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February 19, 2021

Ann-Marie Norio, Regional Clerk
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

Dear Ms. Norio,

At their February 19, 2021 meeting, the Niagara Regional Housing Board of Directors passed the following motion as recommended in attached report NRH 3-2021:

1. That the unaudited summarized results for Niagara Regional Housing (NRH) as detailed in Appendix 1, **BE RECEIVED**.
2. That the transfer of the NRH 2020 year-end operating surplus of \$555,286 to the Niagara Region, to be addressed through the Niagara Region's consolidated levy yearend transfer report, **BE APPROVED**.
3. That this report **BE FORWARDED** to the March 10, 2021 Corporate Services Committee (CSC) meeting.

Your assistance is requested in moving report NRH 3-2021 through proper channels for approval.

Sincerely,

A handwritten signature in black ink, appearing to read 'Walter Sendzik', with a long horizontal flourish extending to the right.

Councillor Walter Sendzik
Chair

Subject: 2020 Year-End Transfer Report

Report to: Board of Directors of Niagara Regional Housing

Report date: Friday, February 19, 2021

Recommendations

1. That the unaudited summarized results for Niagara Regional Housing (NRH) as detailed in Appendix 1, **BE RECEIVED**.
2. That the transfer of the NRH 2020 year-end operating surplus of \$555,286 to the Niagara Region, to be addressed through the Niagara Region's consolidated levy yearend transfer report, **BE APPROVED**.
3. That this report **BE FORWARDED** to the March 10, 2021 Corporate Services Committee (CSC) meeting.

Key Facts

- For the year ended December 31, 2020, NRH operated at a surplus before indirect allocations of \$555,286 or 2 percent of NRH's overall net budget.
- The purpose of this report is to obtain approval from the NRH Board to transfer the year-end surplus to the Niagara Region to allow Council to consider the full impact of all consolidated levy results and direct any remaining surplus/deficit in accordance with the Niagara Region's Operating Surplus/Deficit Policy C-F-022.
- Consistent with the principles in the surplus/deficit policy and the strategy adopted in the Council approved 2021 levy operating budget, any levy surplus is expected to be used to fund net pressures related to the COVID-19 pandemic. This includes \$412,457 in anticipated one-time incremental cost pressures related to the COVID-19 pandemic included in NRH's 2021 operating budget.
- An amount of \$1.15 million of the 2020 NRH budget has been transferred to the encumbrance reserve as of December 31, 2020. For an amount to be encumbered, a spending obligation has been made against the 2020 budget, however the product or service has not been received in the year. The funding will be transferred to the 2021 operating budget when the product or service is received.

Financial Considerations

A summarized explanation of the 2020 year end operating surplus of \$555,286 can be found in the *December 31, 2020 Operating Statement* in Appendix 1.

Incorporated in the year-end operating surplus of \$555,286 is \$1,148,945 in encumbrances that will be transferred back to the NRH operating budget for the 2021 year. Encumbrances arise when an obligation to purchase a good or service (in the form of a purchase order or contract) has occurred, but the goods or services have not been received by year end. A full list of encumbrances for Regional Departments and ABCs will be presented for information to Corporate Services Committee (CSC) on March 10, 2021.

NRH encumbrance requests are summarized as follows:

Encumbrance	Amount
Provider Capital Loan & Grant Program Grants	\$ 462,223
K3D Thermostat Technology for providers	316,880
Affordable Housing Master Plan	210,460
Housing provider capital repairs program	128,463
Integrated Housing Solution Software implementation	30,919
Total	\$ 1,148,945

Analysis

At the time of writing this report, the Niagara Region is consolidating its overall levy results and expects a consolidated levy surplus which includes Provincial Safe Restart Funding to be used to fund the net pressures related to the COVID-19 pandemic – both for 2020 actual expenditures and 2021 expenditures. This strategy was adopted in the Council approved 2021 levy operating budget for Regional Departments as well as Agencies, Boards and Commissions in order to mitigate any 2021 taxpayer impact associated with those incremental costs. This strategy is also consistent with the NRH Board approved 2021 Operating Budget which included incremental costs due to the COVID-19 pandemic of \$412,457 for increased cleaning, PPE and security at owned units being fully funded by Provincial Safe Re-start funding.

In accordance with the Niagara Region's Operating Surplus/Deficit Policy C-F-022, the Niagara Region would recommend any unused 2020 surplus be allocated to areas identified as underfunded per the Reserve and Reserve Fund Policy C-F-013.

Alternatives Reviewed

Relationship to NRH and/or Council Strategic Priorities

Other Pertinent Reports

Submitted by: Don Wince

Walters

This report was prepared in consultation with Donovan D'Amboise, Program Financial Specialist.

