



Analysis of Building Condition Assessments and Reserve Funds for County of Grey Department of Housing

April 2008



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Executive Summary

In September of 2007 The Corporation of the County of Grey, Department of Housing commissioned a Capital Reserve Fund Study and Building Condition Assessment of the social housing portfolio. This study consists of an analysis of the cash flow required for the Capital Reserve Funds held by social housing providers to adequately meet current and future capital repair requirements for the portfolio.

From October to November, The Stonewell Group and Byrne Engineering visually assessed the functional and physical condition of the buildings and grounds and identified capital needs for these properties. This information was used to prepare Building Condition Assessments for each property.

For the purpose of the analysis, the portfolio has been divided into two sectors – the *Grey County Housing* and other *Non-Profit Providers* (Refer to Appendix A). Grey County Housing is one provider with 32 projects. The other non-profit portfolio is a collection of Provincial non-profits and Federal/Provincial and Federal projects with 10 providers and 14 projects. Note two of these non-profits are federal projects and the costs of these federal projects are not included in the roll-up analysis. There are a total of 1,355 units in this study.

Non-Profit housing projects are owned by separate non-profit housing corporations, and it is the Service Manager's responsibility to fund and monitor these groups as outlined in the Social Housing Reform Act. Grey County Housing is the former Local Housing Authority portfolio, which was devolved to the Service Manager. The Service Manager is the sole shareholder of the Grey County Housing buildings and operates as well as funds them.

Non-Profit Providers are required to establish replacement reserve accounts, for future capital repairs that are separate from their operating accounts and make annual contributions to these accounts. The Grey County Housing buildings have never had reserve funds. Prior to devolution its previous owner, Ontario Housing Corporation, provided capital funds on an annual basis.

Sector	Total Capital Expense over 30 years in future value dollars	Units	Current Reserve Fund Opening Balance
<i>Grey County Housing</i>	\$45.7 million	888	\$0
<i>All Other N-P</i>	\$33 million	467	\$3,888,400
Total	\$78.7 million	1,355	\$3,888,400

Non-Profit Buildings (12 buildings 467 units)

Currently annual contributions are being made to the reserve funds of about \$588 per unit, so collectively this portfolio is making annual contributions of approximately \$275,000 dollars. The analysis assumed that the contribution rates would increase annually at about 2% per year, which is similar to the increases stipulated in the past by the Ministry of Municipal Affairs and Housing. This contribution rate will be inadequate to meet the anticipated repairs over the thirty-year study period. Maam Wiim Win Native Homes (7 semi-detached homes) has already exhausted its reserve fund and at the current level of funding the remaining properties would exhaust their reserve funds between 2016 and 2020. The annual contributions would need to be increased by approximately \$790 dollars per unit (134% increase) per year for a total contribution of about \$1,378 per unit each year. These increases are average amounts for buildings in this portfolio.

Grey County Housing (32 buildings 888 units)

The total expenditures for this portfolio are estimated to be about \$45.7 million dollars over the thirty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of \$596,000 in 2014 to a high of \$3.39 million dollars in 2023. This is a portfolio average of \$1,700 per unit per year. This portfolio is not funded by a reserve fund so there is no opening balance generating interest income to offset any of the capital costs. Apartment style buildings are the most economical at \$1,650 per unit per year and detached housing units are the most expensive at \$2,150 per unit per year.

An important role of the Service Manager in administering the social housing portfolio is to help providers ensure that their housing projects are maintained in adequate condition for the health and safety of their residents and that the portfolio is physically and functionally sound. It is particularly important that the Service Manager understands the current condition of the social housing portfolio and identifies any needed repairs along with the longer term cost implications of these necessary capital improvements.

Background

In 1997 the Province of Ontario initiated a major shift in provincial and municipal responsibilities, termed Local Service Realignment. Under this initiative, the County of Grey was designated a Service Manager (SM) with responsibility for the management and delivery of a range of services. Beginning in 1998, County of Grey began contributing to the financial costs of various service envelopes, including social housing. The Province indicated that transfer of the actual responsibility for the administration of social housing would commence after Ministry of Municipal Affairs and Housing approval of a Joint Local Transfer Plan and mutual agreement on a transfer date.

Public Housing within County of Grey (formerly owned by the Ontario Housing Corporation) was transferred to the Corporation of the County of Grey (whose sole shareholder is the Corporation of the County of Grey) on December 1, 2001.

Responsibilities of the Service Manager for social housing consist of the following broad functions:

- Operating the former Ontario Housing Corporation public housing stock and sole shareholder;
- Funding the former provincial share of subsidies paid to non-profit and co-operative housing providers;
- Reporting to the Provincial government to ensure compliance with the terms of the Social Housing Agreement signed between the Federal and Provincial governments and;
- Ensuring that all privately owned local non-profit and co-operative social housing providers comply with the terms and conditions of the Social Housing Reform Act.

An important role of the Service Manager in administering the social housing portfolio is to help social housing providers ensure that their housing projects are maintained in adequate condition for the health and safety of their residents and that the portfolio is physically and functionally sound. It is particularly important that the Service Manager understands the current condition of the social housing portfolio and identifies any needed repairs along with the longer term cost implications of these necessary capital improvements.

Accordingly in October of 2007, the County commissioned a Capital Reserve Fund Study and Building Condition Assessment of the social housing portfolio. This study consisted of an analysis of the cash flow required for the Capital

Reserve Funds held by social housing providers to meet current and future capital repair requirements of the portfolio.

A Building Condition Assessment (BCA) is a snap shot in time of the condition of various building elements. The BCA provides an estimated cost in present value dollars to repair or replace a building element, and the year that the repair or replacement is likely to occur. The Building Condition Assessments in this study project capital costs for the next thirty years for each project.

A Reserve Fund Study (RFS) builds on the information provided in the BCA. The RFS converts the present value cost to future values based on an assumed rate of inflation of 2%. The RFS then estimates the cash flow into and out of the Reserve Fund using the opening balance and the owner's annual reserve fund contribution rate to the fund and an assumed interest rate of 5.0%. The cash flow analysis of the reserve fund will show where negative balances may occur. It is possible to model changes in the annual reserve fund contribution rates to the replacement reserve fund to adjust for these short falls.

This study will assist the County of Grey to understand the physical condition and life expectancy of the social housing portfolio in order to explore funding options to sustain the physical integrity of the asset.

Background of Reserve Funds

Reserve funds are commonly established to fund the repair and replacement of major components of buildings.

