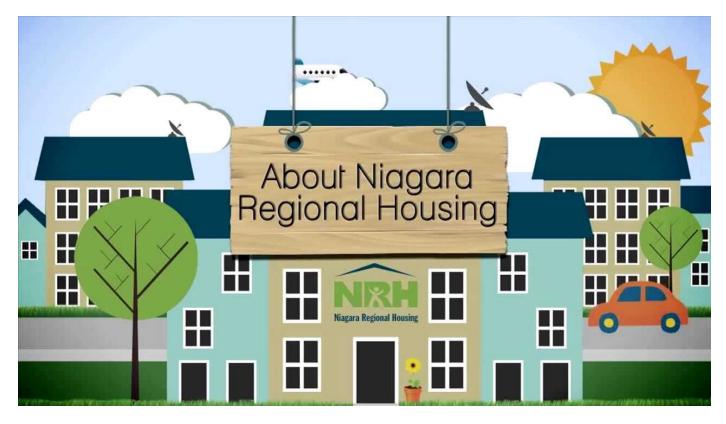
2019BUDGET



Niagara Regional Housing



January 31, 2019

NRH 13-2018 R



2019 Organization Overview

<u>Mission</u>

To expand opportunities that make affordable housing an integral part of building health and sustainable communities in Niagara

<u>Vision</u>

That the Niagara community will provide affordable, accessible and quality housing for all residents

- Empowering Households: Using a holistic approach, households are assisted in reaching their goals
- Connecting the Service Delivery Network: The existing service delivery is strengthened through increased communication with existing partners and new linkages with the private market
- *Moving towards sustainable affordable housing:* Through innovative approaches revenues are increased, assets are leveraged for greater return, and the sustainability of affordable housing is improved



NRH Programs & Services

Levy Funded - Core Programs

- NRH Owned-Units (Public Housing)
- Social Housing Provider
 Subsidies & Oversight
- Rent Supplement & Housing Allowance
 Programs
- Centralized Wait ListManagement
- Community Resource Unit

Off the Levy (Ministry-funded)

- Strong Communities: Rent Supplement Program
- 🗅 IAH-E / SIF
 - Rent Supplement
 - Housing Allowance
 - Housing First
 - Homeownership Assistance
 - Niagara Renovates
 - New Development Funding (Capital)



2019 Major Budget Drivers

Housing Programs

- Regular Rent Supplement & Housing Allowance Programs
- Provider Subsidies; ongoing oversight of housing providers to ensure budgets are managed
- End of Operating agreements loss of federal provider units offset by additional rent supplement
- Reserve transfer to support creation of capital repair loan program for housing providers

NRH-Owned Units (Housing Operations)

- Ongoing preventative maintenance & move-out costs
- Onboarding the Carlton Street build into the owned-units portfolio
- Increased total cost of service contracts, specifically grounds costs
- Increased reserve transfer to support capital asset management program



2019 Budget Guidance

Budget Review Committee of the Whole (CSD 35-2018; July 5, 2018)

- 1. That the 2019 Department, and ABC Tax Levy budget guidance **BE APPROVED** as follows:
 - 1. The target increase for existing services be the 1.5% Core Consumer Price Index and that staff present options to Council to bring the increase to 2% in accordance with Taxpayer Affordability Guidance Policy.



