RESIDENTS STAKE CLAIM ON REVENUES

For the past few years, York Housing has been accumulating a small surplus. Now in the midst of Metro's housing crunch, while waiting lists for York apartments grow ever longer, the Administration is claiming these incidental Housing profits in the hope of addressing more pressing budgetary constraints. While the University's mandate to secure a small profit margin from revenue-based operations might seem trivial in comparison to York's overall funding crisis, the re-routing of these profits to the central budget will free more revenue for the University, at the expense of lower rent increases.

by Laura Lush

In a 1986 edict, the Office of the Vice President (Finance and Adminstration), asked that all revenue-based operations "contribute at least a modest profit margin annually to the University's overall finances . . ." Out of approximately $26,000 in revenue from food services, residences, the conference office, bookstores, central duplicating, commercial rentals, parking, non-degree programs, the telecommunications system, and the micro-York microcomputer store, a $600,000 profit was targetted for the 1986-87 year. This would go to support such things as "specific scholarship funds which the regular operating budget could not meet," according to Vice President of Business Operations, John Becker. "In general," Becker said, "the University needs to have a modest profit from the revenue-based operations because of the general shortage of funds that York that York has been experiencing" over the years.

Although monies fed back into the approximately $174 million general operating budget will be allocated to projects like financial aid, one committee that strongly objects to the Administration's mandate is the Residence Budget Committee (RBC), a joint body representing the 13 undergrad and grad residences at York and Glendon. The RBC makes recommendations to the Administration on the estimated $7,000,000 Housing and Services budget, on such issues as rental increases for residences for the upcoming academic year.

"This is the first year in the history of relations between Housing and Food Services and the Administration, that the Administration has requested that the Housing budget has a surplus," said Allan Greenbaum, a RBC representative and president of the York University Tenants Association (YUTA) which acts on behalf of residents of York's five graduate students' apartment buildings on Assiniboine and Moon Residence.

Greenbaum said that the RBC made a recommendation to the Administration to approve the 1987-88 Housing budget, only if the rental increase between 3.25 and 4 percent. This figure would reflect the projected Housing profit of $140,000 to be generated back into the Housing budget next year.

If the profit goes back into the Administration's general operating budget, the projected rental increase would rise to 5.75 percent. "It's not a large difference," Greenbaum said, "but it would make a difference to students who are currently living on a tight budget." The current rental fee for a one bedroom unfurnished apartment on Assiniboine or Moon Road ranges from $348 ro $401 a month. An increase of 5.75 percent would bring them up to $368 to $424 a month.

Undergrad students who paid their balance before August 22, 1986, paid $2,764 for a single residence room, which included a $1,200 meal plan (with the exception of Bethune students who were assigned rooms with a kitchen). A 5.75 percentage increase would bring a single room up to $2,922.93.

Because student residences are not governed by the Landlord and Tenant Act, the University is free to raise the rents on residences as much as they like provided they consult with tenants (through committees like the RBC) on increases. "Whether the University was required to consult with tenants or not, they would do so anyways," said Norman Crandles, Director of Housing and Food Services.

Although the targetted 5.75 percent rental increase is above the four percent inflation rate, it is below rental inflation, Crandles said. He added, however, that you can't compare the rental fees to the consumer price index. "The only thing you can compare residence rents with is other universities, and York is at the bottom third of costs."

