



2016 Proposed Operating Budget

CityHousing Hamilton Corporation Board of Directors Meeting:
Thursday December 10, 2015

10/12/2015

CityHousing Hamilton Corporation

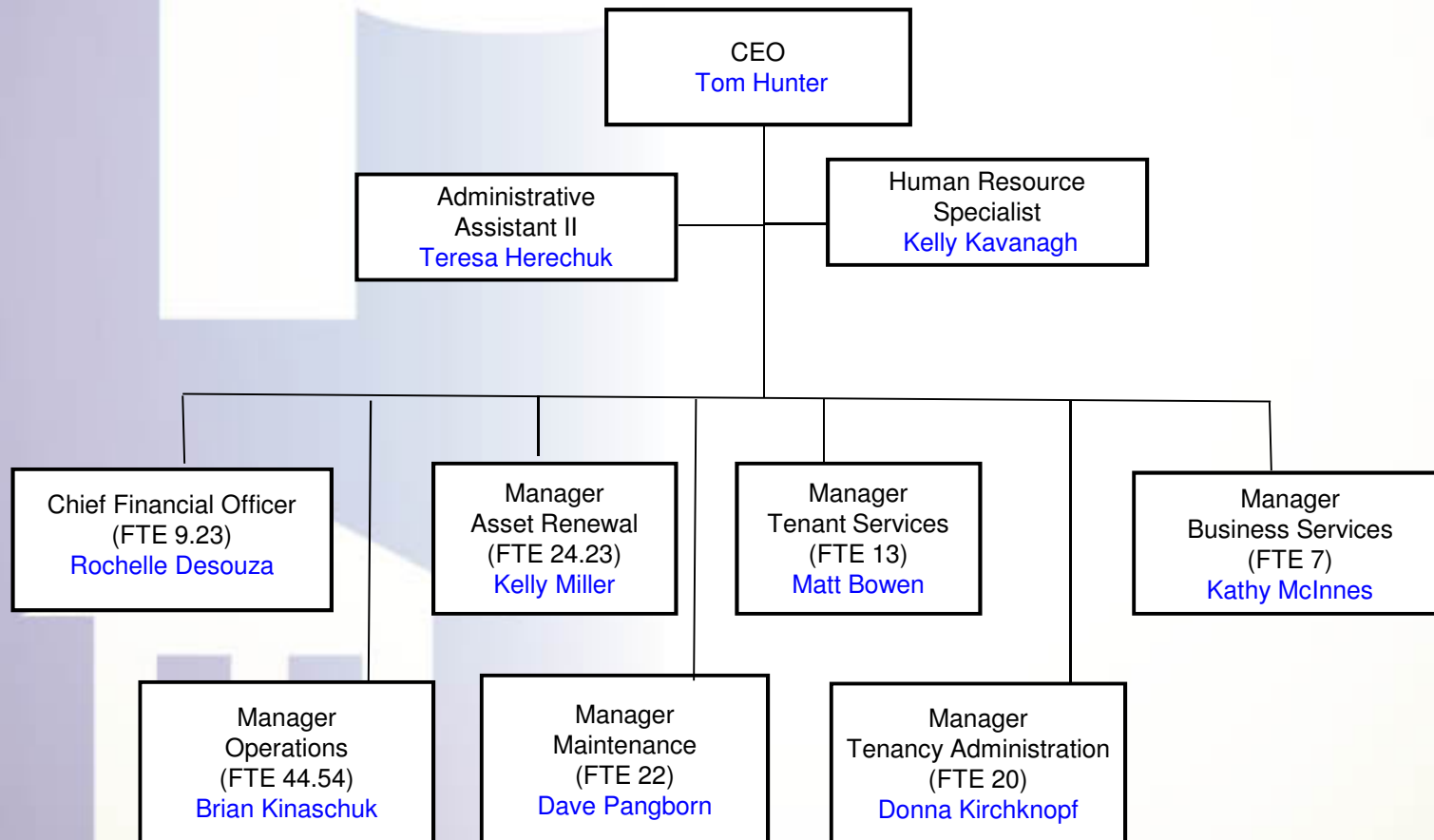
Agenda

1. 2016 Proposed Budget
2. Assumptions
3. Challenges
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9. Maintenance
10. Utilities
11. Property taxes
12. Conclusion



