




# INFORMATION UPDATE

<b>TO:</b>	CityHousing Hamilton Board of Directors
<b>BOARD DATE:</b>	September 29, 2020
<b>SUBJECT/REPORT NO:</b>	Item 6) CEO Written Updates 6.0 2021 Budget – Provincial Benchmarks -CHH 2021 Budget Shortfalls
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Tom Hunter (905)546-2424 Ext. 4064
<b>SUBMITTED BY:</b>	Tom Hunter CityHousing Hamilton, CEO
<b>SIGNATURE:</b>	

## Council Direction:

Not Applicable

## Information:

Outlined below are the current identified budget shortfalls for 2021. Over the next two months, staff will strategize on how to mitigate these costs in preparation for presentation and approval of the 2021 Operating Budget at the December 2020 meeting of the Board.

### *Commercial Rents and Changes*

- Ontario Works is vacating their space at 181 Main St. W. This will result in a loss of rental revenue of **\$239,328** per annum.
- Over the past several years, two large commercial units have not been rented at First Place. The loss of this revenue has not been reflected in the budget. This was identified at a Board meeting and this loss of **\$144,000** will now be reflected in the budget.

**SUBJECT: Item 6) CEO Written Updates: 6.0 2021 Budget – Provincial  
Benchmarks / -CHH 2021 Budget Shortfalls**

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*Insurance*

- The 2021 benchmark is 5.92% which would work out to Insurance cost of \$1,188,297. Based on information from HSC, the increase is likely to be 20% which works out to \$1,468,664, for a shortfall of **\$280,367**.

*Salaries*

- The benchmark is -0.43%. The collective agreement increase to staff is 1.9% resulting in an approximate shortfall of **\$295,281**.

*COVID Costs*

- Based on trending from March to August, extra cleaning is costing \$130,000 every 3 months. Currently this cost has been covered by the Service Manager. If CHH does not receive the funding in 2021 and there are requirements to clean at the current levels, this would result in a shortfall of approximately **\$520,000**.

*Materials*

- The benchmark is -0.43% which means a reduction in materials and services of **\$56,696**

*Utilities*

- The benchmark for Hydro is going down by -13.07% which means a reduction of **\$610,578**.
- The benchmark for Natural Gas is going down by -5.57% which means a reduction of **\$127,430**.

*Arrears*

- Each one % increase represents approximately \$29,000. The arrears in March were 16.2% and at the end of August they were at 26%. If arrears stay at this level, the shortfall will be **\$284,200**.

*Tenant Rents*

- For rents, there will be an added pressure in the market rents if there is a freeze on market rent increases. If the rent does not increase by 1.5% this will result in a shortfall of **\$113,500**.

**Projected 2021 Budget Shortfall - \$2,670,000**

**APPENDICES AND SCHEDULES ATTACHED**

Not Applicable