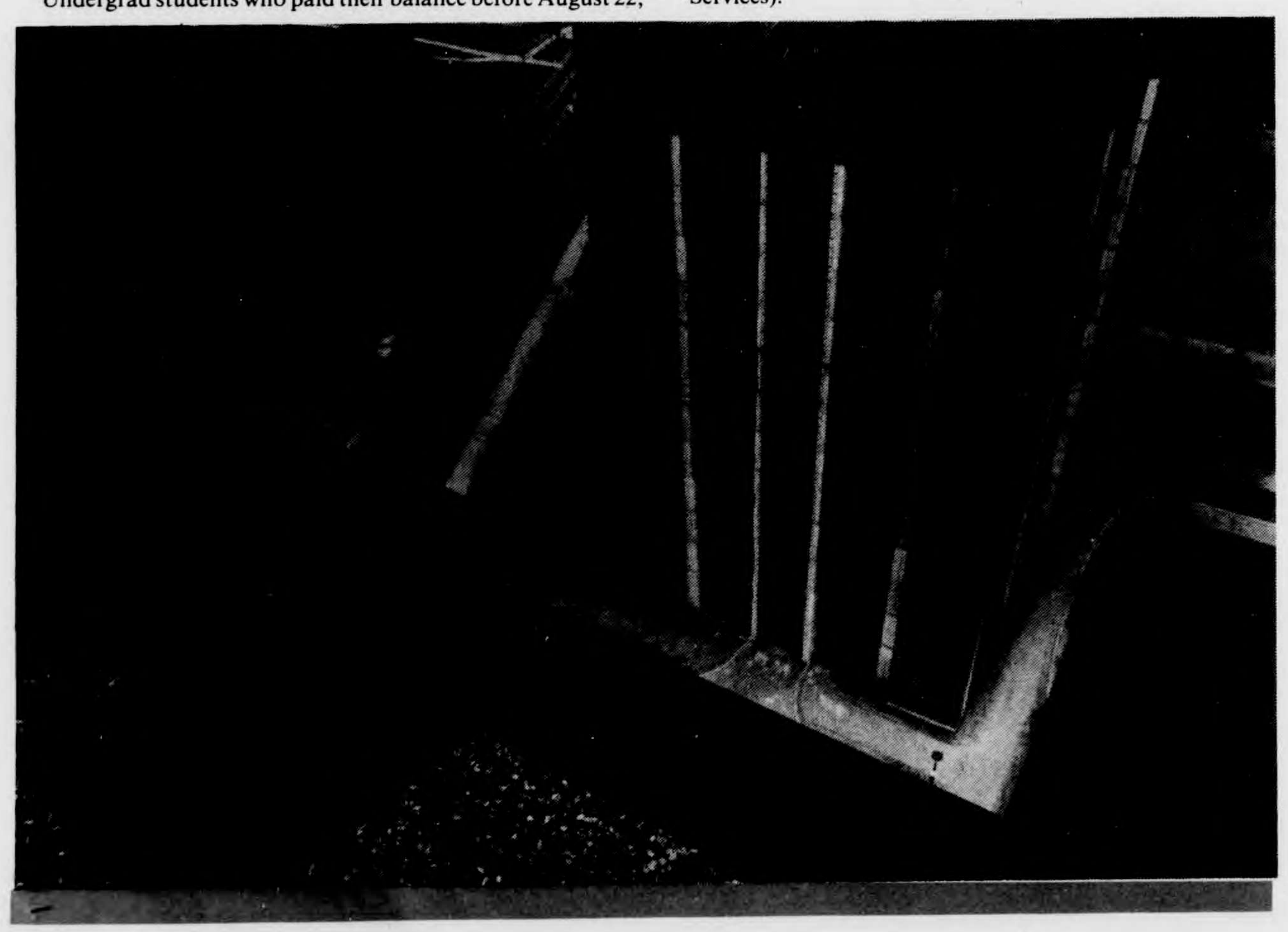
The 1985-86 rent increase for residences was 3.97 percent. The last time rents went up significantly (about 12 percent), was in 1983, at which time YUTA was revitalized to address the problem.

Crandles said that although the Administration has previously accepted 95 percent of the RBC's recommendations, this year is the first time there has been a conflict between the two groups because the Administration has set out to target a profit. However, "the Administration is entitled to say to us (Housing), 'create a profit'," he said. "If the University is able to make a small profit from the University residences without profiteering, than there is an argument that says, 'why not'."

"The big issue now," Greenbaum said, "is what to do with the projected $140,000 1987-88 surplus." After the RBC noticed a trend that Housing was accumulating a small surplus over the past few years, Greenbaum said they resolved in the 1985-86 academic year to return any incidental surpluses back into the Housing budget to improve services and facilities. Last year's Housing surplus was $389,785—$197,423 above the projected surplus of $192,362.