CityHousing Hamilton 2016 Organizational Chart

<u>Total Division FTEs</u>	
Management	10.00
Finance	9.23
Asset Renewal	24.23
Operations	44.54
Maintenance	22.00
Tenancy Adm.	20.00
Tenant Services	13.00
Business Services	<u>7.00</u>
TOTAL	<u>150.00</u>



Complement

Complement (FTE)	Management	Other	Total	Staff/ Management Ratio
2015	6.00	146.00	152.00	24.35:1.0
2016	7.00	143.00	150.00	20.43:1.0
Change	1.00	-3.00	-2.00	-4.35:1.00

The background features a stylized illustration of buildings. On the left, there is a tall purple building with a brown circular top. In the center, there is a shorter blue building with a light blue circular top. At the bottom center, there is a white house with a purple roof and two purple windows. The entire scene is set against a light green gradient background.

Proposed Budget

\$71.8 Million

Note: all programs are subject to program administration by the Service Manager except for the market portfolio.

Assumptions

Revenues -Operating

- Based on Service Managers funding budgets for subsidized portfolios and Gross Rent Potential for market portfolio
 - Zero Based budgeting
 - Incorporates Service Manager increases

Assumptions - *continued*

Vacancy Loss

- Full vacancy loss reported in Northgate Housing

Revenues – Service Manager

- Funding from Service Manager based on:
 - Provincial benchmarks (for Municipal Non Profit, Dundas and Portuguese provincial portfolios)
 - Operating Agreement for Public Housing (report CS12002 approved at the May 23, 2012 council meeting)

Assumptions - *continued*

- Salary/benefit costs:
 - aligned to City of Hamilton guidelines
 - reflect collective bargaining agreements
- Other administration expenses (based on forecasted 2015 Year to Date expenditures)
- Tenant engagement and support services
- Utilities expenditure based on current trending/guidelines from MMAH.



Assumptions - *continued*

- Property tax expense estimates are as per Service Managers estimates.
- Mortgage/debenture financing costs reflect repayment schedules

Challenges

- review of the roles for on-site presence (e.g. superintendents)
- managing bed bug infestations through internalization
- aging buildings/shrinking dollars and the need for unit inspection
- need to address deferred maintenance

Challenges - *continued*

- aging workforce/succession planning and lack of training dollars
- vacancies and keeping up with unit turnovers
- uncollectible rents in accounts receivables
- no support dollars to meet the needs of our vulnerable clients