The requirement for capital dollars in a building tends to follow cycles and to fluctuate from year to year. For the first 15 to 20 years after a building is constructed there should be a minimal requirement for capital dollars as all of the building components are new and should have a life expectancy greater than 15 years. As the building ages, individual building components reach the end of their useful life and require major repair or replacement. The requirement for capital work can fluctuate greatly from year to year depending on the type of work required.

Ideally reserve funds are established from the first day the building is occupied and annual reserve fund contributions are made for future repairs. The fund should enjoy a holiday from expenses in the first 15 to 20 years. This allows it to grow to a substantial amount, and by the time it is necessary to draw on the fund the combination of interest earned on the principal and the annual reserve fund contribution, should be sufficient to fund necessary capital work without substantially drawing down the fund.

Key to the success of a reserve fund is:

- Clearly defined types of expenditures, which can draw from the fund. The fund should not be used for operational expenses or budget shortfalls, as this would prematurely deplete the fund.
- Interest earned on the principal must be directed back to the fund and not diverted for other use.
- The annual reserve fund contribution must be appropriate from the very beginning of the fund.

Social Housing Reserve Funds

Social Housing as it was devolved to the County of Grey, consists of *Grey County Housing*, and *Non-Profit Providers* (Refer to Appendix A for a list of properties).

Prior to devolution of housing from the province, the annual capital budget for all of the former Ontario Housing Corporation (84,000 units) averaged \$100 million dollars per year. The actual amount flowed to a Local Housing Authority such as Grey County Housing fluctuated from year to year depending on the actual requirements and province wide priorities. The average expenditure for capital repairs in the former OHC portfolio prior to devolution was approximately \$1,190 per unit per year. Public housing has never had a reserve fund account but, instead, capital dollars have been funded from year to year as an annual budget.

Non-profit /co-operative buildings were established with reserve funds at the time of construction.

Part of the subsidy each non-profit provider receives must be invested in a capital reserve account under terms established by the operating agreement between the provider and the provincial or federal government. The actual amount varied slightly depending on the program in effect at the time of construction, however the average annual contribution was approximately 0.67% of the initial cost of construction of the building. From 1992 to 1997 the province placed a moratorium on contributions to the replacement reserve funds for all provincial and federal/provincial non-profits in order to save provincial subsidy costs.

In 1994 the province, to accommodate the shortfall that individual non-profits experienced as a result of the replacement reserve moratorium, amended the policy for capital repairs. If a non-profit was unable to proceed with a major capital repair because of insufficient funds in its reserve fund it could apply to the province for a short-term loan to cover the cost of the repair. The province would carry the loan until the non-profit mortgage came up for renewal at which time the province would add the value of the loan to the mortgage of the non-profit and

extend the term of the mortgage so the monthly payment remained approximately the same for the provider. In 1997 this policy was changed again - the provincial and federal governments provided a one time \$203.8 million top up to housing provider replacement reserves. The moratorium on contributions was removed and contribution amounts were increased \$30 million annually across Ontario.

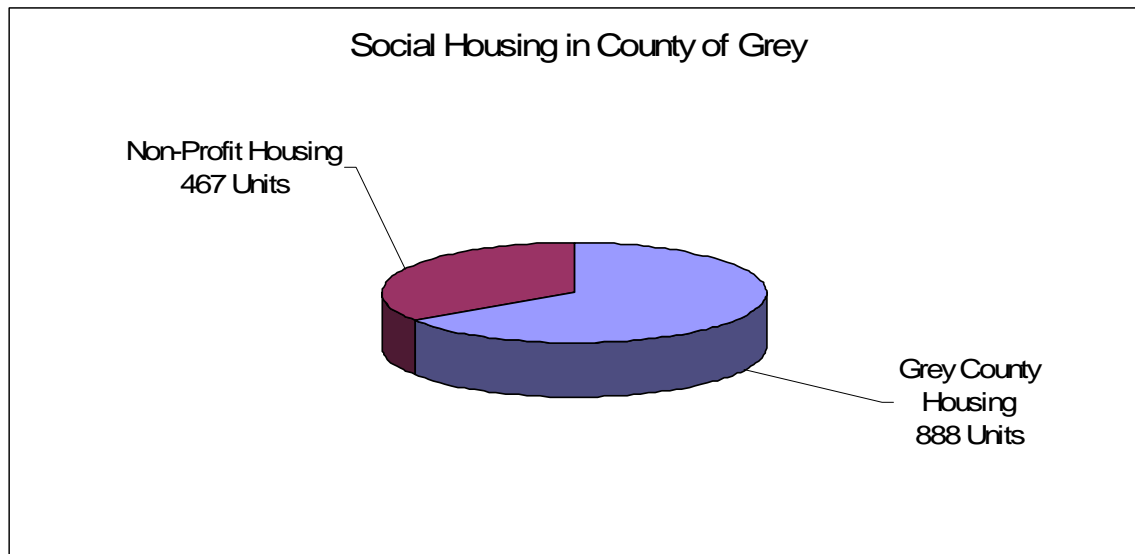
In April of 2001 the Ministry of Municipal Affairs and Housing divided \$45 million directly into the reserve fund accounts of Housing Providers. This was a one-time top-up not an increase in the annual contribution. No funds out of this \$45 million were directed to the Public Housing Portfolio.

The Ministry of Municipal Affairs and Housing engaged IBI Consultants of Toronto in August 2000 to review the reserve funds of the non-profits and determine if they are adequate. The IBI study generally concluded the Non-Profit portfolio of buildings was presently in good condition but current capital reserve levels were inadequate to meet future demands.

KPMG was engaged by OHC in February 2000 to look at the distribution of the annual \$100 million capital allocation. The KPMG report became available in October 2001. The KPMG report provided funding recommendations for capital repairs in the former OHC housing portfolio for each service manager area for the years 2001 to 2005. The final KPMG report recommended that the County of Grey's share of the \$100 million would be \$950 per unit each year (half from the service manager and half from the federal subsidy) for a total of \$843,600 per year. This level is above the lowest level of funding (\$800 per unit per year) but below the average provincial funding of \$1,184 per unit per year and well below the funding provided to some service managers of \$1,440 per unit per year and Toronto's funding of \$1,580 per unit per year.

Initially the operating agreements with non-profit providers tied the reserve fund and the reserve fund contribution to individual projects. In other words the reserve fund for a building could only be spent on that particular building. The policy was modified so that providers who own and manage multiple projects could pool their reserve funds and make expenditures from the fund on any of their projects. This pooling allows for better investment opportunities and flexibility to accommodate large annual fluctuations in expenses, which may occur at a project level. The risk is that a single project with considerable problems may prematurely deplete the fund.