However, the Administration failed to accept this recommendation because in the event of a Housing deficit, the University guarantees to cover it out of their general revenue budget. The University's rationale, Greenbaum noted, is that "if the Administration is going to cover a possible deficit then they said they should take the profits."

Crandles, said that the Housing budget has never suffered a deficit in the 15 years he has been director (six years as Director of Food Services and nine as Director of Housing and Food Services).



Photographs by Gary Blakeley

Marianne Kelley, a RBC member representing the Masters' Residence Committee (MRC), whose mandate is to ensure smoth operations between the undergrad residences and Housing, said she does not agree with the Administration's edict to place Housing budget profits back into the main budget.

"The RBC will not endorse $140,000 to go into the central operating budget," Kelley said. "If the Administration rejects the RBC's recommendation, then we will consider the budget null and void, and then it will have to go back to the sub-committees. I am willing to go back to hammer it out. I don't believe the University should have students endorse a budget they don't agree with."

Both Greenbaum and Kelley feel that if profits from Housing are fed back into the general operating budget, then resident students will be subsidizing the rest of the University. "Everybody subsidizes the University through the use of food services and the bookstore, etc.," Greenbaum said, "therefore, those living in residences would be making a double contribution."

"Why should undergrads and students living in the York apartments be penalized in the form of increased rents to subsidize the central Administration?" Kelley said. Although Kelley acknowledged that the $140,000 profit figure from Housing would go towards student funding, she still feels that "residence students shouldn't have to carry the extra burden when the majority of students (80 percent) are commuter students."

Stan Taman, chairman of the MRC, said that he thinks the Administration's request for a modest profit margin from Housing is fair as long as the amount is no more than two percent of the total operating budget. Next year's projected surplus of $140,000 will equal exactly two percent of the $7,000,000 Housing budget. However, Taman said if the surplus amounts to more than two percent, than the profits should go back into Housing to lower student rents. "If the University needs a two percent profit from Housing, then that's not out of line—It's considered good management practise to have a modest profit margin to protect against unforeseen expenses," Taman said. "However, if the University takes a greater surplus, then the students are being treated unfairly."

Crandles argued, however, that it is not feasible to "empirically measure a profit. You have to consider the modest profit margin in the context of the University business operations. In aggregate, Housing has aimed at a $140,000 surplus to contribute to the overall revenue profit target of $600,000." He added, "There is no acceptable profit margin number. The University determines its fiscal strategies (based on what it needs) . . . if they say to me, 'make a 10 percent surplus,' then I'll make a 10 percent surplus. I can't say what is a reasonable profit."

Becker said that although the final decision on accepting the RBC's request to generate funds back into Housing won't be released until mid-April, "the staff recommendation is in line (to adhere) with the modest profit . . . in order to reach the target profit figures." However, Becker said he did think it was a fair assessment to say that "people who are living on campus are spending more money (than commuter students), through food services, etc., although there was no intention (by the Administration) to discriminate against residence students (with the 1986 edict). Our rental rates are much lower than market prices—so to that extent, the modest profit request is not hurtful because residence students are getting economical housing."

The 1986 rental fee for a one bedroom unfurnished apartment in the surrounding York area (Jane and Steeles to Jane and Finch) average about $470.00 a month.

Crandles, however, argued against the notion that residence students were subsidizing the rest of the University. He said that those students living in the York apartments (without a meal plan) have the option to not buy books or eat on campus. "I don't see any connection," he said. "Every student is paying the same amount." He added that "undergrad residence students have even less to complain about because they are substantially subsidized by the rest of the University. Undergrad residences have always operated at a deficit each year." For example, Crandles said that profits accrued from the York apartments go toward subsidizing the undergrad residence deficit.

Similarly, in the separate Food Services budget, profits from the general food areas (such as Central Square) go towards subsidizing residence food services that always run at a deficit. In 1985-86, Glendon lost $14,000, Complex 1 (Vanier, McLaughlin, Winters and Founders Colleges) lost $107,000, and Complex 2 (Stong and Bethune Colleges) lost $9,000. "All the food services together make a small profit," Crandles said, "so the undergrad residences are most favoured because they are subsidized by the rest of us."

