



OTTAWA COMMUNITY HOUSING CORPORATION (OCHC)

2021 OCHC FINANCIAL BRIEF



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EXECUTIVE SUMMARY

In 2021, OCHC will continue with the redevelopment of the portfolio and maintain the capacity to make sound decisions about the allocation, management, and accountability of the funds.

Priorities for the 2021 Budget include:

- Managing the financial and operational challenges associated with the Coronavirus (COVID-19) pandemic and emergency measures within the current funding.
- Accelerate the development of new affordable and quality housing.
- Promote safe and healthy communities through adequate operational spending (maintenance and repair) and capital investment.
- Manage costs by seeking value for money in expenditures and by collecting maximum revenue.
- Seek additional funding when appropriate.
- Support and enhance OCHC's tenants' centric engagement.

Because of the pandemic, the upcoming year will extend OCHC's operational transition and focus on significant redevelopment initiatives. To support these redevelopment activities, OCHC obtained funding under the CMHC National Housing Co-Investment Fund of \$167 million to assist with the construction of 698 homes at 811 Gladstone Ave, 818 Gladstone Ave, and 933 Gladstone Ave developments.

The 2021 Budget ensures that sufficient funding is generated to support the current strategic priorities of the Portfolio Management Framework (PMF) in the renewal of OCHC stock. In line with the PMF, OCHC will add 140 new homes to operations in 2021, with a further 830 homes expected in 2022-2025.

Impact of COVID-19

During 2020, in response to the health risks associated with the COVID-19 pandemic, OCHC incurred incremental costs for enhanced cleaning, personal protective equipment and utilities, as a result of tenants working from home and/or spending more time at home. This budget anticipates these costs to continue through the first half of 2021. These additional costs were partially offset by the deferral of maintenance work as a result of restrictions in entering tenants' homes.

Furthermore, as a result of a reduction in the 2021 legislated funding model, 2021 indices (benchmarks) and provincially mandated rent freeze, OCHC's revenue will essentially remain flat versus 2020 levels, while expenses will grow above CPI.

The preliminary analysis projected an operating deficit of \$0.4 million in 2020 and \$7 million in 2021; to reduce the impact of these items and achieve a balanced budget, OCHC requested assistance from other levels of government as required, through the Service Manager. As a result, OCHC has successfully negotiated temporary, exceptional measures with the Service Manager and the Province to address these financial pressures, driven mainly by COVID-19 impacts, specifically:

- OCHC will receive approximately \$1.4 million from the provincial Social Services Relief Funding (SSRF) Phase 1 and approximately \$682K of support from Safe Restart Funding to assist with mitigating expense and revenue challenges in 2020 and 2021.

- In collaboration with the Service Manager, OCHC received City Council consent to re-purpose, if required, the savings from the education portion of the Property Tax Exemption of up to \$2 million in 2020 and \$2.8 million in 2021.
- A new COVID Reserve Fund was established at the end of 2020, which will be used in 2021 to address differed maintenance from 2020 and offset the initially projected operating shortfall.
- A small portion of non-mandatory contributions to Capital Fund will be deferred.
- OCHC will continue to mitigate expense challenges through strict cost management.
- The ending balance for all funds is estimated at \$62.6 million, reflecting a \$5.5 million decrease versus the 2020 estimated ending fund balance. The combination of strict expense management and the support received from various levels of government will enable OCHC to navigate the financial challenges driven by COVID-19 and present a balanced Operating budget for 2021.
- OCHC expects to return to a stable operating environment in 2022 and does not foresee the need for further operational support from various levels of government post COVID-19 pandemic.

INTRODUCTION

The information provided in this financial brief is intended as a reference for Board and Committee members with important information regarding the OCHC financial environment and funding framework, and financial activity for 2021.

OCHC provides approximately 15,000 homes to about 32,000 tenants, including seniors, parents, children, couples, singles, and persons with special needs, within many communities across the City of Ottawa. OCHC is the largest social housing provider in Ottawa, managing two-thirds of the City's social housing portfolio, and is the second-largest in Ontario.

OCHC has an aging and diverse housing portfolio with close to 15,000 housing units – apartments, townhouses, rooming house units, multi-residential and some single-family homes. Close to 3,000 households include tenants who qualify for the Ontario Disability Support Program. Over 6,600 children 12 years old and under live in OCHC communities. The quality of OCHC housing has a direct impact on these residents' quality of life.