2019 Operating Budget (\$Millions)

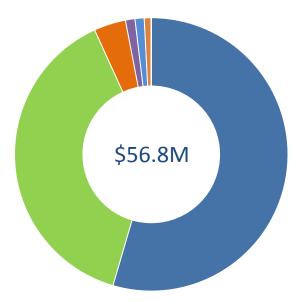
| | 2018 Approved Budget | 2019 Proposed Budget | \$ Change | % Change |
|---|-------------------------|-------------------------|-------------------|----------|
| Gross Expenditure | \$ 55.71 | \$ 56.75 | \$ 1.04 | 1.9% |
| Gross Revenue | <u>\$ (28.33</u>) | <u>\$ (28.96</u>) | <u>\$ (0.63</u>) | 2.2% |
| Net Expenditure (Revenue) before indirect allocations | <u>\$ 27.38</u> | <u>\$ 27.79</u> | <u>\$ 0.41</u> | 1.5% |
| | | | | |
| Staff Compliment | 2018 Approved FTE | 2019 Proposed FTE | # Change | % Change |
| Full-Time Permanent Employees | 50 | 51 | 1 | 2.0% |
| Full-Time Temporary Employees (Ministry-funded / pilot programs) | Z | <u>9</u> | 2 | 28.6% |
| Total FTE Count | 57 | 60 | 3 | 5.3% |

- Net Expenditure increase of \$410,673 (+1.5%) before indirect allocations
- Gross Expenditure increase of \$1,042 thousand; offset by an increase in gross revenue of \$632 thousand
- Increased staff compliment by 3; driven by proposed program changes including pilot roles in housing programs & community resource unit; addition of permanent full-time Tenant Support Representative in NRH-Owned Units

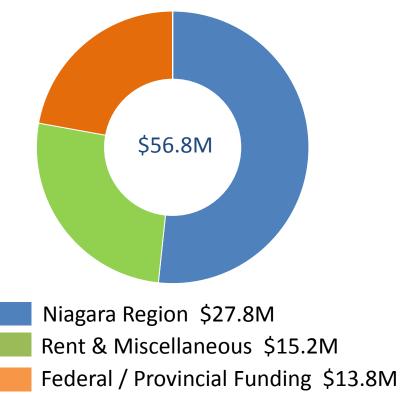


Where the Money Goes

2019 Services and Programs



Social Housing Programs \$29.6M Housing Operations \$20.6M Affordable Housing Programs \$4.8M Administration \$0.6M Community Resource Unit \$0.7M Housing Access Centre \$0.5M Where the Money Comes From





2019 Operating Budget

- Increase in Compensation of \$353 thousand (7.4%)
- \$237 thousand relating to proposed Program Changes Tenant Support Rep (Permanent FTE - Housing Operations)
 - Restructure TSR team to divide annual renewal responsibilities; ongoing maintenance / service requests / work order management
 - Mitigate risks identified in year-end audit (e.g. rent increases & charges) *Eligibility Review Officer (Temporary FTE – Housing Programs)*
 - Extend piloted role to continue identification, investigation, & prevention of suspected fraud / misrepresentation of income
 - Supports transparent, fair, lawful use of housing program budget
 - 2/3^{rds} of investigations to date have confirmed instances of fraud; 1/3rd resulted in preservation of tenancy & eligibility

Community Program Coordinator (Temporary FTE – 50% Operations; 50% Programs)

- Support for increasingly vulnerable tenants housed in owned-units portfolio
- Extend CPC role to provider portfolio; evaluate the demand for this service for provider units
- \$77 thousand increase estimated outcome of Mercer study (2% increase over 2018)
- \$34 thousand increase relating to building service maintenance costs
- \$5 thousand driven by corporate compensation guidance over 2018; offset by natural role attrition

- Increase in Administrative of \$123 thousand (23.3%)
 - \$55 thousand increased costs relating to memberships (Electrical Safety Authority / ONPHA)
 - \$50 thousand increased costs relating to professional services for both Housing Programs & Housing Operations; ongoing maintenance, implementation & update initiatives relating to NRH strategic plan
- Increase in Property Taxes of \$39 thousand (0.8%)
 - Driven by inclusion of full Carlton Street occupancy expected in 2019 (\$70 thousand)
 - Offset by partial decrease based on 2018 payments and the impact of the expected 2019 increase based on budget guidance
- Decrease in Property & Infrastructure maintenance of \$243 thousand (6.2%)
 - Partially offset by increase in responsibility of building maintenance personnel
 - Decrease also supported by lower spending in 2017 & 2018 Trend

