WOOD BUFFALO HOUSING & DEVELOPMENT CORPORATION

progressively bridging the gap

ANNUAL REPORT FOR 2013

between social housing and market rents

HOUSING SOLUTIONS FOR RESIDENTS OF FORT MCMURRAY

WE SERVE INDIVIDUALS AND SINGLE INCOME FAMILIES TO SENIORS; SERVICE SECTOR EMPLOYEES TO THE HOMELESS

WE BRING AFFORDABLE HOUSING SOLUTIONS TO ALL WOOD BUFFALO RESIDENTS IN NEED

WBHDC STRIVES TO BRIDGE THE GAP BETWEEN SOCIAL HOUSING AND MARKET RENTS

BOARD OF DIRECTORS

Kim Jenkins, Chair
CEO, Keyano College Land Trust Corporation
Appointed to the Board in 2009

Steve Auty, Vice Chair
Projects Strategic Planning, Operations Support, Syncrude Canada Ltd.
Appointed to the Board in 2009

Doug Allen, Secretary-Treasurer
Chartered Accountant
Appointed to the Board in 2011

Ron Benson, Director
Regional Director, Northeast Alberta Child & Family Services
Appointed to the Board in 2013

Kerry Collette, Director
District Manager, ATCO Electric
Appointed to the Board in 2013

Tom Diamond, Director
General Manager Human Resources, Suncor Energy
Appointed to the Board in 2013

David Blair
RMWB Appointed
Resigned, September, 2013

Julia Cardinal
RMWB Appointed
Appointed to the Board November 2013

“ MY STORY

“I’ll be moving to Fort McMurray this fall to attend College. I have two school-aged children and I was concerned about finding accommodation that was affordable and also close to an elementary school. I contacted WBHDC and they managed to find us a perfect place to call home.

“ MY STORY

I’ve worked in Fort McMurray for over five years before making the decision for my family to move here so I could spend more time with my wife and children. The transition to Fort McMurray life has been great. My wife loves her new home, the children enjoy their new schools and the many programs and recreation that is offered – but most of all, they all love Dad being home every night!

CLIENT PROFILE

Who is Wood Buffalo Housing & Development Corporation serving today?

	Single Parent with Children	Couples with Children	Single	Couples without Children	Total
AISH	13	3	43	7	66
Income Support	21	0	7	0	28
Seniors Pension	2	2	112	5	121
Employed	197	280	307	132	916
Other	34	0	15	0	49
Total	267	285	484	144	1180

Who is currently on the Wood Buffalo Housing & Development Corporation waiting list?

	Single Parent with Children	Couples with Children	Single	Couples without Children	Total
AISH	0	1	5	0	6
Income Support	3	0	3	1	7
Seniors Pension	0	0	2	1	3
Employed	48	5	41	43	137
Other	17	4	4	5	30
Total	68	10	55	50	183

Information as of December 31, 2013

MESSAGE FROM THE CHAIRMAN - KIM JENKINS

Kim Jenkins

Wood Buffalo Housing & Development Corporation (WBHDC) has worked very hard to establish a reputation as the provider of Gap Housing for Regional Municipality of Wood Buffalo (RMWB). Billing oneself as such, has been challenging as many people continue to see us only as social and seniors housing. Our branding situation is complicated by the fact that we do provide social and senior housing on behalf of the Provincial Government. What is not clearly understood by many is that this is only a small part of our operation. The vast majority of our portfolio is providing Gap Housing, which is the space between the open market and what some members of our community can afford for housing. It is particularly focused on the working public who are just starting out in their careers, or those whose wages are not quite sufficient to allow them to afford decent rental accommodations or the ability to purchase their first home. To try and drive home our brand, our last few annual reports have been entitled "Bridging the Gap", "Continuing to Bridge the Gap", and this year's "Progressively Bridging the Gap". I suspect before we are successful with our brand we will have future annual reports entitled "Still Bridging the Gap", "Bridging the Gap in 2020" and "40 Years of Bridging the Gap". Hopefully this will not be the case and we will be more successful in our message than my "tongue in cheek" comments on our branding.

What I believe is most important for residents of our community to understand is that by providing Gap Housing, Wood Buffalo Housing is social justice in the true sense, as it provides decent housing at a fair price while providing for growth, opportunity and diversity in our region. A simple message, a lot of work but very rewarding.