The budget is prepared and presented in accordance with the following fund categories (Appendix A):

- An **Operating Fund** that supports the day-to-day operations and includes such categories as tenant rental revenue and utilities, debt servicing and operating expenses.
- A **COVID19 Reserve Fund** that is a temporary fund set up in 2020 to mitigate the impact of expenses associated with the pandemic.
- A **Capital Fund** that supports work that is not part of normal day-to-day maintenance; it is durable and includes the replacement of significant building components or an improvement that increases the useful life of the asset. The fund can also cover the acquisition of office furniture and equipment, including information management and technology. The fund also covers salary expenses related to capital work.
- A **Green Fund** that supports specific operational or capital initiatives, increasing the environmental sustainability of OCHC. Contributions to the fund may include energy grants, which do not form part of the capital reserves; net savings generated from sustainability projects; and a proportion of new income generated from sustainability projects.
- The **Community Reinvestment Fund (CRF)** is a discretionary reserve that exists to develop new housing.
- The **Vehicle Fund** that supports the acquisition of new vehicles.

FINANCIAL ENVIRONMENT AND STRATEGY

For 2021, OCHC continues to identify financial opportunities that ensure financial sustainability. Key strategies include:

Financing and New Development

- *Infrastructure Ontario (IO) Re-Financing*

In 2019, OCHC received approval from the City of Ottawa Council to maintain the current re-financing strategy, whereby the City extends its current level of mortgage subsidy for another 30 years, which is expected to generate \$35.6 million at the time of mortgage renewals.

As per Council consent, OCHC will continue to work with IO and the Ministry of Housing to re-finance five pooled mortgages under the Operating Agreement, generating \$21.6 million, which will be contributed to capital reserves in 2021.

- *Canada Mortgage and Housing Corporation (CMHC) Co-Investment Application for Capital Repair*

In November 2020, OCHC received approval from the City of Ottawa Council to work with Canada Mortgage and Housing Corporation (CMHC) and submit a \$166 million application for capital repair funding under the National Co-Investment Fund Housing Repair and Renewal stream; the funding would cover the years 2020 through 2028. As per Council consent, OCHC will redirect the savings from the education portion of the property taxes (\$2.8 million in 2021), generated through the property tax exemption, to service the payments related to this new debt. In 2021, OCHC expects to receive \$16 million in loan funding, as well as \$10.4 million in forgivable loan funding, under the Housing Repair and Renewal stream.

- *811 Gladstone Avenue (Rochester Development Phase 1)*

In 2019, OCHC commenced construction at 811 Gladstone Avenue. The development consists of 140-homes, including two 4-storey stacked townhome buildings of 16 homes each and one 6-storey passive house building with 108 homes. Construction is expected to be completed in mid-2021 at a total cost of approximately \$48.5 million.

The multi-year project will be funded from various sources:

- Action Ottawa funding of \$18.3 million, of which \$8.4 million to be received in 2021.
- In 2021, CMHC estimated contribution will be approximately \$2.2 million in the form of a forgivable loan and up to \$26.2 million as a construction loan, which will be converted to a mortgage after completion.
- Action Ottawa contributions of \$2.8 million to be received over the construction period in the form of in-kind contributions toward permits and other development charges.

- *818 Gladstone Avenue (Rochester Development Phase 2)*

The Rochester Development Phase 2 project involves the demolition of 78 townhomes, which was completed in 2019, and the full redevelopment of the 4.2-acre site to align with the City of Ottawa's objectives of mixed-use and heightened density, with affordable housing, in close proximity to rapid transit (Gladstone LRT station).

In 2020, OCHC signed an agreement with the Ministry of Transportation of Ontario (MTO) relative to a Temporary Limited Interest on the southern 1.8 acres of the site for their Highway 417 bridge replacement. MTO will be occupying this land via license until December 2022, which has had implications on the timeline for this redevelopment.

The proposed redevelopment plan for the site will include several phases of development, including stacked townhomes, mid-rise and high-rise buildings with the potential for approximately 700 total residential homes, coupled with commercial space, park space, and sub-surface parking. The initial build on the site will include 2 mid-rise towers to the north, coupled with 3-4 townhome blocks, for approximately 250 total residential units, the construction of which will commence in 2021 for a total construction cost of \$71 million.

The multi-year project will be funded from various sources. In 2021, OCHC will receive approximately \$1 million from the City of Ottawa and \$0.6 million from CMHC towards the construction cost.