- Increased cost of Grounds service contracts (e.g. snow removal / grass-cutting) of \$689 thousand
 - Costs based on 2018 tender process
 - Explained through service expectation clarifications & increased contractor compensation costs driven by increased minimum wage
- Decrease in utilities of \$215 thousand (4%)
 - Based on 2018 payment trends, ongoing electricity rebates, and related Budget Guidance
 - Further savings expected driven by annual capital program (e.g. savings generated by heat control system installations)
 - Participation in Housing Services Corporation natural gas group purchasing program expected to drive further decreases in 2020
- Rent Supplement Regular increased by \$514 thousand (16.4%)
 - Includes a 1.8% legislated increase over 2018
 - \$72,000 subsidy amount for the expected downtown St. Catharines Bethlehem-Penterra development
 - Incremental subsidy for additional units due to EOA

- Overall, decrease of \$253 thousand in Ministry-funded IAH-E & SIF operating programs (e.g. rent supplement, housing allowance, homeownership, Niagara Renovates)
 - 100% Ministry-funded; operating budget adjustments expected to reflect any surplus program funding not taken up by programs in 2018, plus any new funding announcements in 2018/2019
- Decrease in Non-profit & Co-op subsidy of \$1,585 thousand (7.1%) based on legislated indices & in alignment with 2018 subsidy payments
- Decrease in Federal Program subsidies of \$81 thousand (6.4%); driven by EOA
- Decrease to the NRH/LHC-Debenture expense of \$96 thousand (-7.1%) due to debt reduction owed to the province as some of the LHC unit agreements expire
- Decrease in other financial expenditures of \$41.5 thousand driven by cost savings from shifting to new collection agency; in addition to reduced bad debt costs based on historical write-offs



- Increase in transfer to Capital Reserves of \$1,866 thousand (479%) from \$390 thousand
 - \$1,274 thousand restricted transfer to NRH Reserve from Housing Programs to support development of capital program for housing providers (NET NEW)
 - \$981 thousand transfer to NRH-Owned Units Reserve; \$351 restricted to Carlton
 / Fitch / Jubilee Drive; \$630 to support ongoing funding requirements of ownedunits portfolio
- Decrease in Federal Funding of \$449 thousand (driven by Service Manager funding schedule) due to decreasing debenture expenses for portion of owned-units & EOA
- Increase in rental revenue of \$1,232 thousand (9.3%) based on 2018 actuals; in addition to expected occupancy of Carlton Street build in 2019 (\$640 thousand)
- Increase in non-rental revenue stream of \$63 thousand (16%)
 - Ongoing revenue sharing agreements (e.g. water tank rental agreement)
 - Estimates for maintenance charges & misrepresentation revenue (historical)
 - Laundry & telecommunication agreements



Opportunities & Risks

Opportunities in 2019 Proposed Budget

- 1. Capital program for housing providers
- 2. Expanded rent supplement / housing allowance program; continued support for EOA
- 3. New Development Housing Allowance Program (e.g. Bethlehem / PennTerra)
- 4. Capital Asset Management Program (Region / NRH)
- 5. Completion & Occupancy of Carlton Street build & Roach Street intensification; ongoing new unit development
- 6. Expanded Community Support
- 7. Ongoing strategic planning & implementation of process review & initiatives
- 8. New Ministry Funding Announcement expected in March 2019

Risks in 2019 Proposed Budget

- 1. Change in Provincial Government No clear direction announced re: funding
- 2. Transfer to reserve for annual capital repairs program
- 3. Budget pressure re: repairs & maintenance / utilities (e.g. impact of weather) / rental revenues
- 4. Unit supply risks: Loss of existing social housing units (EOA); Lack of available / affordable units in Niagara to maintain/expand rent supplement / housing allowance programs
- 5. Housing provider mortgage renewals; fluctuation in RGI household incomes & impact on subsidy required