One of the words in the name of WBHDC that is often missed is the word "Development". Certainly it is important to develop living accommodations before we can provide spaces for people. However, the development game is a challenging and expensive business especially in the RMWB. Development for the WBHDC has become a further challenge as Provincial funds and land has become increasingly difficult to acquire. As such, "Development" has evolved as part of our Corporation to mean that WBHDC will have to find a way to be sustainable without reliance on Provincial Government support. Therefore, over the past couple of years the Board has added an entrepreneurial aspect to our Corporation. We support initiatives of the Corporation's administration in seeking out appropriate development opportunities that would allow us to create a capital reserve in the belief that we will be able to continue to add new living spaces to our portfolio with little or no assistance, of grants or gifts of land. A capital reserve would allow us to respond quickly and nimbly to the housing needs of our region. A capital reserves exist for the sole purpose of "Progressively Bridging the Housing Gap".

I would like to thank all the Board members for their hard work. Due to the timing out a number of our veteran members this year, we welcomed four new Board members. The new members brought a wealth of experience and expertise to our Board and have quickly gained the knowledge to help successfully lead the Corporation. This coming year I will join the ranks of the "Timed Out Veterans" so I would like to take this opportunity to thank my fellow Board members past and present for their incredible support and friendship. I would also like to recognize the efforts of our President, Bryan Lutes on the growing of our Corporation over the last seven years.

"It has been my pleasure to be part of an organization whose mandate has been building community and improving the quality of life of our citizens."

MESSAGE FROM THE PRESIDENT - BRYAN LUTES

Bryan Lutes

The projections for the community indicate continued growth. As the community continues to grow and the demand for housing that is attainable continues to increase it has become more important for the corporation to be involved in the community. By being involved in the community we have been able to "Progressively Bridge the Gap" between social and market housing and assist in the creation of more accessible housing for everyone in the community.

During 2013 we continued to build upon our well established relationships with our stakeholders. We completed an agreement that would see the timely expansion of Prairie Loop Blvd through our Edgewater Court community. To facilitate the redevelopment of the Willow Square site we completed the demolition and clean up of the site. We also explored partnerships with other not for profit groups to enhance housing opportunities in the community. These practices and the resulting agreements will help us maintain strong relationships with our valued stakeholders as we move forward.

With the anticipated future growth in our housing portfolio we determined that we needed to invest in space that would provide maintenance facilities. To that end we completed the construction of the Boreal Business Centre in the TiagaNova Eco Industrial Park. This building will provide the corporation with a much needed, dedicated maintenance facility while providing an income stream that will be used to further the purposes of the corporation. The building was completed in the fall of 2013 and an anchor tenant was sourced prior to the end of the year.

Wood Buffalo Housing & Development Corporation (WBHDC) has continued to grow as a result of the high demand for affordable housing in the region. Through our sustainability initiatives, such as the Second Mortgage Program, the development of the community of Prospect Pointe, the TaigaNova Eco Industrial Park, and the Boreal Business Centre we have been able to reduce our dependency on the Province for funding while increasing our ability to take advantage of emerging opportunities. Our current financial position will allow us to continue our "Progressive" approach to providing affordable housing options that would otherwise not be available to the Wood Buffalo region.

In 2013 the Corporation saw substantial progress on the development of the final phase of four communities that will provide 600 new affordable homes in the Eagle Ridge and Stone Creek subdivisions. Siltstone Ridge has an anticipated completion date in the spring of 2015. This new community will continue to help Progressively Bridge the Gap between social housing and market rents by providing an additional 175 new rental units.

As we move forward into 2014 and beyond we are exploring opportunities to become more self sustaining while continuing to provide the quality of service to the community that has become our standard.

By "Progressively Bridging the Gap" and enhancing our relationships with our stakeholders we foresee continued positive results in providing affordable housing options to the citizens of our region.

We will continue to work with our stakeholders to address the housing needs of the community as it continues to grow.

MISSION

We will provide affordable housing alternatives to citizens in need within the Regional Municipality of Wood Buffalo.