- *715 Mikinak Road Development*

In 2019, following a City of Ottawa Request for Proposal (RFP), OCHC was selected to bid in partnership with the City of Ottawa on a CMHC affordable housing initiative at 715 Mikinak Road. The project foresees the construction of three buildings resulting in 271 affordable housing units, of which approximately 42 units would be built and operated by a support agency in a separate building. OCHC will own two buildings for a total of 229 housing units.

In November 2019, the Board of Directors approved to proceed with Phase 1 of the development and the City will transfer lands to OCHC, recently acquired from Canada Lands Corporation (CLC). It is estimated that the construction of buildings 1 and 2 will be completed in 2023 and building 3 in 2024. The total OCHC project cost, over a four-year period, is estimated to be \$72.7 million.

The project would leverage low-cost land through the Federal Lands Initiative (FLI), City grants and CMHC grants/financing to minimize OCHC equity requirements while still delivering on affordability objectives.

In 2021, OCHC will receive approximately \$9 million from the City towards the construction cost.

- *933 Gladstone Village Development*

In 2017, the Board of Directors approved the purchase of 7.22-acre of vacant land, located north of Gladstone Avenue, east of the O-Train Trillium Line, west of Preston Street, and south of Oak Street. In addition, the City will transfer to OCHC another 0.76 acres of land for 7.98 acres total. OCHC lands are alongside the planned Gladstone LRT station, for which OCHC has granted a 1.5-acre easement to the City to stage the construction of the station (southern-most portion of our lands fronting Gladstone) until the LRT line and that station become operational in August of 2022.

OCHC plans for a progressive up to 5-phase development of over 1,000 mixed-income homes with the greatest density and concentration around the LRT station to the south. The overall construction will be approximately \$350 million. The project would leverage low-cost land, City grants and CMHC grants/financing.

In 2021, OCHC will receive approximately \$4 million from the City towards the initiation of construction. The initial build on the site will include approximately 300 homes for a total construction cost of \$91 million.

- *251 Penfield Development*

In 2020, the City approached OCHC to take on the property at 251 Penfield Drive, directly adjacent to OCHC's property at 231 Penfield Drive and develop housing. The project will add eight seniors, barrier-free bungalow units to the portfolio, comprised of seven 1-bedroom units and one 2-bedroom unit.

The construction is estimated to be completed in 2022 at a total cost of \$2.2 million, excluding costs of land to be transferred from the City upon completion of the rezoning.

Sustainability Strategies

OCHC is committed to reducing utility costs through green initiatives that use new strategies and technologies to monitor and manage energy consumption and savings. OCHC has benefited from energy retrofits, as well as tenant and staff education to reduce resource consumption and control costs. Revenue from the generation of electricity, grants received from senior government and energy providers are contributed to the Green Fund to support initiatives such as the Utility Management System and the LED lighting retrofit. OCHC is implementing information technology to better monitor and manage energy consumption and savings.

OCHC currently operates a fleet of 149 vehicles and trailers with an average age of 5 years. OCHC has a commitment to "Greening" the OCHC fleet and considers vehicle replacements that reduce OCHC's carbon footprint. For 2021, OCHC has budgeted \$80,000 for the replacement of one vehicle and pricing for more energy-efficient/EV alternatives has been requested from suppliers.

Portfolio Management Framework

OCHC has developed a Portfolio Management Framework (PMF) that assists in divestiture decisions and the development of the portfolio. The framework incorporates a rationalization of the stock that considers the impact on tenants and ensures that new developments are sustainable.

811 Gladstone construction will be completed in 2021, and 140 new homes will be added to OCHC portfolio.

The following multi-year developments will be initiated in 2021:

- 818 Gladstone (250 homes)
- 715 Mikinak Road Development Phase 1 (229 homes)
- 933 Gladstone Village Development (300 homes)
- 251 Penfield Development (8 homes)

2021 Financial Picture

For 2021, OCHC total budgeted expenditures are estimated at \$192.3 million and total budgeted revenues are estimated at \$139.4 million across all funds. The 2021 balance for all funds is forecasted at \$62.6 million versus the 2020 year-end projection of \$68.1 million, previously indicated in the 2020 3rd quarter update to both the Finance and Audit Committee and the Board of Directors. The decrease in overall fund balance is mostly attributable to the use of funds allocated in 2020 to COVID19 Reserve Fund to address the impact of 2021 subsidy decrease, rent freeze, utilities, PPE and deferred maintenance expenses.

