

2019BUDGET



January 31, 2019

NRH 13-2018 R

2019 Organization Overview

Mission

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

Vision

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 List Management
- ☐ 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)

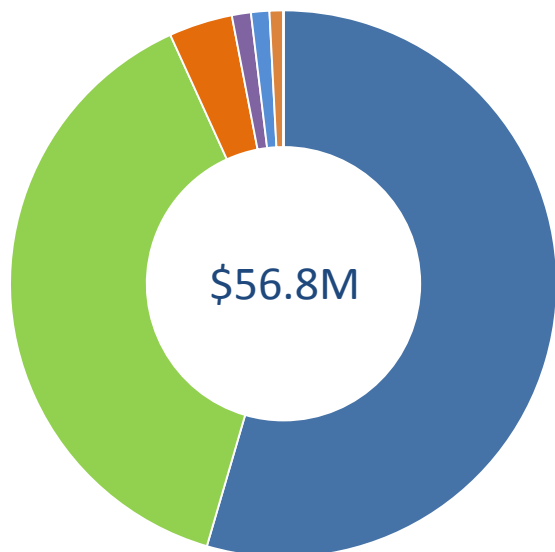
	2018 Approved Budget	2019 Proposed Budget	\$ Change	% Change
Gross Expenditure	\$ 55.71	\$ 56.75	\$ 1.04	1.9%
Gross Revenue	\$ (28.33)	\$ (28.96)	\$ (0.63)	2.2%
Net Expenditure (Revenue) before indirect allocations	<u>\$ 27.38</u>	<u>\$ 27.79</u>	<u>\$ 0.41</u>	1.5%
Staff Compliment	2018 Approved FTE	2019 Proposed FTE	# Change	% Change
Full-Time Permanent Employees	50	51	1	2.0%
Full-Time Temporary Employees (Ministry-funded / pilot programs)	<u>7</u>	<u>9</u>	<u>2</u>	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

2019 Operating Budget (\$Millions)

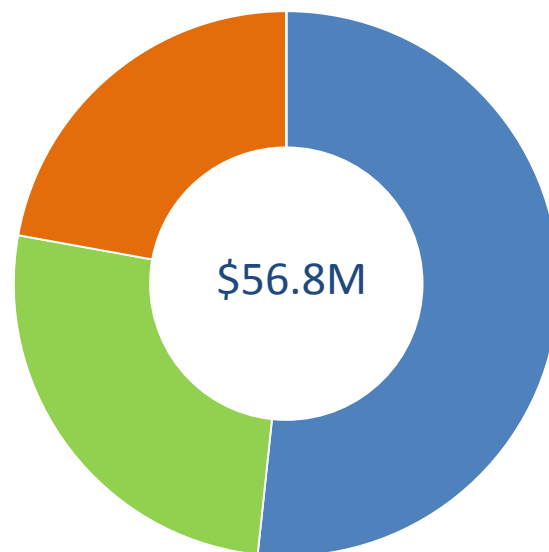
Where the Money Goes

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



- Niagara Region \$27.8M
- Rent & Miscellaneous \$15.2M
- Federal / Provincial Funding \$13.8M

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

2019 Operating Budget (continued)

- 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

2019 Operating Budget (continued)

- 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

2019 Operating Budget (continued)

- 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

2019 Operating Budget (continued)

- 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 owned-units 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