Social Housing Portfolio in the County of Grey



There are two distinct types of social housing in the County of Grey. These are public housing units managed by the *Grey County Housing*, and *Non-Profit Providers*. Each of these housing programs operates within different frameworks, serving residents with different needs and household composition. This non-profit housing portfolio has 10 housing providers managing 12 projects. The Grey County Housing is a portfolio of 32 projects. These numbers do not include the rent supplement program, which is an arrangement with private sector landlords to provide a unit at a subsidized rate, or the federal CMHC programs (121 William Street, Meaford and 5 of the Maam Wiim Win Detached houses).

Appendix A includes a list of the Social Housing in County of Grey included in this study.

Non-Profit Portfolio

There are 12 non-profit properties in the portfolio with a total of 467 units. Most of these properties are apartments (247). There are 213 townhouses and 7 detached houses. Collectively this portfolio has about \$3.889 million dollars in their reserve accounts today. This is about \$8,325 dollars per unit.

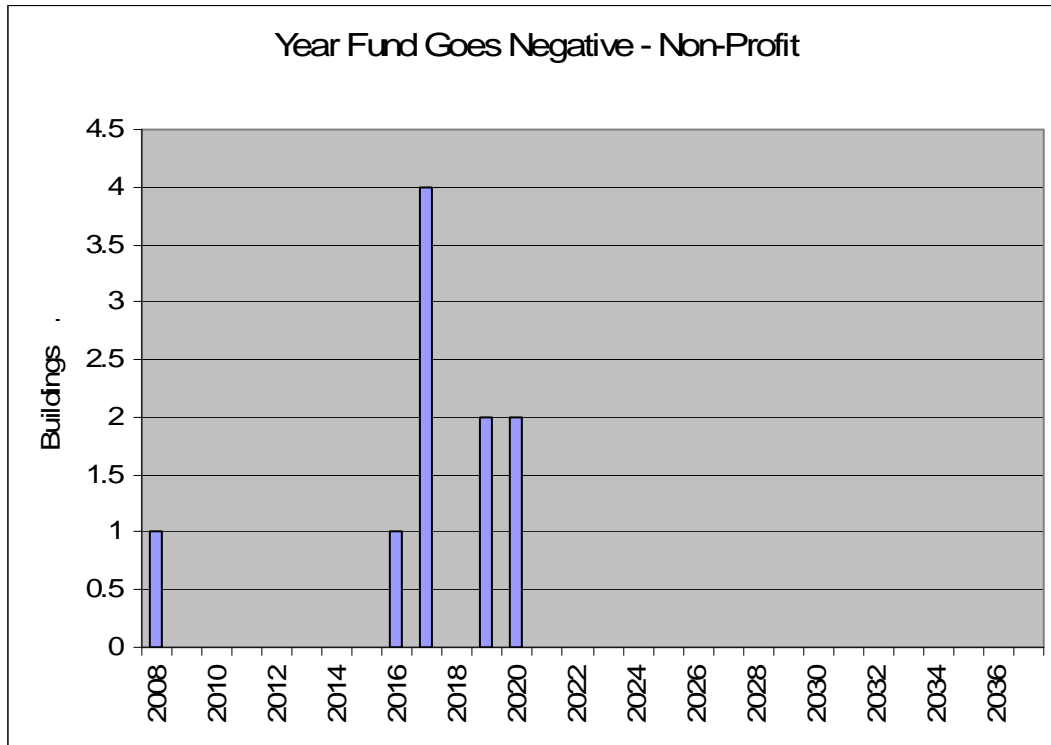
The total expenditures for this portfolio are estimated to be about \$33 million dollars over the thirty year study period in future value dollars including an allowance of 2% for inflation of construction costs.

Currently annual contributions of about \$588 per unit are being made to the reserve funds, so collectively this portfolio is making annual contributions of approximately \$275,000 dollars. The analysis assumed that the contribution rates would increase annually at about 2% per year which is similar to the increases stipulated in the past by the Ministry of Municipal Affairs and Housing. This contribution rate will be inadequate to meet the anticipated repairs over the thirty year study period. The annual contributions would need to be increased by approximately \$790 dollars per unit (134% increase) per year for a total contribution of about \$1,378 per unit each year. These increases are average amounts for buildings in this portfolio.

Non-Profit Portfolio	Non-Profit
Number of properties	12
Number of Units	467
Total Reserves	\$3,888,400
Average Reserves per Unit	\$8,325
Total Contributions	\$274,971
Average Contributions per Unit	\$588
Total top-up Required	\$369,460
Average top-up Required	\$791
Average top-up Required as %	134%

See appendix A for a list of the housing providers.

In this non-profit portfolio Maam Wiim Win Native Homes Corporation (7 detached units) will be in a negative balance this year. One building will have a negative balance in 2016, and all of the projects will be in a negative balance by 2020.



Building Type and Cost Analysis

This section will review the 12 properties from the perspective of analyzing reserve costs by building type.

	Apartment	Detached	Townhouse
Number of projects	7	1	4
Number of Units	247	7	213
Total Reserves	\$2,245,900	\$3,000	\$1,639,496
Average Reserves per Unit	\$9,092	\$428	\$7,697
Total Contributions	\$149,361	\$3,538	\$122,071
Average Contributions per Unit	\$605	\$505	\$573
Total top-up Required	\$159,405	\$10,500	\$199,555
Average top-up Required	\$645	\$1,500	\$936

There are strong correlations between the building type and the costs associated with capital repairs. In the above table, the per unit annual contributions ranged from \$505 per unit per year for the detached units to \$605 per unit per year for the apartments. The original program guidelines did not acknowledge that the costs to operate and repair these different styles of buildings could be significantly different.

For instance, townhouse and detached units tend to house families and apartments tend to house seniors. The wear and tear in a family unit is much greater than in a senior's unit. Seniors' apartment units tend to be about 45 m² to 50 m² while townhouses tend to be about 80 m² to 90 m². Compared with an apartment, there is double the flooring in a townhouse complex and it is subject to increased wear. Each townhouse has its own heating system while apartments share many mechanical systems and there also tends to be more landscaping and asphalt parking associated with townhouses. Each townhouse has its own roof compared to an apartment where only the top storey has a roof.

The one item that may offset these higher unit costs for townhouses is the presence of an elevator in the apartment building. Apartments will have one or two elevators and townhouses do not. However, if the apartment is of sufficient size to distribute the costs of the elevator over many units the elevator costs become less important.