At a Glance

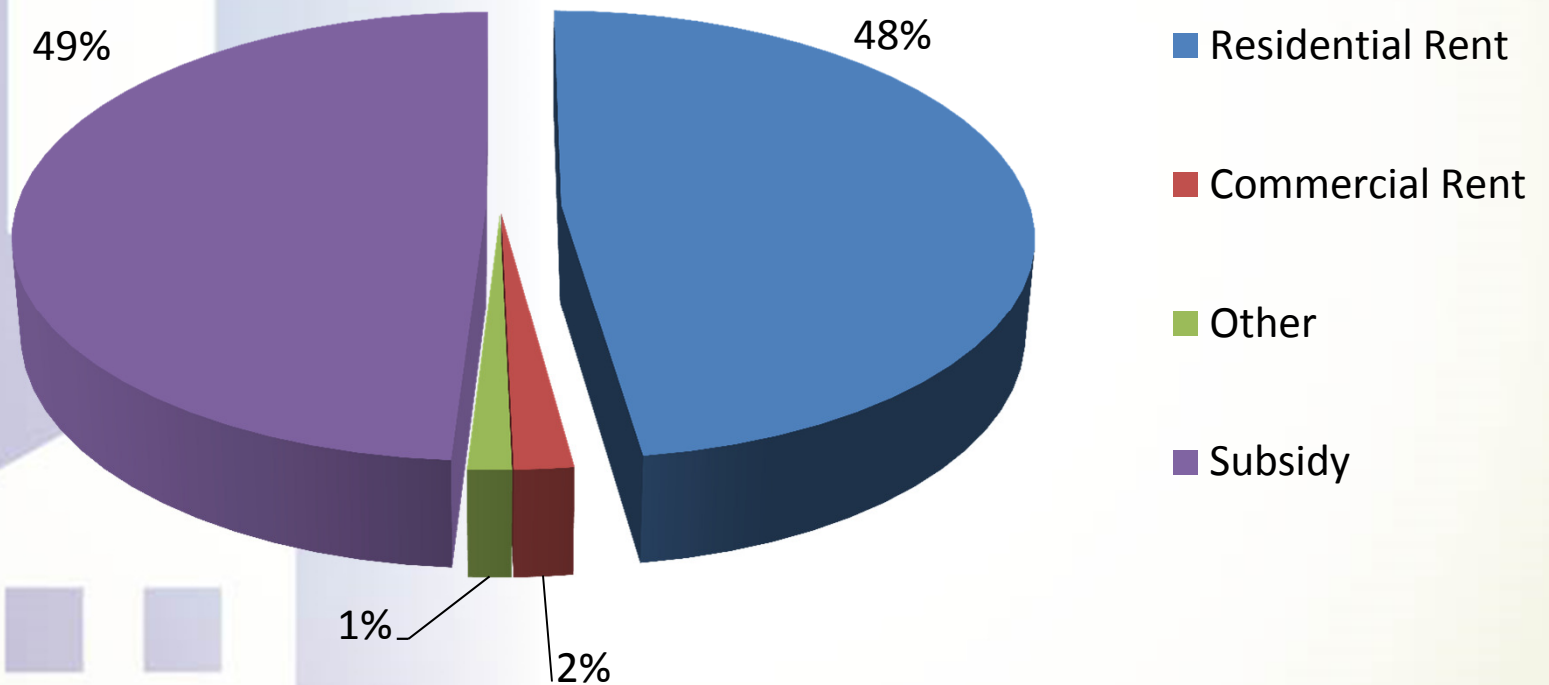
Description	2016 Budget	2015 Budget	2016 vs 2015 Budget Variance	% change
REVENUE				
Operating Revenue	35,648,207	35,871,053	(222,846)	-0.62%
Government Subsidies	35,209,712	34,612,201	597,512	1.73%
Other	947,848	873,968	73,880	8.45%
TOTAL REVENUE	71,805,767	71,357,222	448,545	0.63%
EXPENSES				
Administration- Salaries/wages/benefits	11,616,231	11,349,364	266,867	2.35%
Administration- Bad Debts	323,426	324,931	(1,504)	-0.46%
Administration- Insurance	1,078,320	979,847	98,473	10.05%
Administration- Other	2,007,843	2,170,014	(162,170)	-7.47%
Materials and Services	11,411,999	11,388,892	23,107	0.20%
Utilities	10,333,916	10,378,158	(44,242)	-0.43%
Property Taxes	14,365,162	13,461,917	903,246	6.71%
Amortization and Mortgage Interest	12,447,544	13,118,839	(671,295)	-5.12%
Allocated to Capital Services	8,221,327	8,185,262	36,065	0.44%
TOTAL EXPENSES	71,805,768	71,357,222	448,546	0.63%
NET SURPLUS/(DEFICIT)	(0)	(0)	(0)	(0)

Revenue

Operating Revenue

- Rental Revenue (based on Unit Rent Factors for Subsidized units and Gross Rent Potential for Market units)
- Vacancy Loss
- Commercial Rent
- Other (Coin Laundry, Parking Fees, Interest)

