
Subject: 2023 Year-End Transfer Report

Report to: Board of Directors of Niagara Regional Housing

Report date: Friday, February 16, 2024

Recommendations

1. That the unaudited summarized results of Niagara Regional Housing (NRH), as detailed in Appendix 1 to report 24-223-5.4, **BE RECEIVED** for information;
2. That NRH request a transfer of \$464,372 from the Niagara Region's year-end surplus to fund the NRH year-end operating deficit, to be addressed through the Niagara Region's consolidated levy year-end transfer report, **BE APPROVED**; and
3. That this report **BE FORWARDED** to the March 6, 2024 Corporate Services Committee (CSC) meeting.

Key Facts

- The purpose of this report is to provide an overview of the year-end operating variances and to obtain approval from the NRH Board to fund the year-end operating deficit with a transfer from the Niagara Region's year-end corporate surplus, in accordance with the Niagara Region's Operating Surplus/Deficit Policy C-F-022.
- For the year ended December 31, 2023, NRH operated at a deficit before indirect allocations of \$464,372, or 2.0% of NRH's budgeted expenditures, for the oversight and operation of NRH owned units.
- The year-end deficit is consistent with Q2 and Q3 forecasts and is primarily due to pressures in property taxes and building maintenance costs. These pressures have been addressed through the 2024 operating budget to ensure sufficient funds are available to maintain the operation of the owned units.
- \$400,000 in funding related to building condition assessment (BCA) work has been returned to the NRH Owned Units Reserve in accordance with the Reserve and Reserve Funds Policy C-F-013. This work was originally budgeted from reserve in the operating budget; however, it was moved to the capital budget in

order to leverage funding from the Canadian Mortgage and Housing Corporation (CMHC).

Financial Considerations

An overview of the 2023 year-end operating statement reflecting a deficit of \$464,372 can be found in Appendix 1 in the December 31, 2023 Statement of Operations. See Appendix 2 for explanation of any significant variances from budget.

The summaries in Appendices 1 and 2 can also be found in the Niagara Region's 2023 Q4 Financial Update, which will be published on the Region's website at the link below in March.

[Annual and Quarterly Financial Reports - Niagara Region, Ontario](https://niagararegion.ca/government/budget/finance/default.aspx)
(<https://niagararegion.ca/government/budget/finance/default.aspx>)

The 2023 operating budget included a transfer of \$400,000 originating from the NRH Owned Units reserve to fund BCA work. These funds have been transferred back to the NRH Owned Units reserve, in accordance with the Reserve and Reserve Funds Policy C-F-013, as the work was moved to the capital budget to leverage funding from CMHC.

Analysis

At the time of writing this report, the Niagara Region is consolidating its overall levy results and expects a consolidated levy surplus. In accordance with the Niagara Region's Operating Surplus/Deficit Policy C-F-022, the Niagara Region would recommend any year-end operating deficits be offset by other surpluses across the Corporation. Consistent with the policy, it is recommended that the NRH deficit be funded with Niagara Region's corporate surplus.

The corporate 2023 Year-End Results and Transfer Report will be considered at CSC on March 6, 2024 and ratified at the Regional Council meeting on March 21, 2024.

Alternatives Reviewed

Staff's recommendation is in alignment with the Niagara Region's Operating Surplus/Deficit policy; however, the Board may direct staff to consider alternatives for funding the \$464,372 year-end operating deficit position.

Relationship to NRH and/or Council Strategic Priorities

Providing formal financial reporting to the NRH Board and Council and the public supports the Council strategic priority of Effective Region.

Other Pertinent Reports

NRH 10-2022 – Proposed Niagara Regional Housing 2023 Operating Budget Submission



Submitted by:
Cameron Banach
Chief Executive Officer



Approved by:
Gary Zalepa
Chair

This report was prepared by Sara Mota, Program Financial Specialist in consultation with Donovan D'Amboise, Acting Associate Director, Reporting and Analysis.