Appendices

Appendix 1 December 31, 2020 Operating Statement

Niagara Reginal Housing Operating Statement As of December 31, 2020					
	Actual	Budget	Budget to Actual Variance \$	Budget to Actual Variance %	Explanation of Variance
Expenses					
Salaries & Wages	4,025,743.46	4,128,665.85	102,922.39	2.5%	
Benefits & WSIB	965,549.21	961,244.51	(4,304.70)	-0.4%	
Additional Compensation	0.00	0.00	0.00	0.0%	
Other Compensation Expense	(108,231.67)	0.00	108,231.67	0.0%	
External Support Services	159,170.39	124,800.00	(34,370.39)	-27.5%	
Compensation	5,042,231.39	5,214,710.36	172,478.97	3.3%	<i>The favourable variance of \$172 is primarily due to a health and dental benefit surplus due to lower claims resulting from COVID-19 pandemic-related closures and restrictions (\$108) and savings from not filling non-essential vacant positions due to COVID-19 (\$83).</i>
External Professional Services	281,310.86	542,796.10	261,485.24	48.2%	
Staff Development	22,372.22	64,768.01	42,395.79	65.5%	
Office, Printing & Postage	32,374.42	22,550.02	(9,824.40)	-43.6%	
Advertising & Promotion	11,794.90	18,750.00	6,955.10	37.1%	
Travel & Meals	68,226.88	90,250.00	22,023.12	24.4%	
Telephone & Communications	119,913.16	98,200.22	(21,712.94)	-22.1%	
Insurance	35,713.57	50,000.00	14,286.43	28.6%	
Fees & Charges Expense	6,860.60	6,000.00	(860.60)	-14.3%	
General Administrative Costs	50,712.48	113,764.99	63,052.51	55.4%	
Administrative	629,279.09	1,007,079.34	377,800.25	37.5%	<i>The favourable variance of \$378 is primarily due to \$320 in savings on consulting expenses to the end of the year. \$210 for the Affordable Housing Master Plan was committed and is included in the 2020 encumbrance reported in Transfer to Funds.</i>
Program Specific Supp & Mat'l	41,927.38	5,000.00	(36,927.38)	-738.5%	
Program Specific Purch Service	67,862.91	135,000.00	67,137.09	49.7%	
Operational & Supply	109,790.29	140,000.01	30,209.72	21.6%	

Niagara Reginal Housing Operating Statement As of December 31, 2020					
	Actual	Budget	Budget to Actual Variance \$	Budget to Actual Variance %	Explanation of Variance
<i>Property Taxes & Rent</i>	5,208,782.69	5,197,102.48	(11,680.21)	-0.2%	
<i>Property & Infrastructure Mtce</i>	5,007,208.80	4,629,702.61	(377,506.19)	-8.2%	
<i>Grounds</i>	1,140,712.55	1,158,090.01	17,377.46	1.5%	
<i>Utilities</i>	4,492,724.16	4,764,914.36	272,190.20	5.7%	
Occupancy & Infrastructure	15,849,428.20	15,749,809.45	(99,618.75)	-0.6%	<i>The unfavourable variance of \$100 is primarily due to \$264 in incremental costs associated with increased security at owned units and cleaning of high-touch surfaces and common areas due to COVID-19, as well as \$96 in higher than budgeted regular maintenance costs. The unfavourable variance is offset partially by savings seen in utilities of \$272, mainly for natural gas due to recent upgrades in hot water systems and a mild winter.</i>
<i>Minor Equipment</i>	9,813.87	25,000.00	15,186.13	60.7%	
<i>Equipment R&M</i>	37,139.31	500.00	(36,639.31)	-7327.8%	
<i>IT Licences & Support</i>	149,141.34	251,218.76	102,077.42	40.6%	
Equipment, Vehicles, Technology	196,094.52	276,718.77	80,624.25	29.1%	<i>The favourable variance of \$81 is primarily from savings on licensing fees due to a delay in the implementation of Integrated Housing Solutions software. \$31 for implementation costs of the software was committed and is included in the 2020 encumbrances reported in Transfer to Funds.</i>
<i>Other Benefits</i>	418,519.09	739,711.72	321,192.63	43.4%	
<i>Housing</i>	29,422,412.30	30,768,238.99	1,345,826.69	4.4%	