Revenue Details





Revenue – *continued*

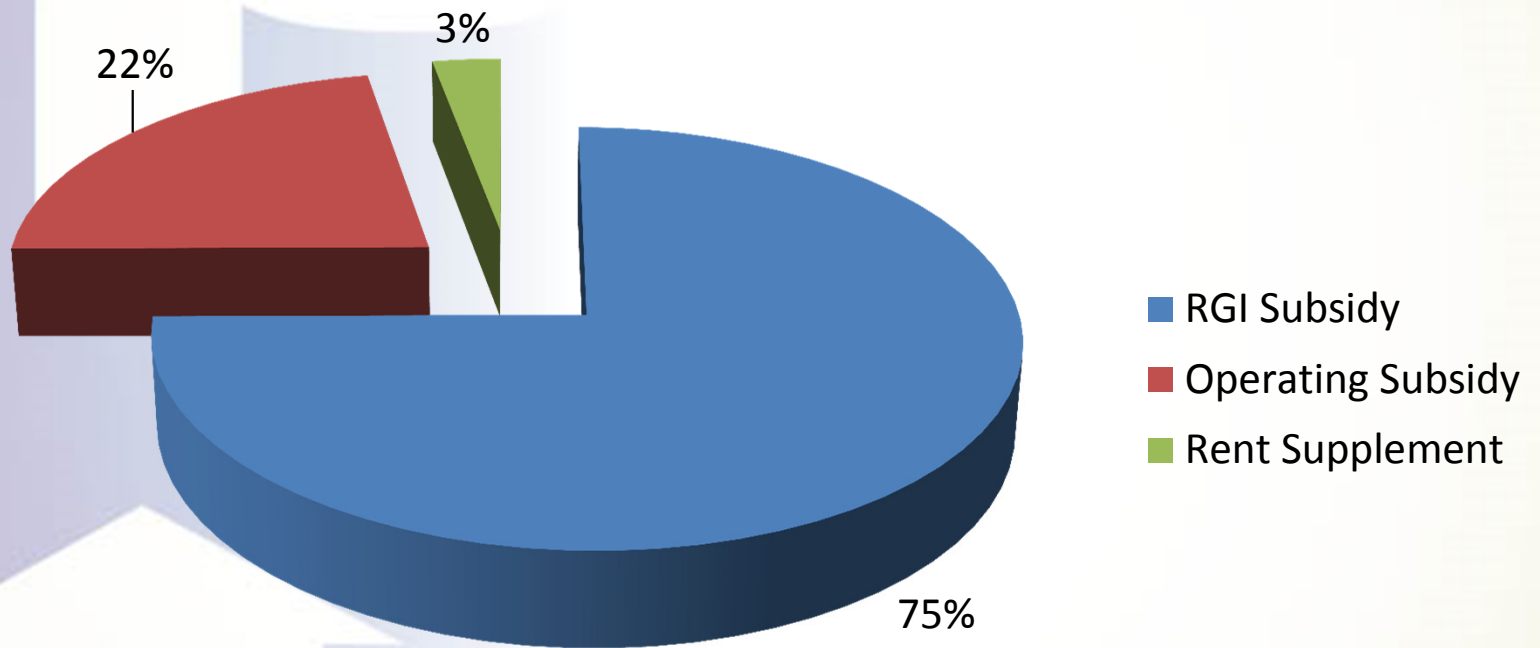
Subsidy Revenue

- Rent Subsidy
- Operating Subsidy
- Rent Supplement

Subsidy Revenue Drivers

Funding model	2015 Budget	2016 Budget	% Change
Provincial Benchmarked	7,733,330	7,913,877	2.33%
Federal Pre' 86	152,394	186,939	22.67%
Federal	47,240	47,240	0.00%
Public Housing	25,639,461	26,021,880	1.49%
Rent Supplement	1,039,776	1,039,776	0.00%
TOTAL SUBSIDY	34,612,201	35,209,712	1.73%
Benchmarked	7,932,964	8,148,056	2.71%
Supplement	1,039,776	1,039,776	0.00%
Public Housing	25,639,461	26,021,880	1.49%
TOTAL HOUSING	34,612,201	35,209,712	1.73%

