



Date: November 22, 2018
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 September 30, 2018
 (Report #18020)**

RECOMMENDATION:

That Report #18020 be received for information.

Tom Hunter
 Chief Executive Officer/Secretary

BACKGROUND:

Summarized consolidation Operating results as at September 30, 2018 are shown below:

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD SEP 2018	YTD SEP 2018	YTD SEP 2018	2018
REVENUE				
1 Operating Revenue	28,514,282	28,238,031	(276,251)	38,019,043
2 Government Subsidies	15,549,103	14,637,344	(911,759)	20,732,137
Other	715,489	762,686	47,197	953,985
TOTAL REVENUE	44,778,874	43,638,061	(1,140,813)	59,705,165

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD SEP 2018	YTD SEP 2018	YTD SEP 2018	2018
EXPENSES				
3 Administration-Salaries/Wages/Benefits	8,851,556	8,591,858	259,697	11,802,074
Administration-Bad Debts	248,231	266,347	(18,115)	330,975
Administration-Insurance	751,023	684,867	66,156	1,001,364
4 Administration-Other	1,481,072	1,537,403	(56,331)	1,974,762
5 Materials and Services	9,606,476	9,279,709	326,767	12,808,635
6 Utilities	8,273,365	7,178,244	1,095,121	11,031,153
Property Taxes	656,532	494,325	162,207	875,376
Amortization and Mortgage Interest	8,538,974	8,411,734	127,239	11,385,298
Allocated to Capital Services	6,371,646	6,371,646	0	8,495,528
TOTAL REVENUE	44,778,874	42,816,132	1,962,741	59,705,165
NET SURPLUS/DEFICIT	-	821,929	821,929	-

Appendix A displays the consolidated year-to-date operating results as at September 30, 2018, this shows a favourable variance to budget of \$821,929. 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 SEP 2018	YTD SEP 2018	YTD SEP 2018	2018
1 Operating Revenue				
Residential Rent	27,524,556	27,470,212	(54,344)	36,699,408
Commercial Rent	989,726	767,819	(221,907)	1,319,635
Tenant Recoveries	374,274	321,205	(53,069)	499,032
Other	341,215	441,481	100,266	454,953
TOTAL OPERATING REVENUE	29,229,771	29,000,718	(229,053)	38,973,028
2 City of Hamilton Subsidy				
Rent/Operating Subsidy	14,769,271	13,950,367	(818,904)	19,692,361
Rent Supplement Subsidy	779,832	686,977	(92,855)	1,039,776
TOTAL CITY OF HAMILTON SUBSIDY	15,549,103	14,637,344	(911,759)	20,732,137
TOTAL REVENUE	44,778,874	43,638,061	(1,140,813)	59,705,165

Operating Revenue¹

Net operating revenue is showing an unfavourable variance to budget of (\$54,344). Revenue is budgeted as per benchmarking factors as provided by Ministry of Municipal Affairs and Housing. Commercial rent is unfavorable due to vacancy loss on properties at 350 King.

City of Hamilton Subsidy and Property Taxes²

The variances in Subsidies exists because the tax exemption dollars receivable by CHH is accounted within the budget and funding will be received at one time near year end.

Administration Salaries, Wages and Benefits³

Staffing compliments are being reviewed to ascertain staffing levels. In addition gapping positions existed in the first two months of 2018 and has kept salaries in a favorable position.

Administration Other⁴

Management and staff will monitor spending. This is a seasonal variance due to summer programs and Annual General Meetings and variance should reduce as year progresses.

Materials and Services⁵

Operating expenses relating to Materials and Services are showing a favourable variance to budget of \$326,767. The chart below shows a distribution of total materials and services costs among the main cost categories:

Particulars	Budgeted	Actual	Variance	Annual Budget
	YTD SEP 2018	YTD SEP 2018	YTD SEP 2018	2018
Building Operating	1,937,946	2,215,712	(277,766)	2,583,928
Flooring	214,526	126,332	88,194	286,035
Unit Turnovers/Vacancies	1,739,548	988,879	750,669	2,319,397
Painting Operating	285,350	152,408	132,943	380,467
Roofing Operating	107,936	90,903	17,032	143,914
Life Systems Operating	476,381	621,004	(144,623)	635,175
Elevators Operating	248,336	288,082	(39,746)	331,115
Equipment Operating	167,853	293,519	(125,666)	223,804
Plumbing Operating	432,456	384,579	47,877	576,608
Heating and Ventillation Operating	747,901	646,123	101,777	997,201
Grounds Operating	1,402,514	1,530,781	(128,266)	1,870,019
Electrical Operating	242,735	244,984	(2,249)	323,647
Building Security Operating	458,678	663,938	(205,260)	611,571
Waste Removal Operating	182,255	390,625	(208,370)	243,007
Supplies	823,403	641,839	181,564	1,097,870
HST Expenses- Material and Services	138,658	-	138,658	184,877
TOTAL MATERIALS & SERVICES	9,606,476	9,279,709	326,767	12,808,635

This is a seasonal variance. Unit Turnovers in 2018 which are over and above the Property Managers budgets have been renovated through the Poverty Reduction Fund 2018.

Building Security and Waste Removal are the two categories management and staffs are reviewing to gain efficiencies and cost reductions.

Utilities⁶

Budget estimated as per Ministry of Municipal Affairs and Housing (MMAH) benchmark Indices, Utilities trending within budget, there has been significant savings in utilities due to the Building Automation Systems and the grants received from the province towards green energy.

Replace & Reserve Expense Variance Statement

Appendix B details the Statement of Replace & Reserve income and expenses of CHH for the month ending September 30, 2018.

Balance Sheet

Appendix C details the Balance Sheet as at September 30, 2018.

ALIGNMENT TO THE 2017-2021 STRATEGIC PLAN:

This report implements:

Economic Prosperity and Growth

CityHousing Hamilton believes that residents reach their full potential when they have access to employment, entrepreneurship or education opportunities that will contribute to the growth and prosperity of the City of Hamilton.

Built Environment and Social Infrastructure

CityHousing Hamilton is committed to finding new ways to be innovative that will contribute a dynamic City characterized by unique infrastructure, buildings, and public spaces. The maintenance, renewal and new development of our housing stock will ensure that the quality of life, well-being and enjoyment of our residents', influences the design and planning of our homes.

Our People Our Performance

CityHousing Hamilton aims at delivering consistent and excellent service for all its residents, while searching for ways to increase efficiencies and effectiveness in how we operate. To provide the highest quality of service to our residents within current resources, we work to empower staff to deliver on our service commitments by strengthening staff competencies, standardizing operating processes, streamlining services and technology and holding staff accountable to better respond to the needs of residents.

TH/rd

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