Appendices

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| Appendix 1 | Niagara Regional Housing – Q4 2023 Statement of Operations |
| Appendix 2 | Niagara Regional Housing – Q4 2023 Variance Analysis |

Niagara Regional Housing Statement of Operations (in thousands of dollars)

	Year to Date Budget	Year to Date Actual	Year to Date Budget vs Actual Variance Amount	Year to Date Budget vs Actual Variance Percentage
Labour Related Costs	\$ 365	\$ 373	\$ (8)	-2.2%
Administrative	836	471	365	43.7%
Operational & Supply	60	62	(2)	-3.3%
Occupancy & Infrastructure	18,289	19,612	(1,323)	-7.2%
Equipment, Vehicles, Technology	174	164	10	5.7%
Financial Expenditures	1,377	1,487	(110)	-8.0%
Total Expenses	21,101	22,169	(1,068)	-5.1%
Federal & Provincial Grants	(1,216)	(1,216)	-	0.0%
Other Revenue	(18,158)	(19,272)	1,114	6.1%
Total Revenues	(19,374)	(20,488)	1,114	5.7%
Intercompany Charges	(359)	(249)	(110)	30.6%
Total Intercompany Charges	(359)	(249)	(110)	30.6%
Net Expenditure (Revenue) Before Transfers & Indirect Allocations	1,368	1,432	(64)	-4.7%
Transfers From Funds	(400)	(400)	-	0.0%
Transfers To Funds	2,589	2,989	(400)	-15.4%
Total Transfers	2,189	2,589	(400)	-18.3%
Net Expenditure (Revenue) Before Indirect Allocations	3,557	4,021	(464)	-13.0%
Indirect Allocations & Debt	14,564	14,384	180	1.2%
Total Indirect Allocations & Debt	14,564	14,384	180	1.2%
Net Expenditure (Revenue) After Transfers & Indirect Allocations	18,121	18,405	(284)	-1.6%

Variance Analysis (in thousands)

Niagara Regional Housing (NRH) operated at a deficit before indirect allocations of \$464 due to the following factors:

Administrative – The favourable variance of \$365 is primarily due to a surplus related to the building condition assessment (BCA) work that is now included with other facility capital works to leverage external funding from the Canadian Mortgage and Housing Corporation (CMHC). The work was initially budgeted to be funded through the NRH Owned Units reserve, so the transfer of the funds back to the reserve is reported below in Transfers to Funds.

Occupancy and Infrastructure – The unfavourable variance of \$1,323 is due to a number of inflationary cost pressures, including higher than anticipated property taxes charged to NRH-owned properties, grounds maintenance contract costs, and property maintenance costs. In addition, property maintenance costs are impacted by additional work arising from deferred capital projects that is putting a pressure on the operating budget. These increases are offset by lower than anticipated utility costs for electricity and water.

Financial Expenditures – The unfavourable variance of \$110 is primarily the result of higher than anticipated write-offs on uncollectable tenant rents.

Other Revenue – The favourable variance of \$1,114 is primarily related to higher than anticipated rental revenues as a result of more tenants paying market rents due to few housing options available for tenants who are now in a position to pay affordable market rates. In addition, there is an increase in the maintenance charge revenues arising from unit inspections, and increased investment income arising from a higher than anticipated bank balance due to the timing of bank transfers.

Intercompany Charges – The unfavourable variance of \$110 is due to the reduced allocation of funding from the Homelessness division as a result of the later than anticipated operational start of the Crescent Road housing units in Fort Erie.

Transfers – The unfavourable variance of \$400 is due to the transfer of funds related to the BCA consulting work back to the NRH Owned Units reserve.

Community Impacts & Achievements

Niagara Regional Housing (NRH) is the housing provider for the portfolio of NRH owned-units. Accomplishments in the fourth quarter of 2023 include:

- Partnerships with Brock University continued with the second *Intergenerational Community Engagement Residency (ICER)* Master of Applied Gerontology Grad student placement in St. Catharines' Centre Street seniors community. In addition, Brock's *Through Their Eyes* project celebrated its 10th anniversary of intergenerational learning for undergraduate students, where students paired with seniors in Thorold's Ormond community to share stories and recommendations for the improvement of their lives, inside and outside of their NRH building.
- Construction for the 18-unit apartment building on Crescent Road in Fort Erie is 40% complete and has a target completion date of July 2024. This building will provide housing for women and children fleeing violence and will be operated by a local human service provider under contract with Niagara Region Community Services.
- Preliminary work has begun for Phase One bridge housing on Geneva Street in St. Catharines. This project is expected to have 48 new units of supportive housing and will be followed by Phase Two with new Community Housing.

- The renovations to the Summer Street Shelter in Niagara Falls are completed and the shelter has been providing services since November. Community Services' Homelessness division is operating this shelter.
- Work is continuing for the temporary emergency shelter on Riordon Street in St. Catharines, which will be operated by Community Services' Homelessness division. It is anticipated that it will be complete at the end of February 2024.