Apartment

Clearly, the apartment style building is the most economical style with respect to capital costs; however, some of the reduced costs are very likely due to the fact the apartment style building is more likely to house a senior. Unfortunately, the apartment style is not always a suitable unit style for many of the people in need of social housing. The 7 apartment buildings in this study had a current reserve fund balance of \$2,245,900 or \$9,092 per unit. The \$9,092 per unit is a significantly better opening position than the \$7,697 per unit of the townhouse. Since the townhouses and the apartments are about the same average age and their annual contribution amounts per unit are similar the difference in opening balances likely reflects reduced spending on capital repairs since the buildings were built. The total future value expenses for these 7 properties are about \$17.8 million for the 30-year period. This group of properties would require an average annual top up of \$645 per unit in the year 2008 with an escalation of 2% per year. The average age at which these 7 apartment properties go to a negative balance is 2018.

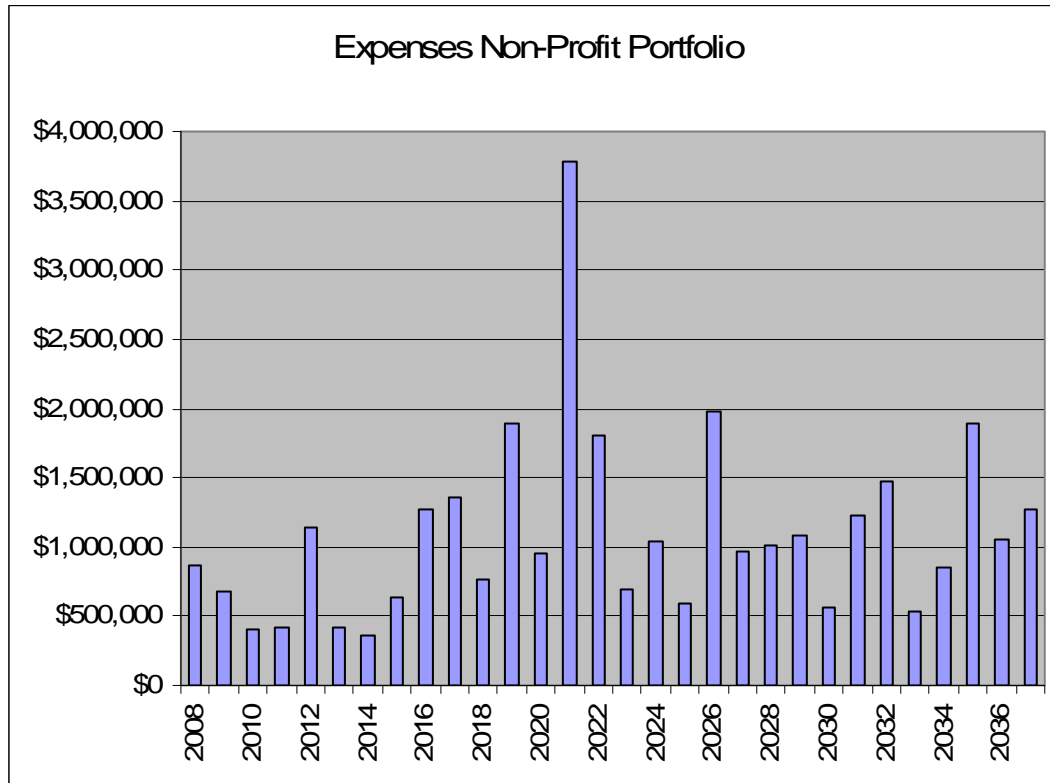
Detached Houses

These detached houses also have a lower than average contribution amount at \$505 per unit per year and a higher than average annual expense. The total future value expenses for this property are \$479,000 for the 30 year study period. This property will go into a negative balance this year. In the Building Type and Cost Analysis table it can be seen the detached housing is very expensive with respect to capital repairs with an average annual, top up amount of \$1,500 per unit in the year 2008 with an escalation of 2% per year. The reserves are currently at only \$428 per unit, which is very low compared to the other building types.

Townhouses

The townhouse properties have total reserves of \$1.64 million or about \$7,680 per unit. These reserves are less than current reserves for apartments and are likely a reflection of the additional wear and tear that occurs and greater cost per unit than in the apartments. For instance, these townhouse buildings are an average age of about 15 years but they are more likely to have spent capital money on roofing and flooring replacement and at higher costs per unit than the apartment building style. The total future value expenses for these 4 properties are about \$14.6 million for the 30 year study period. This group of properties would require an average annual top up of \$936 per unit in the year 2008 with an escalation of 2% per year. The average age at which these 4 townhouse properties attain a negative balance is 2017.

Summary of Expenses for the Non-Profit Portfolio



The total expenditures for this portfolio are estimated to be about \$33 million dollars over the thirty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of \$354,000 in 2014 to a high of \$3.8 million dollars in 2021. This is a portfolio average of \$2,355 per unit per year.

The major items requiring attention in the 30 years are listed below.