Subsidy Breakdown





Subsidy Revenue – Property Taxes

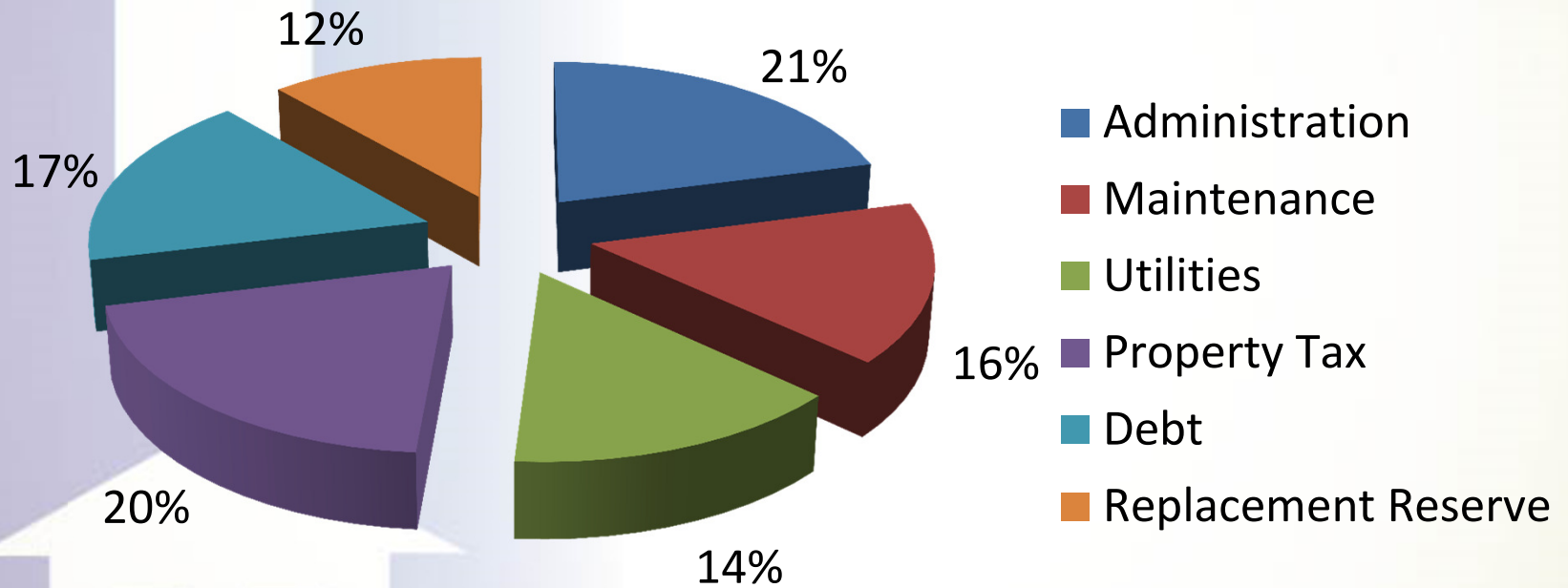
Total subsidy revenue for 2016 = **\$35,209,712**

This includes:

\$14,365,162 in property tax that CityHousing Hamilton will pay on properties.

\$13,922,258 in subsidy related to property taxes (funded dollar -for- dollar) by the Service Manager.

Operating Expenses



Property Taxes

	2015 Budget	2016 Budget
Market	480,965	442,904
First Place	313,660	365,067
Dundas Valley	158,771	178,670
Portuguese	336,723	356,342
Municipal Non-Profit	2,144,627	2,333,664
Public Housing	10,027,171	10,688,515
Total	13,461,917	14,365,162

Subsidy –Indices for Benchmarking (per MMAH)

Rent Inflation Factor	2.00%
Administration & Maintenance	0.95%
Insurance	14.71%
Bad Debt	0.95%
Electricity	7.16%
Water	6.16%
Natural Gas	-16.77%
Capital Reserves	0.95%

Administrative Salary/Benefits

	Salaries/Wages	Benefits		Total
2015	9,283,751.00	2,065,613.00		11,349,364.00
2016	9,248,875.00	2,367,356.00		11,616,231.00
Increase	-\$34,876.00	\$301,743.00		\$266,867.00
Increase %	-.3%	14.60%		2.35%

