



Date: December 12, 2017

Report to: Board of Directors
CityHousing Hamilton Corporation

Submitted by: Tom Hunter
Chief Executive Officer/
Secretary

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Manager, Asset Renewal

Subject: **2018 CityHousing Hamilton
Replacement and Reserve Budget (Report #17039)**

RECOMMENDATION:

That the Board adopt and approve the CityHousing Hamilton Corporation 2018 Replacement Reserve Budget totalling \$8,390,000

A handwritten signature in blue ink that reads "Tom Hunter".

Tom Hunter
Chief Executive Officer/Secretary

BACKGROUND:

The Asset Renewal Section of CityHousing Hamilton (CHH) manages and maintains corporate physical assets. Annual replacement and reserve allocations are calculated on a per unit basis benchmarked by the Ministry of Municipal Affairs and Housing as per the *Housing Services Act, 2011*. Housing providers must transfer the annual allocation to a Replacement and Reserve Fund but are not obligated to use these funds on an annual basis.

Replacement Reserve Studies prepared from the information gathered through Building Condition Assessments and Staff are used to create annual budgets and plans for approval by the CHH's Board of Directors.

DISCUSSION:

The Asset Renewal (AR) section has prepared the 2018 CHH Replacement Reserve budget after reviewing the Replacement Reserve study completed in 2011 conducting site inspections, input from the Operations, Maintenance and Energy Teams. Staff reviewed the 2018 project list and assigned a ranking to prioritize required work into the following categories:

- Health and Safety
- Code Compliance
- Structural
- Mechanical/Electrical
- Energy Conservation
- Interior Upgrade

Through the process of developing these categories the team was able to define the project list into a priority sequence. Highest need projects and those that limited CHH's liability were chosen. The priority 1 project breakdown was heavily weighted on Health & Safety, Code Compliance, Structural and Mechanical/Electrical items.

The Replacement Reserve budget continues to include items such as; complete unit retrofits \$800,000.00, Health and Safety, Heating Ventilation Air Condition (HVAC), Mechanical, Balconies, Windows, Roofs, etc.

Funding source is shown in the chart below:

	Value
Funding Source: 2018 Annual Replacement Reserve allocation	<u>\$8,390,000</u>
Expenditure: 2018 Replacement and Reserve Budget (Appendix A)	<u>\$8,390,000</u>

With any budget approved prior to implementation there is always the probability of revisions being made to address emergencies. Over the course of a year there are building components which may fail prematurely, thus requiring precedence as deferring the work may not be an option. Examples include safety systems, water penetration and heating issues. The Asset Renewal Section will complete the emergency project and re-evaluate the Replacement Reserve Budget or seek additional approval to address the issues. (Appendix A, 2018 Budget Requests and Area Rated Funds).

CONCLUSION:

In conclusion, the Asset Renewal Section has prioritized the project submissions and created the Replacement Reserve plan. The goal is to manage, maintain and improve building conditions, to ensure that CityHousing Hamilton portfolio is in a good state of repair to continue supplying safe, affordable and well maintained housing to Hamilton residents.

Therefore it is recommended that the 2018 CHH Replacement Reserve Budget be adopted and approved.

ALIGNMENT TO THE 2017-2021 STRATEGIC PLAN:

This report implements:

Goal 2. Maintain and Improve Building Conditions - Ensure that the CityHousing Hamilton portfolio is managed effectively and sensitively and is in a good state of repair to meet the affordable housing requirements of Hamilton residents now and in the future.

TH/bl

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