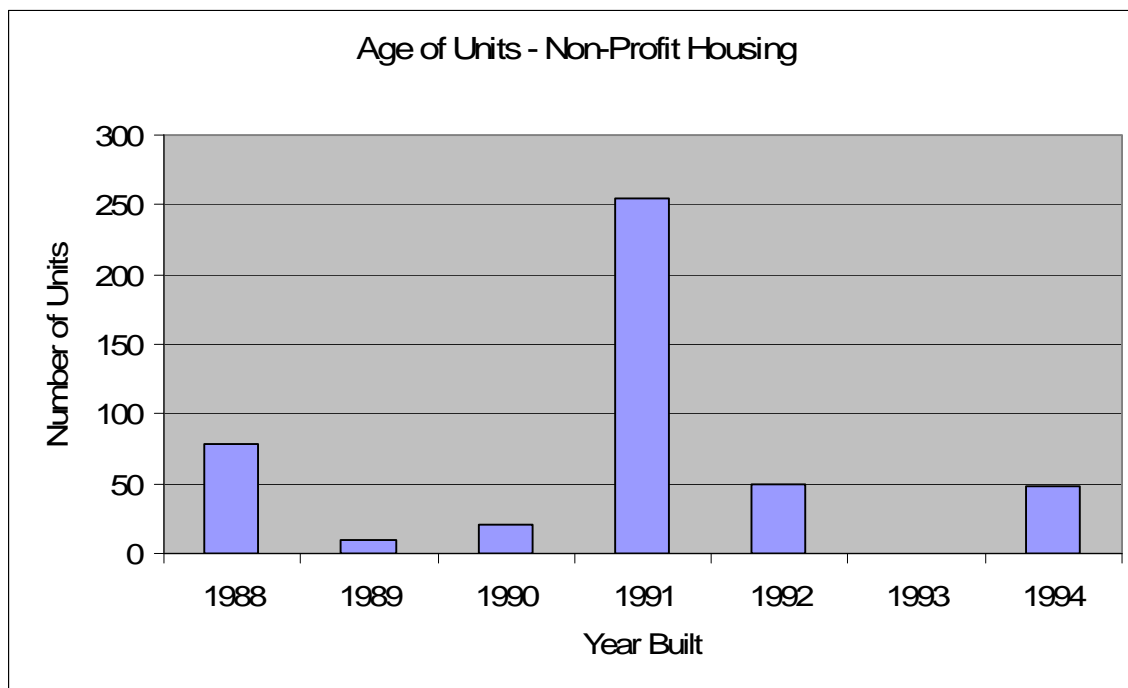
Floors - In-suite	\$2,962,013
Kitchen Cabinetry - In-suite	\$2,367,838
Windows	\$2,282,584
Roofing Systems	\$2,214,205
Heating System – In-suite	\$1,922,564
Bathrooms - In-suite	\$1,893,810
Parking Lots (incl. Curbs and Guards)	\$1,889,066
Domestic Water Supply and Distribution	\$1,495,476
Fire Alarm System	\$960,632
Exterior Walls	\$890,218
Caulking/Sealant	\$883,420
Distribution Panel - In-suite	\$868,601
Space Heating Piping System	\$837,493
Sanitary Waste Removal System	\$769,340

Appliances - Refrigerators	\$686,201
Doors	\$681,845
Exhaust Systems - In-suite	\$640,212
Lighting Fixtures - In-suites	\$620,010
Elevator Electrical Equipment	\$596,857
Exterior Lighting System	\$510,964
Domestic Hot Water Boilers and Storage Tanks	\$490,437
Appliances - Stoves	\$483,802
Interior Doors - In-suite	\$440,691
Floors- Common and Service areas	\$396,310
Sidewalks/Walkways	\$383,803

Profile – Non-Profit Housing

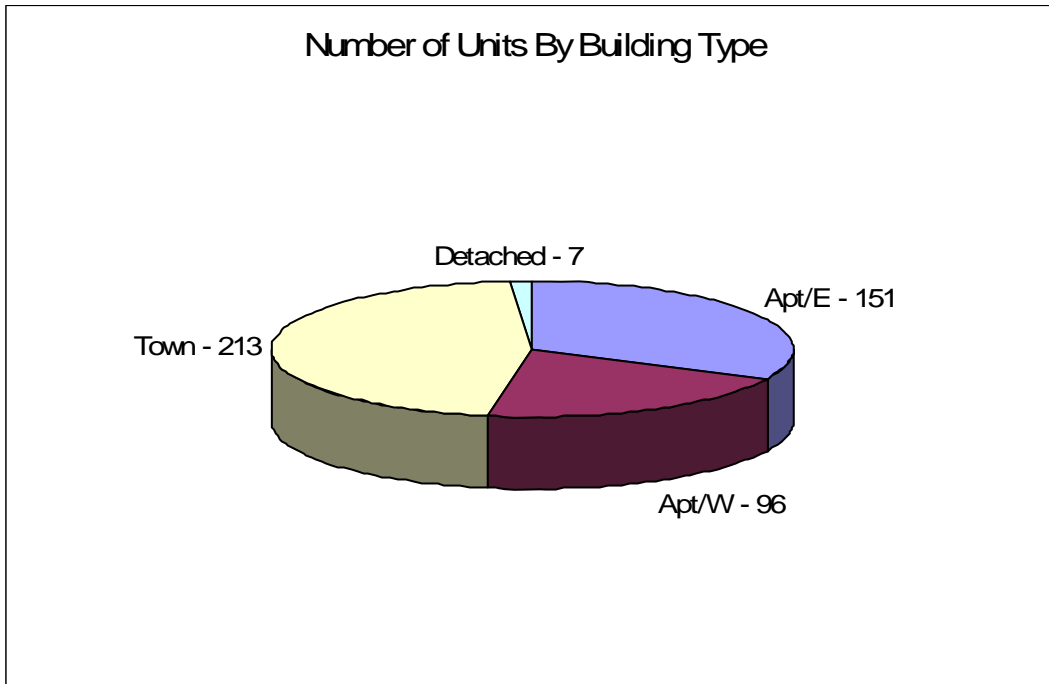
Non-Profit housing consists of detached, townhouse and apartment accommodation for families, singles, seniors and disabled individuals. The Non-Profit housing portfolio consists of 12 projects and 467 units. There is a mix of Rent-Geared-To-Income tenants and tenants who pay market rents. The buildings are owned by not for profit corporations and managed by volunteer boards.

The oldest buildings were constructed in 1988 and the newest in 1994.



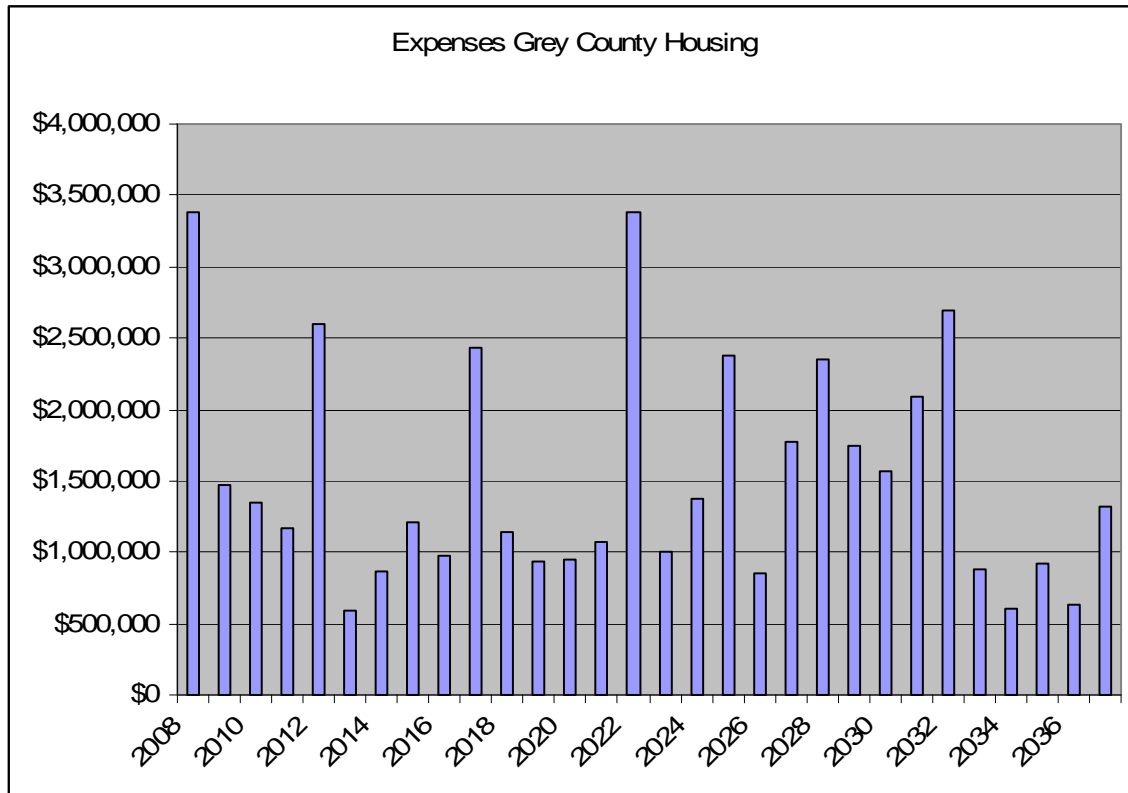
The following chart shows the distribution of units by building styles.