Breakdown of Payroll Variance

2 FTE's positions reduced	(\$34,876)
Reassigned 2 management positions and budgeted for the applications developer as a full time position	
Employee Benefit increases	\$301,743
Total	\$266,867

2015 vs. 2016 Payroll Variance

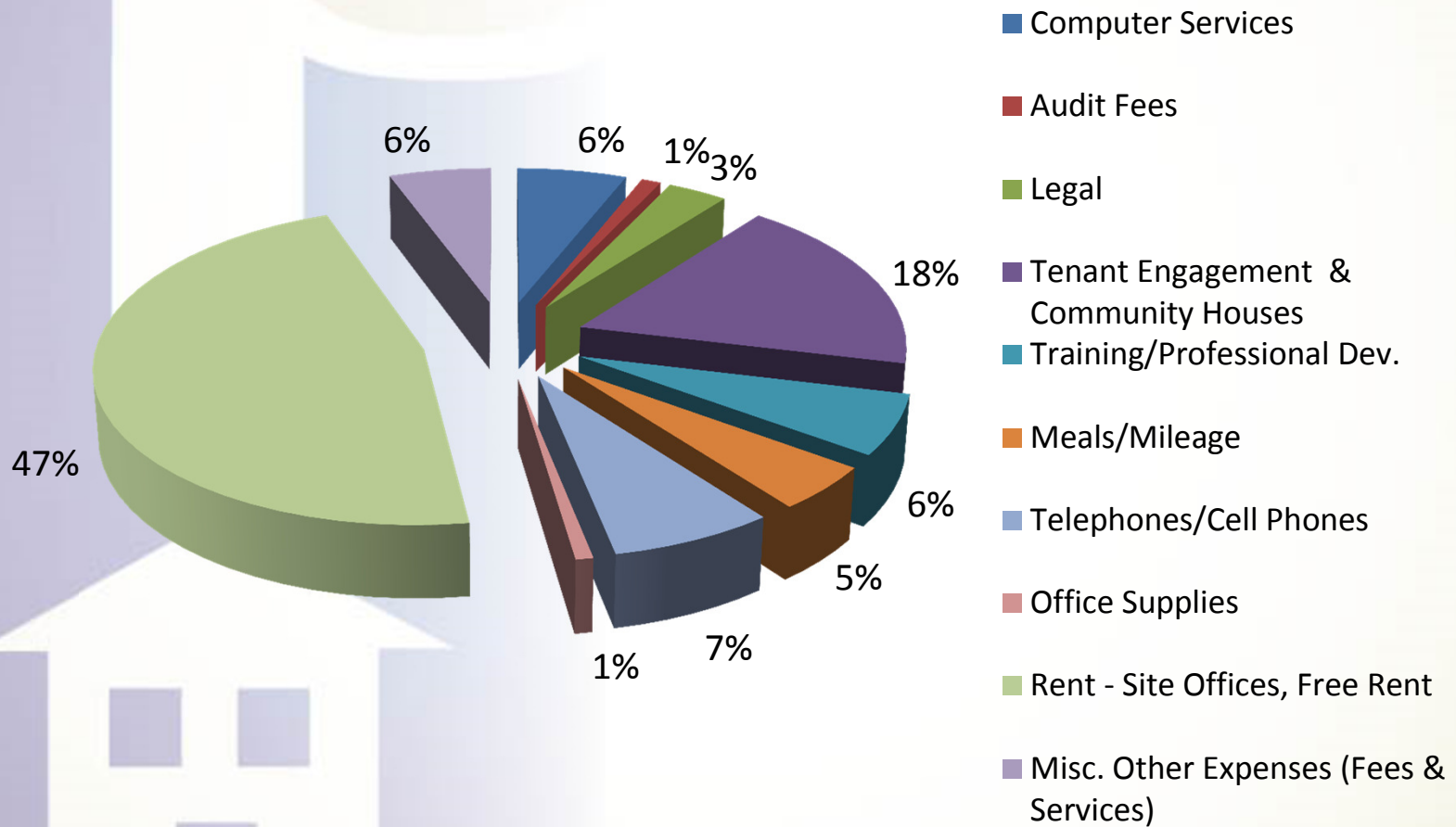
Benefits	Description	2016 Employer Benefits	2015 Employer Benefits	Variance
Canada Pension Plan	Contributing rate unchanged	4.95%	4.95%	0.00%
Canada Pension Plan	Max employer Premium	\$2,544.30	\$2,479.95	2.2%
Employment Insurance	Contribution rate	1.88%	1.88%	0.00%
Employment Insurance	Max employer Premium	\$1,337.06	\$1,302.84	1.8%
OMERS	Max rate (earnings up to \$51,600)	0.090	0.090	0.00%
OMERS	Surplus Rate (earnings>51,600)	0.146	0.146	0.00%
Manulife-Health/Dental	Increase in premium	379.44	379.44	0.00%