Greenbaum said that he doubted that the Administration would willingly accept the RBC's recommendation to feed the surplus back into Housing. "If they decline," Greenbaum added, "it will force them to make a political statement. We are throwing it into the Administration's court," he said. "If they want to make a surplus, there's nothing we can do other than make them say that they are overruling the recommendation of the RBC. It will make a farce out of the consultative process.

"My concern is not so much with the rent increase—which is not to say that 5.75 percent is okay either—but we just want to get value for our money. We want to know where the money is being spend, and know that all of it will be going back into Housing."

One way that the RBC is trying to ensure that students are getting value for their residence and rental dollars, is by the recent formation of a Users Committee to advise on money allocation. This committee is made up of members from YUTA, the MRC and undergrad reps from colleges.

Crandles said that the benefit of the Users Committee is that it will meet year round to advise on ongoing expenditures. However, he stressed, "it's not a committee to watch over my shoulder, it's a committee for consultation. For example, if roof repairs and painting both are needed, and we only have funding for one project, then the Users Committee can consult with tenants to decide what they want the most." Crandles said that in general, the 13 residences are "in good condition." In recent years, he said, "we have put about $1.5 million annually into maintenance and upkeep, such as new roofs, painting and carpeting. We have also replaced all the original galvanized piping in Assiniboine with copper piping, at a cost of about $250,000 to each building."

The most pressing problem with the York apartments is correcting an original building flaw (a crack in the bricks) in 6 Assiniboine.

Crandles said the Ministry is going to sue the original contractors because the Ministry owns the mortgage," he added. All students living in 6 Assiniboine will be evicted from May 15 to September. Students who wish to stay on campus will be transferred to other apartments.

Other major upcoming projects are the $200,000 roofing of the undergrad residences this and the rebricking of 8 Assiniboine in a few years.

In light of the overall housing crisis in Toronto and the continual waiting list for both York apartments and undergrad residences, Greenbaum said that "one recommendation that was accepted last year was that a new apartment, 10 Assiniboine be built without any unnecessary delay."

"We had originally hoped to have the building open in August 1987, but we lost the opportunity because of a timing problem," he said. "When we didn't get the green light from the Board of Governors (BOG) in February/March of 1986, then we decided that we couldn't hope to open the building for August 1987, because it takes about 18 months for construction." Becker also added that a new residence has to be opened in August; other wise York will lose revenues by not being able to rent the units mid-year.

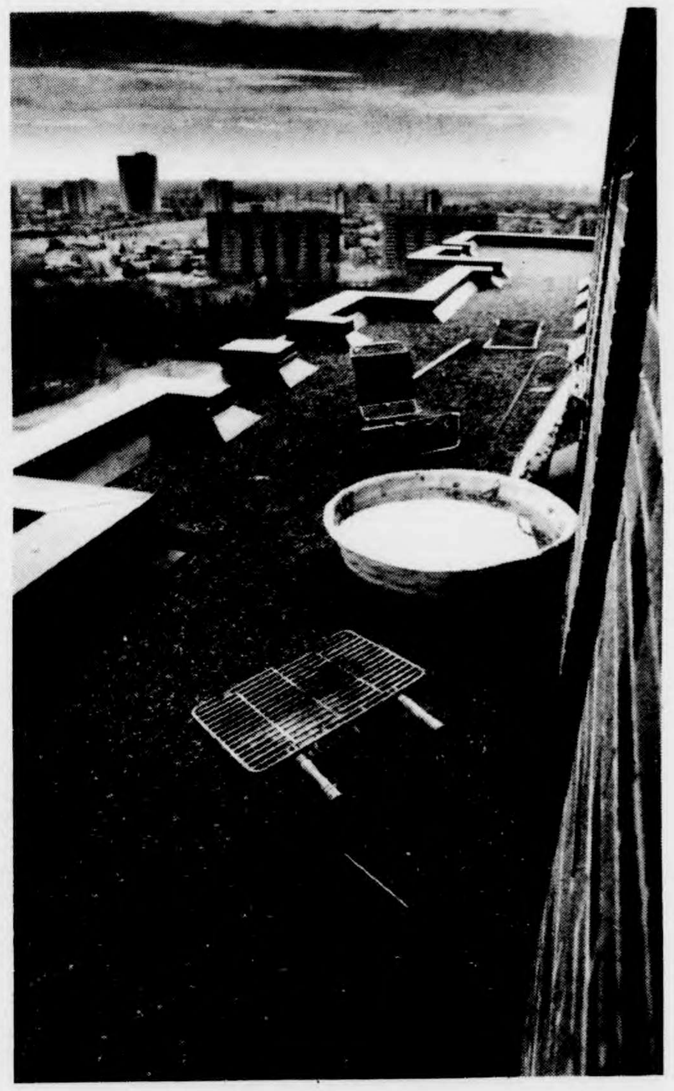
Becker said the new residence would cost between eight to nine million dollars, and have about 170 units divided between bachelor and one bedroom apartments available to those people on the waiting list. "There was a peak number of people on the waiting list for the York apartments in 1984 (600), and the list is not getting any smaller," he said.

