



University of Toronto

OFFICE OF THE VICE PRESIDENT BUSINESS AFFAIRS

TO: Business Board

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DATE: March 22, 2007 for April 11, 2007

AGENDA ITEM: 7(a)

ITEM IDENTIFICATION:

Ancillary Operations: Housing (formerly Real Estate) – 2006-07 Operating Results and 2007-08 Budget

JURISDICTIONAL INFORMATION:

Business Board reviews and approves the annual budget of Unincorporated Business Ancillaries.

PREVIOUS ACTION TAKEN:

Business Board approved the change of mandate for the Real Estate Ancillary to focus on rental housing at the January 2007 meeting.

HIGHLIGHTS:

The transfer of the commercial and industrial revenues and expenses from the Ancillary is reflected in Schedule 1, as Budget 2006-07 and Forecast 2006-07. The forecast contains only the revenues and expenses for the housing ancillary and provides the basis of comparison for the future years. Forecast net operating results for Housing shows a loss of \$229,607 before commitments to capital renewal. This increases to an operating loss of \$577,175 for 2007-08, largely due to a planned capital expenditure of \$740,000 to bring some of the housing stock up to a better quality and to convert a single house into two units. Ongoing capital expenditures decline significantly in future years, as reserves are drawn down. A majority of the loss for next year is related to the faculty housing co-op, where the conversion expenses are charged. The other major cause of loss is Long term tenanted housing, where the loss is forecast to be \$326,266, reducing to a loss of \$286,831 in 2007-08.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

It will be important to find a long term solution to the losses experienced by this Ancillary. The tenants are concerned and wish to participate in the discussion of options, as does the City. On the other hand, the University of Toronto cannot afford to continue to subsidize this operation forever; to do so would be contrary to policy and in conflict with the mission of the University to provide education to our students.

RECOMMENDATION:

It is recommended that the Business Board approve the operating budget for the Housing (Real Estate) Ancillary for 2007-08, as contained in the fourth column of the five-year operating plan.