

APPENDIX B

OPERATING BUDGET GUIDELINES

Operating Budget Principals

BC Housing will use the following principals in reviewing operating budgets:

Property Management Base Budget: BC Housing will use its existing budget norms for assessing traditional property management positions (qualifications / remuneration) and standard costs (service contracts, maintenance) unless the Society makes a case for exceptions based on particular Project needs (see below).

Administrative Costs: Management fees for administration which are based on a formula (e.g. a percentage based on the Project's gross budget and the Society's total budget) are not acceptable if they exceed typical property management costs for comparable housing projects.

Enhanced Property Management: A Society can propose property management costs above BC Housing's norms for specific reasons. For example, a project may require more cleaning because of heavy traffic in amenity areas or more suite cleaning and painting because of higher turnover.

Enhanced Site Presence: A Society can propose an enhanced site presence because of the needs of the tenant population. This should be planned in relationship to the presence of other staff on site (administrative, maintenance or support service staff).

Multi-tasking and Efficiency: When a staff presence is essential on site after normal working hours, job descriptions should include multitasking if possible. If a staff person needs to be on-call only, a resident janitor may be adequate and more cost-effective than a midnight shift worker. If "awake staff" is required, that person may perform cleaning or other tasks which do not require frequent interaction with other staff or tenants.

Non-staff Costs: Materials used for on-site activities with the tenants may be included in the BC Housing supported operating budget but should not encourage tenant dependency. For example, therapeutic food preparation workshops should help tenants learn how to shop, to prepare food, and to work together but should not become a daily food service. Nor should the housing budget provide materials that are routinely required by professional staff in the performance of their roles.

Hospitality Services: All staff FTE's or contracts allocated fully or in part to the provision of hospitality services should be included in the operating budget. Societies are encouraged to design the most cost effective system, taking into account the project size, location and number of tenants utilizing the services.

Operating Budget Guidelines

The Operating Budget should show all annual revenue and expenses – both housing and hospitality services. The Operating Budget is in Section 6.7.

Revenue should be shown at the top of the Operating Budget, and should include projected tenant rents, other sources of funding (if relevant) and the proposed BC Housing subsidies split between housing and for hospitality. The subsidies are those revenues required to cover expenses not met by tenant rents and other funding sources.

Operating Expenses should be outlined in detail in the table below revenue. Operating expenses should equal revenue.

Operating expenses have been split into housing and hospitality. Societies making a proposal for a project under the SSH program will already be operating the housing project to be upgraded and will have an existing operating budget. There may be some categories under the existing housing expenditures which will be added to when operations commence as a SSH project. For example, there may be additional administrative costs that can be shown as hospitality costs. There will also be marginal additional costs for utilities (gas, electric), service contracts and insurance that can be added into housing costs for convenience. The operating budget also identifies costs clearly attributable to the hospitality service – these include staff, food, kitchen, laundry and recreational supplies. Also included is provision for a Hospitality Service Replacement fund to replace kitchen/ laundry equipment in the long term.

The operating budget requires a summary of the annual operating costs on a per unit per month basis separately for housing, hospitality and the total.