VISION

A Region where all citizens have access to affordable housing

VALUES

We value:

ACCOUNTABILITY taking responsibility for our actions

EMPLOYEES respecting each other and recognizing excellences

INDIVIDUALS treating all with dignity and respect

INNOVATION promoting creativity and taking risks

INTEGRITY being honest and ethical in all we do

LEARNING promoting opportunity for continued growth

PARTNERSHIPS working with others to attain common goals

SAFETY ensuring a healthy and safe environment for customers and employees

TRANSPARENCY being open about what we do in business practices

HAWTHORNE HEIGHTS

Hawthorne Heights provided 128 units for the affordable home ownership program.

STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2013

	2013	2012 (RESTATED)
Assets		
Current assets:		
Cash and cash equivalents	$ 29,267,666	$ 47,280,308
Portfolio Investments	10,092,879	—
Accounts receivable	906,427	1,412,055
Contributions receivable	18,901,708	26,623,979
Prepaid expenses and deposits	883,965	856,679
Real Property Inventory	438,300	702,094
	60,490,945	78,875,115
Mortgages, notes and other receivables	10,427,190	10,627,356
Property and equipment	244,617,580	227,662,295
Restricted cash	28,500,698	24,968,743
	$ 344,036,413	$ 340,133,509
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	6,380,714	5,966,933
Prepaid rent and deposits	1,703,875	1,233,960
Current portion of deferred contributions	28,946,147	28,658,727
Current portion of rights holder agreements	99,200	99,200
Current portion of long-term debt	2,660,268	2,413,457
	$ 39,790,204	38,372,277
Deferred contributions	19,291,800	19,296,840
Rights holder agreements	1,668,800	1,768,000
Long-term debt	85,865,352	89,604,538
Unamortized external capital contributions	64,888,513	66,800,554
	211,504,669	215,842,209
Net assets:		
Unrestricted	35,315,410	51,711,109
Invested in property and equipment	91,203,447	68,843,746
Internally restricted	6,012,887	3,736,445
	132,531,747	124,291,300
	$ 344,036,413	$ 340,133,509

WBHD WOOD BUFFALO HOUSING & DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED
DECEMBER 31, 2013

	BUDGET	2013	2012 (RESTATED)
Revenues:			
Property Sales	$ 5,767,336	$ 4,170,781	$ 16,455,576
Cost of sales	2,390,508	3,936,898	8,289,259
	3,376,828	233,883	8,166,317
Rental properties revenue	$ 16,970,778	$ 17,315,960	$ 15,710,709
Rent supplement revenue	2,465,392	4,628,239	5,062,314
Other income	637,981	4,352,354	750,880
Operating grants, contributions and donations	3,522,533	3,206,960	3,436,468
Municipal requisitions	1,631,908	1,792,462	1,599,738
Insurance proceeds	—	71,262	220,831
Interest income	160,500	2,241,120	2,319,372
Amortization of external capital contributions	1,917,081	1,917,081	1,917,081
Amortization of rights holder agreements	99,200	99,200	99,200
	30,782,201	35,858,521	39,282,910
Expenses:			
Rental properties operating expenses	1,821,883	2,169,298	2,150,240
Rent supplement transfers to other landlords	—	1,927,208	2,362,315
Other operating expenses	—	2,322,995	—
Benefit conferred through vendor take-Back mortgage	—	—	262,431
Wages and benefits	7,554,914	7,159,820	6,110,852
Repairs and maintenance	1,879,444	2,898,237	4,131,449
Office and administration	479,686	847,406	549,384
Utilities	1,610,484	1,544,671	1,788,098
Property taxes	1,315,353	1,707,188	1,273,091
Insurance	659,806	532,814	675,627
Amortization	4,910,220	4,934,500	4,821,423
Interest on long-term debt	3,958,317	3,667,990	4,086,327
	24,190,107	29,712,127	$ 28,211,237
General and administration:			
Wages and benefits	$ 3,492,208	$ 3,768,893	$ 2,190,197
Office and administration	1,168,765	992,884	1,021,254
Insurance	18,875	21,764	10,222
Amortization	26,910	54,038	22,126
(Gain) loss on disposal of property and equipment	—	(5,596,337)	47,564
Transfer of inventory	—	—	(156,668)
Transfer to property and equipment	(2,349,859)	(1,335,292)	(1,136,669)
	2,356,899	(2,094,050)	1,998,026
Excess of revenues over expenditures	$ 4,235,195	$ 8,240,444	$ 9,073,647

PROSPECT POINTE

Prospect Pointe is a community success story – a 100 acre residential development providing an integrated mix of housing options.