Under the York University Development Corporation (YUDC) concept plan for campus development, about 25 acres in the south-west area of the campus is being designated for residential housing, including both market housing and an area for residence accommodation. According to Greg Spearn, Vice President of YUDC, the first round of proposals from developers are expected to come in this week.

"We've asked the development industry to put together proposals based on a marketing strategy that would be most advantageous to the University," Spearn said. "The developers will have to decide which is the best marketing strategy (either to sell or to lease York land), and what kind of housing will be the best. It may or may not mean affordable staff or resident housing." Spearn added that it is "possible that proceeds from either the sale or lease of York's land culd go toward building a student residence." However, he said, "the Administration would have to sort out their priorities as to how they will spend the money." Already the Administration has committed three million dollars for the proposed new student centre. Spearn also said the student residence project is waiting "for the sufficient evolution of the YUDC master plan to decide the best location for it."

Becker said that in a recent discussion with Vice President Bill Farr (Finance and Administration), it was decided that it was unrealistic to get the new residence built for August 1988." Instead, they are targetting for an opening in August 1989. "We are expecting a report from the University's consulting firm IBI in April to give us more information on the financial viability of the building," Becker said. "We have just run out of time (to get it built for 1988). If we start these exercises now, there's no way we can get it completed by then."

Becker added that YUDC hasn't "come down one way or another with a definite site plan. The advisory committee is having a big meeting at the end of April to discuss campus space



allocations. Therefore, it won't be until May that we address the larger siting questions."

Becker said there is no solid figure for space allocation of student housing. "We also haven't decided if the new building is going to be highrise. We might consider a townhouse development, not unlike that in the University of Waterloo," he said. "The Assiniboine Road development averages about 80 units per acre because it's a highrise. With townhouses, we would probably get only about 20 units/acre. Therefore we would need a lot more land to accommodate students—it's an aesthetic consideration. We will wait for YUDC to finalize its plans."

"We had the feeling we could opt for one building or another without jeopardizing YUDC's concept plan," Becker said. "Now that we've abandoned that, we can follow behind with YUDC, and work in sequence with them. The delay will give York a better solution (in terms of student housing)."

One initiative that the University has pursued to provide more student accommodation is the rental of apartments at a senior citizens home located at 35 Shoreham Road.

"I heard through the grapevine (last year)," Becker said, "that there were a lot of vacancies there, so I contacted the general manager, and he sent me a letter as to how we could make a deal." In 1986-87, students signed a lease with the Metro Toronto Housing Authority (MTHA) to live in the Shoreham apartment.

Crandles said about 70 apartments were rented to York students in September 1986 with the lease ending in July. Crandles said York lawyers are still in the process of negotiating a head lease for next year, but he said, "I'm confident we're going to get a favourable one."

Becker added, "I'll do anything to get students off our huge waiting list. Show me a building that is empty, and I'll try to rent it."