

Date: February 25, 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 November 30, 2019
(Report # 20002)

RECOMMENDATION:

That Report #20002 be received for information.



Tom Hunter
Chief Executive Officer/Secretary

BACKGROUND:

Summarized consolidation Operating results as at November 30, 2019 are shown below:

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Nov 2019	YTD Nov 2019	YTD Nov 2019	2019
REVENUE				
1 Operating Revenue	35,357,556	35,643,748	286,192	38,571,879
2 Government Subsidies	18,831,107	17,295,595	(1,535,512)	20,543,026
Other	874,482	1,345,772	471,290	953,980
TOTAL REVENUE	55,063,145	54,285,115	(778,029)	60,068,885

Consolidated	Budgeted	Actual	Variance	Annual Budget
	YTD Nov 2019	YTD Nov 2019	YTD Nov 2019	2019
EXPENSES				
3 Administration-Salaries/Wages/Benefits	11,027,164	11,186,979	(159,816)	12,029,633
Administration-Bad Debts	310,272	298,859	11,413	338,479
4 Administration-Insurance	947,074	1,016,903	(69,829)	1,033,172
Administration-Other	1,817,754	1,976,157	(158,404)	1,983,004
5 Materials and Services	12,073,344	11,312,804	760,541	13,170,921
6 Utilities	9,701,435	8,587,401	1,114,034	10,583,384
Property Taxes	801,582	667,471	134,111	874,453
Amortization and Mortgage Interest	10,420,174	9,584,309	835,865	11,367,462
Allocated to Capital Services	7,964,346	7,964,346	(0)	8,688,377
TOTAL EXPENSES	55,063,145	52,595,230	2,467,915	60,068,885
NET SURPLUS/DEFICIT	-	1,689,886	1,689,886	-

Appendix A displays the consolidated year-to-date operating results as at November 30, 2019, this shows a favorable variance to budget of \$1,689,886. 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 2019	YTD Nov 2019	YTD Nov 2019	2019
1 Operating Revenue				
Residential Rent	34,147,890	34,724,133	576,243	37,252,244
Commercial Rent	1,209,665	919,615	(290,050)	1,319,635
Tenant Recoveries	457,441	516,201	58,759	499,027
Other	417,040	829,571	412,531	454,953
TOTAL OPERATING REVENUE	36,232,037	36,989,520	757,483	39,525,859
2 City of Hamilton Subsidy				
Rent/Operating Subsidy	17,877,979	16,763,003	(1,114,976)	19,503,250
Rent Supplement Subsidy	953,128	532,592	(420,536)	1,039,776
TOTAL CITY OF HAMILTON SUBSIDY	18,831,107	17,295,595	(1,535,512)	20,543,026
TOTAL REVENUE	55,063,145	54,285,115	(778,029)	60,068,885

Operating Revenue¹

Net operating revenue is showing a favorable variance to budget of \$757,483. 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, the procurement specialist payroll allocated to operations currently.

Administration Insurance⁴

2019 started with high insurance claims for flooding due to pipes bursting. This has led to a variance in insurance cost. In addition, CHH had to update the values on the properties to reflect the value to reconstruct the building in November 2019 which has led to higher Insurance cost.

Materials and Services⁵

Operating expenses relating to Materials and Services are showing a favorable variance to budget of \$760,541. 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 2019	YTD Nov 2019	YTD Nov 2019	2019
Building Operating	2,528,543	2,249,595	278,947	2,758,410
Flooring	268,151	218,936	49,215	292,528
Unit Turnovers/Vacancies	2,176,056	1,703,593	472,463	2,373,879
Painting Operating	356,679	52,072	304,607	389,104
Roofing Operating	134,916	108,222	26,694	147,181
Life Systems Operating	595,473	824,051	(228,578)	649,607
Elevators Operating	326,356	377,540	(51,184)	356,025
Equipment Operating	209,811	332,165	(122,354)	228,885
Plumbing Operating	540,713	285,843	254,871	589,869
Heating and Ventillation Operating	934,905	1,000,110	(65,206)	1,019,896
Grounds Operating	1,752,650	1,829,399	(76,749)	1,911,982
Electrical Operating	303,411	232,515	70,896	330,994
Building Security Operating	573,333	998,030	(424,698)	625,454
Waste Removal Operating	227,814	422,489	(194,675)	248,524
Supplies	950,246	678,243	272,003	1,036,632
HST Expenses- Material and Services	194,288		194,288	211,951
TOTAL MATERIALS & SERVICES	12,073,344	11,312,804	760,541	13,170,921

Unit Turnovers in 2019 which are over and above the Property Managers budgets have been renovated through the Poverty Reduction Fund 2019 and Home for the Holidays 2019. Units that have been on a hold are now renovated through the Home for the Holidays projects.

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 November 30, 2019.

Balance Sheet

Appendix C details the Balance Sheet as at November 30, 2019.

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.