WBHD
WOOD BUFFALO HOUSING & DEVELOPMENT CORPORATION

THE SHORES

The Shores offers 38, one and two bedroom rental units. An agreement with Alberta Health Services reserves 17 units for essential hospital employees.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
Operations:		
Excess of revenues over expenditures	$ 8,240,444	$ 9,073,647
Items not involving cash:		
(Gain) loss on disposal of property and equipment	(5,596,337)	47,564
Amortization of property and equipment	4,988,538	4,843,549
Amortization of external capital contributions	(1,917,081)	(1,917,081)
Amortization of rights holder agreements	(99,200)	(99,200)
Accrued interest income	(92,879)	
Change in non-cash operating working capital	7,397,301	7,629,250
	12,920,786	19,577,729
Financing:		
Proceeds from long-term debt	22,196,067	—
Deferred capital contributions	8,235	8,186
External capital contributions	5,040	5,040
Repayment of long-term debt	(25,688,442)	(2,327,116)
Repayment of due to Regional Municipality of Wood Buffalo	—	(1,400,000)
	(3,479,100)	(3,713,890)
Capital:		
Proceeds from disposal of property and equipment	6,203,000	15,436
Purchase of property and equipment	(20,325,539)	(8,206,919)
	(14,122,539)	(8,191,483)
Investing:		
Advances of mortgages, notes and other receivables	(1,577,300)	(4,303,666)
Repayments of mortgages, notes and other receivables	1,777,466	1,662,331
Purchase of portfolio investments	(10,000,000)	
Increase in restricted cash	(3,531,955)	(1,821,172)
	(13,331,789)	(4,462,507)
(Decrease) increase in cash and cash equivalents	(18,012,642)	3,209,849
Cash and cash equivalents, beginning of year	47,280,308	44,070,459
Cash and cash equivalents, end of year	$ 29,267,666	$ 47,280,308
Supplemental cash flow information:		
Interest paid	$ 2,856,244	$ 4,094,776
Interest received	1,408,422	1,400,507

WBHD WOOD BUFFALO HOUSING & DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

YEARS ENDED
DECEMBER 31, 2013

2013

	Unrestricted	Invested in property and equipment	Internally restricted	Total
Balance, beginning of year	$ 51,711,109	$ 68,843,746	$ 3,736,445	$ 124,291,300
Excess of revenues over expenditures	8,240,444	—	—	8,240,444
Invested in property and equipment (net)	(22,359,701)	22,359,701	—	—
Internally restricted	(2,276,442)	—	2,276,442	—
Balance, end of year	$ 35,315,410	$ 91,203,447	$ 6,012,887	$ 132,531,744

2012

	Unrestricted	Invested in property and equipment	Internally restricted	Total
				(Restated)
Balance, beginning of year	$ 51,243,594	$ 61,029,999	$ 2,944,060	$ 115,217,653
Excess of revenues over expenditures	9,073,647	—	—	9,073,647
Invested in property and equipment (net)	(7,813,747)	7,813,747	—	—
Internally imposed restrictions	(792,385)	—	792,385	—
Balance, end of year	$ 51,711,109	$ 68,843,746	$ 3,736,445	$ 124,291,300

PROSPECT POINTE

The Delta at Meadow Creek Village provides 57, three and four bedroom townhouses and was the first project in Fort McMurray to provide geothermal heating

WBHD
WOOD BUFFALO HOUSING & DEVELOPMENT CORPORATION

Corporate Office:
9011-9915 Franklin Ave
Fort McMurray, AB T9H 2K4
Ph: 780.799.4050
Fax: 780.799.4025
Toll Free 1.888.799.4050
Office Hours: Monday-Friday,
8:30 am to 4:30 pm

Applications Office:
#203, 10020 Franklin Avenue
Fort McMurray, AB T9H 2K6
Phone: 780.743.4140
Fax: 780.715.1547
Office Hours: Monday-Friday,
10:00 am to 4:00 pm

WBHD
WOOD BUFFALO HOUSING & DEVELOPMENT CORPORATION