

Date: September 29, 2020

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 August 31, 2020
(Report # 20013)

RECOMMENDATION:

That Report #20013 be received for information.



Tom Hunter
Chief Executive Officer/Secretary

BACKGROUND:

Summarized consolidation Operating results as at August 31, 2020 are shown below:

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Sep 2020	YTD Sep 2020	YTD Sep 2020	2020
REVENUE				
1 Operating Revenue	26,511,464	26,272,205	(239,259)	39,767,196
2 Government Subsidies	12,409,973	12,406,188	(3,784)	18,614,959
Other	1,220,811	1,161,047	(59,764)	1,831,217
TOTAL REVENUE	40,142,248	39,839,441	(302,807)	60,213,372

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Sep 2020	YTD Sep 2020	YTD Sep 2020	2020
EXPENSES				
3 Administration-Salaries/Wages/Benefits	8,448,689	8,470,433	(21,744)	12,673,033
Administration-Bad Debts	231,000	229,897	1,103	346,500
4 Administration-Insurance	765,628	777,680	(12,052)	1,148,442
Administration-Other	1,317,311	1,295,207	22,103	1,975,966
5 Materials and Services	8,790,107	7,624,384	1,165,723	13,185,160
6 Utilities	7,147,692	6,756,382	391,310	10,721,538
Property Taxes	551,436	613,865	(62,429)	827,154
Amortization and Mortgage Interest	6,960,855	6,693,983	266,872	10,441,283
Allocated to Capital Services	5,929,531	5,929,531	(0)	8,894,296
TOTAL EXPENSES	40,142,248	38,391,363	1,750,885	60,213,372
NET SURPLUS/DEFICIT	-	1,448,078	1,448,078	-

Appendix A displays the consolidated year-to-date operating results as at August 31, 2020, this shows a favorable variance to budget of \$1,448,078. 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 2020	YTD Sep 2020	YTD Sep 2020	2020
1 Operating Revenue				
Residential Rent	25,631,707	25,578,334	(53,373)	38,447,561
Commercial Rent	879,757	693,871	(185,886)	1,319,635
Tenant Recoveries	324,629	334,236	9,607	486,944
Other	896,182	826,811	(69,371)	1,344,273
TOTAL OPERATING REVENUE	27,732,275	27,433,253	(299,023)	41,598,413
2 City of Hamilton Subsidy				
Rent/Operating Subsidy	11,806,789	11,807,245	457	17,710,183
Rent Supplement Subsidy	603,184	598,943	(4,241)	904,776
TOTAL CITY OF HAMILTON SUBSIDY	12,409,973	12,406,188	(3,784)	18,614,959
TOTAL REVENUE	40,142,248	39,839,441	(302,807)	60,213,372

Operating Revenue¹

Net operating revenue is showing an unfavorable variance to budget of (\$299,023). 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 and 89 King.

Administration Salaries, Wages and Benefits³

Staffing compliments are being reviewed to ascertain staffing levels. Gapping exist due to vacant positions. Payroll of Project Manager and procurement for new construction in operating.

Administration Insurance⁴

Trending within budget for the first eight months of the year.

Materials and Services⁵

Operating expenses relating to Materials and Services are showing a seasonal favorable variance to budget of \$1,165,723. 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 2020	YTD Sep 2020	YTD Sep 2020	2020
Building Operating	2,307,797	1,757,365	550,432	3,461,695
Unit Turnovers/Vacancies	1,375,400	397,768	977,632	2,063,100
Painting Operating	265,551	7,164	258,387	398,326
Roofing Operating	100,447	116,781	(16,334)	150,670
Life Systems Operating	357,592	496,141	(138,549)	536,388
Elevators Operating	256,603	306,835	(50,232)	384,904
Equipment Operating	156,206	145,624	10,582	234,309
Plumbing Operating	402,449	192,958	209,491	603,673
Heating and Ventillation Operating	496,760	361,879	134,881	745,140
Grounds Operating	1,107,231	1,424,254	(317,024)	1,660,846
Electrical Operating	225,892	154,426	71,466	338,838
Building Security Operating	727,115	1,440,571	(713,457)	1,090,672
Waste Removal Operating	169,609	324,235	(154,626)	254,414
Supplies	696,807	498,382	198,425	1,045,211
HST Expenses- Material and Services	144,649		144,649	216,974
TOTAL MATERIALS & SERVICES	8,790,107	7,624,384	1,165,723	13,185,160

Unit Turnovers in 2020 which are over and above the Property Managers budgets have been renovated through the Poverty Reduction Fund 2020. Units that have been on a hold are renovated through the Home for the Holidays projects which ended March 31, 2020. Currently Operating budgets used for unit turnovers.

Building Security and Waste Removal/Grounds 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 August 31, 2020.

Balance Sheet

Appendix C details the Balance Sheet as at August 31, 2020.

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.