Apartments with Elevators (Apt/E), Walk-up Apartments (Apt/W), townhouses (Town), Detached (includes semis)



Grey County Housing

There are 32 projects in the portfolio with a total of 888 units. Most of these properties are apartments (716). There are 68 townhouse units and 104 detached/semi-detached units. This portfolio of buildings is the former Ontario Housing stock and there are no reserve funds as the provincial model was to fund the capital repairs as an annual budget item.



The total expenditures for this portfolio are estimated to be about \$45.7 million dollars over the thirty year study period in future value dollars including an allowance of 2% for inflation of construction costs. The annual expenditures vary from a low of \$596,000 in 2014 to a high of \$3.39 million dollars in 2023. This is a portfolio average of \$1,700 per unit per year.

The major items requiring attention in the 30 years are listed below.

Domestic Water Supply and Distribution	\$3,870,156
Floors - In-suite	\$3,567,957
Roofing Systems	\$3,161,092
Kitchen Cabinetry - In-suite	\$2,794,688
Windows	\$2,452,040
Bathrooms - In-suite	\$2,330,118

Caulking/Sealant	\$1,969,667
Heating System – In-suite	\$1,741,873
Parking Lots (incl. Curbs and Guards)	\$1,715,655
Sanitary Waste Removal System	\$1,390,991
Fire Alarm System	\$1,247,251
Distribution Panel - In-suite	\$1,240,811
Appliances - Refrigerators	\$1,038,244
Sidewalks/Walkways	\$957,634
Exterior Walls	\$929,778
Exhaust Systems - In-suite	\$851,906
Floors- Common and Service areas	\$834,071
Domestic Hot Water Boilers and Storage Tanks	\$803,205
Driveways	\$750,773
Fencing, Handrails, Exterior Stairs	\$672,365
Distribution Panel - Main and Intermediate	\$650,846
Doors	\$636,787
Walls - Common and Service areas	\$630,102
Appliances - Stoves	\$616,917

Building Type and Cost Analysis

This section will review the 32 properties from the perspective of analyzing costs by building type.

	Apartment	Detached/ Semi	Townhouse
Number of projects	25	6	1
Number of Units	716	104	68
Total Expenditures	\$35,422,500	\$6,714,832	\$3,596,657
Average Expenditure per Unit/per year	\$1,650	\$2,150	\$1,760
KPMG Allocation	\$950	\$950	\$950

There are strong correlations between the building type and the costs associated with capital repairs. In the above table, the per unit annual expenses ranged from \$1,650 per unit per year for the apartments, the townhouse units were \$1,760 and the detached and semi detached housing are \$2,150 per unit per year.

For instance, townhouse units tend to house families and apartments tend to house seniors. The wear and tear in a family unit is much greater than in a senior's unit. Seniors' apartment units tend to be about 45 m² to 50 m² while

townhouses tend to be about 80 m² to 90 m². Compared with an apartment, there is double the flooring in a townhouse complex and it is subject to increased wear. Each townhouse has its own heating system while apartments share many mechanical systems and there also tends to be more landscaping and asphalt parking associated with townhouses. Each townhouse has its own roof compared to an apartment where only the top storey has a roof.

The one item that may offset these higher unit costs for townhouses is the presence of an elevator in the apartment building. Apartments will have one or two elevators and townhouses do not. However, if the apartment is of sufficient size to distribute the costs of the elevator over many units the elevator costs become less important.

Apartment

Clearly, the apartment style building is the most economical style with respect to capital costs; however, some of the reduced costs are very likely due to the fact the apartment style building is more likely to house a senior. Unfortunately, the apartment style is not always a suitable unit style for many of the people in need of social housing. The 25 apartment buildings have an average annual expenditure of \$1,650 per unit per year in future dollars.

Detached Houses

In the above table it can be seen that detached housing is very expensive with respect to capital repairs with an average expense of \$2,150 per unit per year in future dollars.

Townhouses

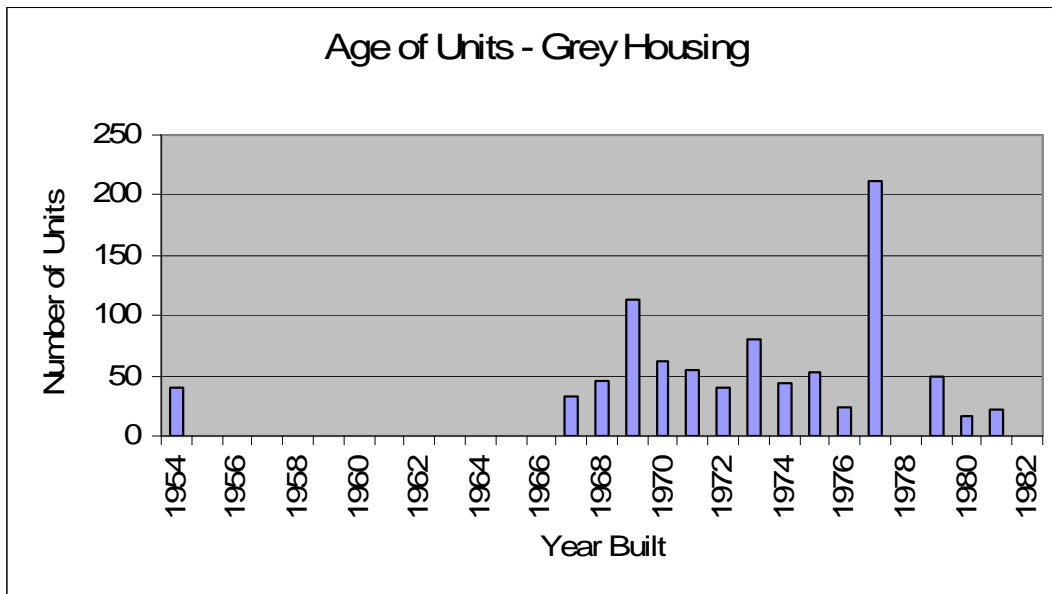
There is only one townhouse complex with an average expense of \$1,760 per unit per year in future dollars.

