve and amortization	<hr/> \$392	<hr/> \$135

REQUISITION ALLOCATION

In accordance with the Alberta Housing Act, Heartland Housing Foundation has the ability to requisition Strathcona County and the City of Fort Saskatchewan. The Act defines the requisition

as funds required by the Management Body (Heartland Housing Foundation) for the management and operation of the lodge facilities.

In 2013, through the establishment of the amalgamated housing management bodies, the municipalities agreed to allocate the requisition in relation to the Property Assessments and Taxation Reports. As the information is published outside of our reporting period, we use the most recent published report at the time of budget submission. For 2020, the 2018 Report is the most recent published report from Municipal Affairs.

Property Assessment and Taxation Reports					
Property Assessment Value (in 000's)					
Assessment Year	Strathcona County	Fort Saskatchewan	Total Combined	Strathcona County %	Fort Saskatchewan %
2018	32,874,778	6,237,983	39,112,761	84%	16%

Allocation of Requisition:	2020	2019
City of Fort Saskatchewan	603	565
Strathcona County	3,162	3,200
	\$ 3,765	\$ 3,765