Niagara Reginal Housing Operating Statement As of December 31, 2020					
	Actual	Budget	Budget to Actual Variance \$	Budget to Actual Variance %	Explanation of Variance
					<i>The favourable variance of \$1,667 is due to delayed spend in ministry-funded programs (\$841) and K3D heat control system upgrades for providers encumbered from the 2019 budget (\$317), both delayed primarily due to COVID-19 restrictions. The variance associated with ministry-funded programs is offset by a reduction in Federal & Provincial Grants, as revenue is recognized to align with timing of the programs and their related administrative costs. Also contributing to the positive variance is \$431 in lower than budgeted subsidy payments to non-profit and co-op housing providers and \$128 lower than budgeted provider capital repair grants. This is offset by \$200 in grants provided in the year under the capital loan and grant program. A combined \$908 for the K3D heat control system upgrades for providers, provider capital grants, and grants under the capital loan and grant program was committed and is included in the 2020 encumbrance reported in Transfer to Funds.</i>
Community Assistance	29,840,931.39	31,507,950.71	1,667,019.32	5.3%	
<i>Rebates & Exemptions</i>	<i>71.22</i>	<i>0.00</i>	<i>(71.22)</i>	<i>0.0%</i>	
Partnership, Rebate, Exemption	71.22	0.00	(71.22)	0.0%	
<i>Principal</i>	<i>1,694,866.10</i>	<i>1,694,866.02</i>	<i>(0.08)</i>	<i>0.0%</i>	
<i>Interest</i>	<i>(0.60)</i>	<i>0.00</i>	<i>0.60</i>	<i>0.0%</i>	
<i>Bad Debt, Losses & Recoveries</i>	<i>147,306.86</i>	<i>272,100.00</i>	<i>124,793.14</i>	<i>45.9%</i>	
Financial Expenditures	1,842,172.36	1,966,966.02	124,793.66	6.3%	<i>The favourable variance of \$125 is primarily the result of lower than anticipated write-offs on uncollectable tenant rents on owned units.</i>

Niagara Reginal Housing Operating Statement As of December 31, 2020					
	Actual	Budget	Budget to Actual Variance \$	Budget to Actual Variance %	Explanation of Variance
Total Expenses	\$53,509,998.46	\$55,863,234.65	\$2,353,236.19	4.2%	
Revenues					
<i>Federal & Provincial Grants</i>	<i>(12,785,198.77)</i>	<i>(13,713,766.01)</i>	<i>(928,567.24)</i>	<i>0.0%</i>	<i>The unfavourable variance of \$929 is due to timing of ministry-funded programs and related administrative costs, as revenue is recognized based on actual expenses incurred.</i>
Federal & Provincial Grants	(12,785,198.77)	(13,713,766.01)	(928,567.24)	0.0%	
<i>Other Revenues/Reimbursements</i>	<i>(16,336,107.95)</i>	<i>(16,051,611.08)</i>	<i>284,496.87</i>	<i>0.0%</i>	<i>The favourable variance of \$285 is due primarily to \$308 in higher than anticipated rental revenues for NRH-owned units.</i>
Other Revenue	(16,336,107.95)	(16,051,611.08)	284,496.87	0.0%	
Total Revenues	(\$29,121,306.72)	(\$29,765,377.09)	(\$644,070.37)	0.0%	
Intercompany Charges					
<i>Allocation Between Departments</i>	<i>70,414.69</i>	<i>65,479.54</i>	<i>(4,935.15)</i>	<i>-7.5%</i>	
Intercompany Charges	70,414.69	65,479.54	(4,935.15)	-7.5%	
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	\$24,459,106.43	\$26,163,337.10	\$1,704,230.67	6.5%	
Transfers					
<i>Transfers From Funds</i>	<i>(1,001,582.63)</i>	<i>(1,001,582.59)</i>	<i>0.04</i>	<i>0.0%</i>	
<i>Transfers To Funds</i>	<i>4,331,872.14</i>	<i>3,182,927.00</i>	<i>(1,148,945.14)</i>	<i>-36.1%</i>	
Transfers Between Funds	3,330,289.51	2,181,344.41	(1,148,945.10)	-52.7%	<i>The unfavourable variance of \$1,149 relates to the 2020 encumbrances.</i>

Niagara Reginal Housing Operating Statement As of December 31, 2020						
	Actual	Budget	Budget to Actual Variance \$	Budget to Actual Variance %	Explanation of Variance	
Net Expenditure (Revenue) Before Indirect Allocations	\$27,789,395.94	\$28,344,681.50	\$555,285.56	2.0%	<i>Niagara Regional Housing (NRH) operated at a surplus before indirect allocations of \$555</i>	
Indirect Allocations & Debt						
<i>Indirect Allocation</i>	<i>1,897,124.28</i>	<i>1,991,647.29</i>	<i>94,523.01</i>	<i>4.7%</i>		
<i>Capital Financing Allocation</i>	<i>6,102,287.31</i>	<i>6,107,425.94</i>	<i>5,138.63</i>	<i>0.1%</i>		
Indirect Allocations & Debt	7,999,411.59	8,099,073.23	99,661.64	1.2%		
Net Expenditure (Revenue) After Transfers & Indirect Allocations	\$35,788,807.53	\$36,443,754.73	\$654,947.20	1.8%		