For all of the building types the average cost per unit per year is well above the KPMG allocation of \$950 per unit per year. Note also that the KMPG allocation was \$950 per unit per year in 2001 and it does not anticipate any escalations for inflation.

Profile – County of Grey Housing

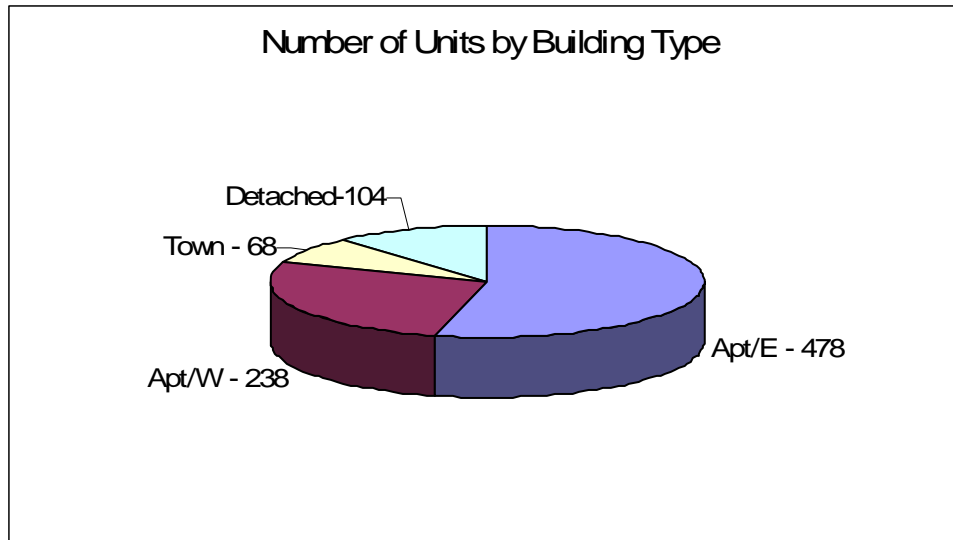
Public housing consists of detached, townhouse and apartment accommodation for families, singles, seniors and disabled individuals. The public housing portfolio consists of 32 projects and 888 units. All units are rented on a Rent-Geared-To-Income basis (based on 30% of household income). These units were formerly owned by the Ontario Housing Corporation, and are managed by the County of Grey Housing Corporation.

The oldest buildings were built in 1954 and the most recent buildings were completed in 1981. The chart below shows the age distribution of the portfolio. Most of the units were constructed between 1968 and 1980.

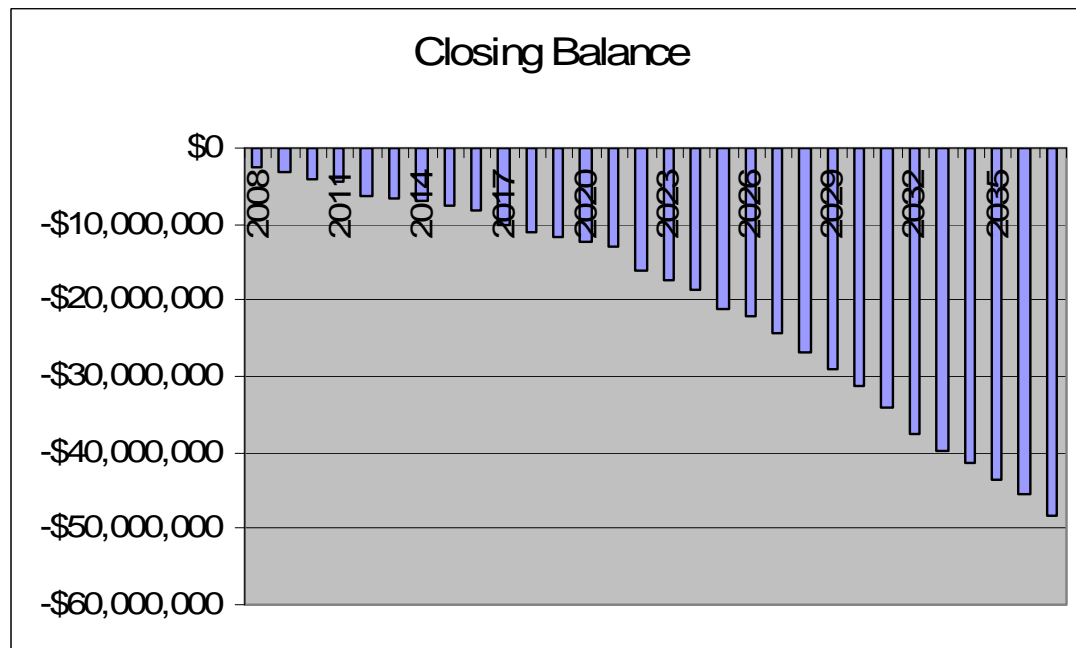


The following chart shows the distribution of units by building styles.

Apartments with Elevators (Apt/E), Walk-up Apartments (Apt/W), townhouses (Town), Detached (includes semis)



The County of Grey Housing Corporation's capital allocation is \$843,600 based on the KPMG allocation of \$950 per unit per year in 2001. The figure below shows a cash flow projection for the portfolio if the available funding over the 30-year period is \$843,600 per year (note a fixed amount which does not escalate with inflation).



At this level of funding the balance quickly goes negative and remains negative. By year 2037 the closing balance is minus \$48 million. There are large fluctuations in the necessary expenses from year to year. This causes the fund to go negative and interest expense compounds the problem and the fund never recovers.