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Administration - Other

Computer Services	\$ 122,126
Audit Fees	\$ 22,050
Legal	\$ 67,162
Tenant Engagement & Community Houses	\$ 365,581
Training/Prof Dev.	\$ 124,901
Meals/Mileage	\$ 93,158
Telephones/Cell phones	\$ 145,552
Office supplies	\$ 15,572
Rent – Site Offices, Free Rent	\$ 938,081
Misc. other expenses (fees & services)	\$ 113,660
TOTAL	\$2,007,843

Administration – Other Breakdown



10/12/2015

Maintenance

Description	2015 Budget	2016 Budget	Variance
Elevator Phones/Enterphone Lines	35,119	35,415	296
Building Oper. General	4,702,683	4,911,749	209,066
Pest Control Oper. General	0	0	0
Painting Oper. General	373,603	376,828	3,225
Roofing Oper. General	140,231	141,568	1,337
Life Safety Sys Oper. General	350,063	351,256	1,193
Elevators Oper. General	353,250	321,202	(32,048)
Equipment Oper. General	238,731	240,691	1,960
Plumbing Oper. General	754,838	760,257	5,419
Heating & Ven Oper. General	1,042,200	1,148,268	106,068
Grounds Oper. General	2,059,244	1,866,612	(192,632)
Electrical Oper. General	579,432	548,104	(31,328)
Building Security General	251,741	221,011	(30,730)
Waste Removal Oper. General	258,866	260,420	1,554
Safety Equipment and Clothing	75,988	54,659	(21,329)
HST Expenses	172,903	173,959	1,056
	\$11,388,892.00	\$11,411,999	\$23,107

Maintenance Cost Drivers

- Elevator Contract - lower than expected compared to 2015.
- Grounds contract - lower than expected for 2016.
- Boiler contract - higher than expected for 2016.



Utilities – benchmarked indices

Electricity

7.16%

Water

6.16%

Natural Gas

-16.77%

Note: Indices are applied to prior year forecast incorporating trending data

Utilities Expenses 2009-2016

	2010	2011	2012	2013	2014	2015	2016
	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Budget
Total Utilities Expenses	\$9.8M	\$10.0M	\$9.9M	\$9.8M	\$10.90M	\$10.51M	\$10.33M
Annual % change		2.00%	-1.00%	-1.00%	11.00%	-3.60%	-1.70%

- Based on MMAH indices for 2016
- Increasing utility rates for hydro/water
- Reduction in gas rates

Pest Control/Maintenance Ratios 2009-2016

	2009	2010	2011	2012	2013	2014	2015	2016
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Budget
Pest Control Expenses	\$0.30M	\$0.57M	\$1.04M	\$1.74M	\$1.37M	\$1.75M	\$1.28M	\$1.27M
Maintenance Expenses	\$9.1M	\$10.92M	\$11.46	\$11.88M	\$12.33M	\$13.27M	\$11.39M	\$11.41M
Pest Control v/s Maintenance	3%	5%	9%	15%	11%	13%	11%	11%

Conclusion

- To recap:
- Overall increase of .63%
- Maintenance Pressures
- Budgets created as per Service Managers Budgets.

Thank you- Questions