



**Date:** February 2, 2017

**Report to:** Board of Directors  
CityHousing Hamilton Corporation

**Submitted by:** Tom Hunter  
Chief Executive Officer/  
Secretary

**Prepared by:** Rochelle Desouza  
Chief Financial Officer

**Subject:** **Operating Variance Report for November 30, 2016  
(Report #17003)**

**RECOMMENDATION:**

That Report #17003 be received for information

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Tom Hunter  
Chief Executive Officer/Secretary

**BACKGROUND:**

Summarized consolidation Operating results as at November 30, 2016 are shown below:

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Nov 2016	YTD Nov 2016	YTD Nov 2016	Actual 2016
<b>REVENUE</b>				
Operating Revenue	32,677,523	33,533,271	855,748	35,648,207
Government Subsidies	32,275,569	32,509,957	234,388	35,209,712
Other	868,861	933,172	64,311	947,848
<b>TOTAL REVENUE</b>	<b>65,821,953</b>	<b>66,976,400</b>	<b>1,154,447</b>	<b>71,805,767</b>

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Nov 2016	YTD Nov 2016	YTD Nov 2016	Actual 2016
<b>EXPENSES</b>				
Administration- Salaries/wages/benefits	10,648,212	10,219,331	428,881	11,616,231
Administration-Bad Debts	296,474	329,808	(33,334)	323,426
Administration- Insurance	988,460	1,056,190	(67,730)	1,078,320
Administration- Other	1,840,522	1,781,795	58,726	2,007,842
Materials and Services	10,460,999	10,442,789	18,210	11,411,999
Utilities	9,472,756	9,724,114	(251,358)	10,333,916
Property Taxes	13,168,065	13,098,334	69,731	14,365,162
Amortization and Mortgage Interest	11,410,249	11,621,306	(211,057)	12,447,544
Allocated to Capital Services	7,536,216	7,536,216	0	8,221,327
<b>TOTAL EXPENSES</b>	<b>65,821,953</b>	<b>65,809,883</b>	<b>12,070</b>	<b>71,805,767</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>1,166,517</b>	<b>1,166,517</b>	<b>-</b>

Appendix A displays the consolidated year-to-date operating results as at November 30, 2016 shows a favourable variance to budget of \$1,166,517. Details on significant variances are discussed below.

## **Revenue**

Detailed revenue information is shown in the chart below:

REVENUE DETAILS	Budgeted	Actual	Variance	Annual Budget
	YTD Nov 2016	YTD Nov 2016	YTD Nov 2016	Actual 2016
<b><u>Operating Revenue</u></b>				
Residential Rent	31,498,004	32,708,900	1,210,896	34,361,459
Commercial Rent	1,179,519	824,371	(355,148)	1,286,748
Tenant Recoveries	451,903	492,737	40,834	492,985
Other	416,958	440,435	23,477	454,863
<b>TOTAL OPERATING REVENUE</b>	<b>33,546,384</b>	<b>34,466,443</b>	<b>920,060</b>	<b>36,596,055</b>
<b><u>City of Hamilton Subsidy</u></b>				
Rent/Operating Subsidy	31,322,441	31,628,320	305,879	34,169,936
Rent Supplement Subsidy	953,128	881,637	(71,491)	1,039,776
<b>TOTAL CITY OF HAMILTON SUBSIDY</b>	<b>32,275,569</b>	<b>32,509,957</b>	<b>234,388</b>	<b>35,209,712</b>
<b>TOTAL REVENUE</b>	<b>65,821,953</b>	<b>66,976,400</b>	<b>1,154,447</b>	<b>71,805,767</b>

## **Operating Revenue**

Net operating revenue is showing a favourable variance to budget of \$920,060. Revenue is budgeted as per benchmarking factors as provided by Ministry of Municipal Affairs and Housing – Variance in revenue maybe payable back to the Service Manager once the Annual Reconciliation is completed. Commercial rent is unfavorable due to vacancy loss on properties at 350 King and 162 King William.

**Administration Salaries, Wages and Benefits**

Staffing complements are being reviewed to ascertain staffing levels. In addition gapping positions has kept salaries in a favorable position.

**Materials and Services**

Operating expenses relating to Materials and Services are showing a favourable variance to budget of \$18,210. The chart below shows a distribution of total materials and services costs among the main cost categories:

Particulars	Budgeted	Actual	Variance	Annual Budget
	YTD Nov 2016	YTD Nov 2016	YTD Nov 2016	Actual 2016
Pest Control Operating	-		-	-
Pest Control Bed Bugs	10,725	14,105	(3,380)	11,700
Building Operating	2,523,418	2,857,191	(333,773)	2,752,820
Flooring	272,688	201,806	70,882	297,478
Unit Turnovers/ Vacancies	1,361,186	975,278	385,908	1,484,930
Painting Operating	345,426	227,417	118,008	376,828
Roofing Operating	129,771	105,680	24,091	141,568
Life System Operating	321,985	344,665	(22,681)	351,256
Elevators Operating	326,899	235,111	91,788	356,617
Equipment Operating	220,633	359,362	(138,728)	240,691
Plumbing Operating	696,902	653,752	43,150	760,257
Heating & Ventilation Operating	1,052,579	1,053,317	(738)	1,148,268
Grounds Operating	1,711,061	1,656,527	54,534	1,866,612
Electrical Operating	502,429	338,002	164,427	548,104
Building Security Operating	202,593	583,342	(380,748)	221,011
Waste Removal Operating	238,718	380,022	(141,304)	260,420
Safety Equipment Operating	5,943	812	5,131	6,483
Supplies -Pest Control	146,942	95,947	50,995	160,300
Supplies	231,639	360,454	(128,815)	252,697
HST Expenses-Materials & Services	159,462	-	159,462	173,959
	10,460,999	10,442,789	18,210	11,411,999

Unfavorable variance exists in Building Security and Building Operations. Unit Turnovers over \$5,000 are reclassified to Replace and Reserve accounts.

**Utilities**

Budget estimated as per Ministry of Municipal Affairs and Housing (MMAH) benchmark Indices, actual rate for hydro in Hamilton higher than budgeted.

## **Replace & Reserve Expense Variance Statement**

Appendix B details the Statement of Replace & Reserve income and expenses of CHH for the month ending November 30, 2016.

### **OPERATIONAL PLAN:**

This report implements:

Goal 1: Create Financial Sustainability – *Ensure the integrity of the financial process, internal controls, disclosure of City Housing Hamilton Financial Statements*

RD/th

Mission: CHH provides affordable housing that is safe, well maintained, cost effective and that supports the diverse needs of our many communities.