To deal with these negative amounts a one time top up of \$2,500,000 and annual contribution increases of \$500,000 increased for inflation would fund the annual expenses over the 30 year period.

Comparison with Other Service Managers

Per unit costs	Niagara	Leeds Grenville	Thunder Bay	Grey	SHSC Study
LHC Expense		\$1,525	\$1,314	\$1,700	\$1,628
LHC top up		\$613	\$666	\$750	
NP Expense		\$1,740	\$1,681	\$2,355	\$1,839
NP top up	\$606	\$781	\$388	\$791	
NP contribution	\$535	\$621	\$680	\$588	
NP balance	\$5,938	\$4,595	\$7,065	\$8,325	

In the above chart the *LHC Expense* is the average annual expense in future value dollars for the County of Grey Housing and the *LHC Top-up* is the difference between the allocation for capital expenditures at downloading determined by the KPMG formula and the *LHC Expense*. In the case of Grey County Housing, the average annual expense per unit is \$1700 dollars, and the KPMG allocation was \$950 per unit leaving a top-up amount of \$750 per unit per year.

The NP contribution is the present annual contribution per unit into the existing reserve funds and the NP top up is an additional contribution required to meet the capital requirements of the portfolio of buildings. It is assumed that both the contribution and the top up amount will escalate with inflation.

The Consultants

The Stonewell Group Inc.

The Stonewell Group Inc. has more than 20 years of professional experience including government at the provincial level. The firm specializes in asset management strategies and the co-ordination of facility evaluations and building condition audits. The firm has extensive experience coordinating major facility evaluations for government departments and housing providers.

Byrne Engineering Inc.

Byrne Engineering Inc. is a multi-disciplinary firm of consulting engineers established and incorporated under the laws of Ontario since 1966.

Byrne Engineering Inc. has considerable expertise in the evaluation, repair, renovation and retrofit of buildings and structures. Byrne Engineering Inc. has been involved in many projects for clients including Ministry of Municipal Affairs & Housing, Ontario Housing Corporation, Ministry of Natural Resources, Metropolitan Toronto Housing Authority, First Place Hamilton, McMaster University, Ontario Realty Corporation (previously Management Board Secretariat and prior to that, Ministry of Government Services), Transport Canada, Public Works Canada, Department of National Defence, Parks Canada, Department of Indian Affairs and a number of private building owners.

Appendix A – List of Social Housing Providers and Projects in the study

Non-Profit Housing

Project	Address	Number of Units	Construction Date	Type
Durham - Garafraxa	329 Garafraxa Street North	25	1992	3 storey walk-up
Meaford - Golden Town (1)	80 Victoria Street	63	1991	Townhouses
Meaford - Golden Town (2)	130 Albert Street	25	1991	3 Storey with Elevator
Meaford - Golden Town (2)*	121 William Street	21	1985	1 storey
Hanover - St Matthews	307 11th Ave	48	1994	3 Storey
Owen Sound - St. Francis	350 10th Street East	78	1988	8 Storey
Owen Sound - Branch 6 Legion	1655 3rd Ave West	25	1992	1 Storey
Owen Sound - Maam Wim Win*	Various	12	??	Detached
Neustadt - Hillside Manor	716 Queen Street	20	1990	1 Storey
Owen Sound - Municipal Non-Profit (1)	2150 9th Ave East	50	1988	Townhouses
Owen Sound - Municipal Non-Profit (2)	700 21st Street East	90	1991	Townhouses
Owen Sound - Rockcliffe Seniors	155 4th Ave West	26	1991	2 Storey
Owen Sound - The Women's Centre	P.O. Box 905	10	1989	Townhouses

* Note 121 William Street and 5 of the Maam Wiim Win projects are federal projects and were not included in the roll-up analysis

County of Grey Housing

Project	Address	Number of Units	Construction Date	Type
Chatsworth - Pleasant View Apts	50 McNabb St	22	1981	2 Storey
Dundalk - Duniere Apts	130 Rowes Lane	11	1970	Apt
Dundalk - Highview Apts	40 Artemesia Street	14	1975	2 storey walk-up
Dundalk - Victoria Apts	181 Victoria Street	24	1979	2 storey lift
Durham - Family Units	Bruce and Queen Streets	6	1970	Semis
Durham - Riverside Apts	248 Queen Street	11	1970	2 storey walk-up
Durham - Twin Pines Apts	315 Bruce Street	11	1970	2 storey walk-up
Durham - Old Mill Apts	208 Queen Street	25	1973	1 storey
Egremont - Parkside Apts	Main Street Holstein	16	1980	2 storey
Flesherton - 43 Hill St. Apts	43 Hill Street	10	1968	1 Storey
Hanover - Family units	14th Street	8	1969	Semis
Hanover - 214 11th Ave		11	1970	1 storey
Hanover - the Pines Apts	250 12th Avenue	25	1970	2 storey lift
Hanover - 481 11 the Street		19	1975	2 storey
Markdale - Maple Apts	41 Mark Street	12	1970	1 storey
Markdale - Argyle Apts	99 Argyle Street	10	1972	1 storey
Markdale - Fairview Apts	100 Margret Elizabeth	20	1975	2 storey lift
Meaford - Family Units	Collingwood and Paul Streets	10	1969	Semis
Meaford - Georgian Apts	157 Nelson Street	8	1969	1 storey
Meaford - Riverview Apts	17 Legion Road	30	1971	2 storey lift
Meaford - Fairview Apts	159 Parker Street	24	1976	2 storey walk-up
Owen Sound - Family Units OS00	7th and 8th Ave	40	1954	Detached
Owen Sound - Family Units OS01	7th, 8th and 16th	32	1967	Detached
Owen Sound - Family Units OS 03	Alpha Street	68	1969	Townhouses
Owen Sound - Family Units OS 08	11th 12th and 15th	8	1974	Semis
Owen Sound - Kiwanis Apts	490 7th Avenue East	36	1969	1 storey
Owen Sound - Rockview Apts	248 7th Avenue East	20	1969	2 storey walk-up
Owen Sound - Twin Pines Apt	650 4th Street East	54	1971	2 storey with elev
Owen Sound - Parkway Apts	305 14th Street West	187	1977	8 storey with elev
Owen Sound - Mill Road Apts	225 14th Street West	55	1973	2 storey with elev
Thornbury - Maple Villa Apts	81 Bruce Street	36	1974	2 storey with elev
Thornbury - Lemon Court Apts	85 Lemon Street	24	1977	2 storey lift