	2020 Projections All Funds	2020 Budget All Funds	2021 Budget All Funds	Budget 2021 vs 2020	
				\$	%
Use of Funds					
Debt Servicing	25,725	25,905	25,043	(862)	-3.3%
Staffing Costs	44,356	46,475	48,622	2,148	4.6%
Utilities	24,355	21,450	25,610	4,160	19.4%
Building Operations	62,579	79,135	79,651	515	0.7%
Administration & Other	11,589	14,597	13,635	(962)	-6.6%
Total Use of Funds	168,604	187,562	192,561	4,999	2.7%
Source of Funds					
Service Manager	69,199	65,333	58,534	(6,799)	-10.4%
Tenant Rent	73,705	73,290	74,053	763	1.0%
Other revenue	6,765	6,999	6,460	(539)	-7.7%
Total Source of Funds	149,668	145,622	139,047	(6,575)	-4.5%
Opening Fund Balance	68,703	71,022	68,100	(2,922)	
Net Use & Source of Funds (+/-)	(18,936)	(41,941)	(53,514)	(11,573)	
Reserve Contributions	-	-	-	-	
Proceeds from Property Sales	13,349	10,050	-	(10,050)	
Loan Proceeds & Non-Cash Transfers	4,984	4,783	48,015	43,232	
Interfund Transfer	-	-	(0)	(0)	
Other Contributions	-	-	-	-	
Fund Net Change	(603)	(27,108)	(5,499)	21,609	
Closing Fund Balance	68,100	43,914	62,601	18,687	

Chart 1 and 2, on the following page, provide an overview of the distribution of the major categories of expenses and revenues across OCHC funds, identifying materials and services (e.g. pest management, snow removal, landscaping, and tenant unit repairs) and capital project spending as the largest use of funds, and rents as the largest source of funds.

Chart 1 - 2021 Expenses

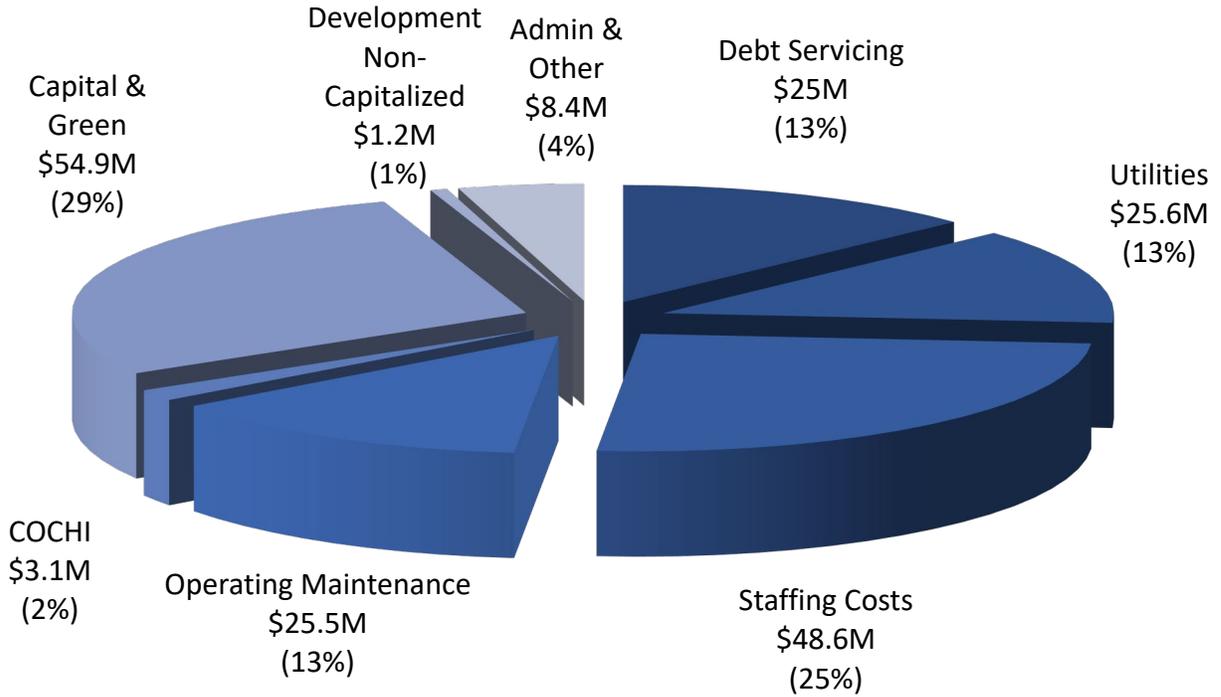
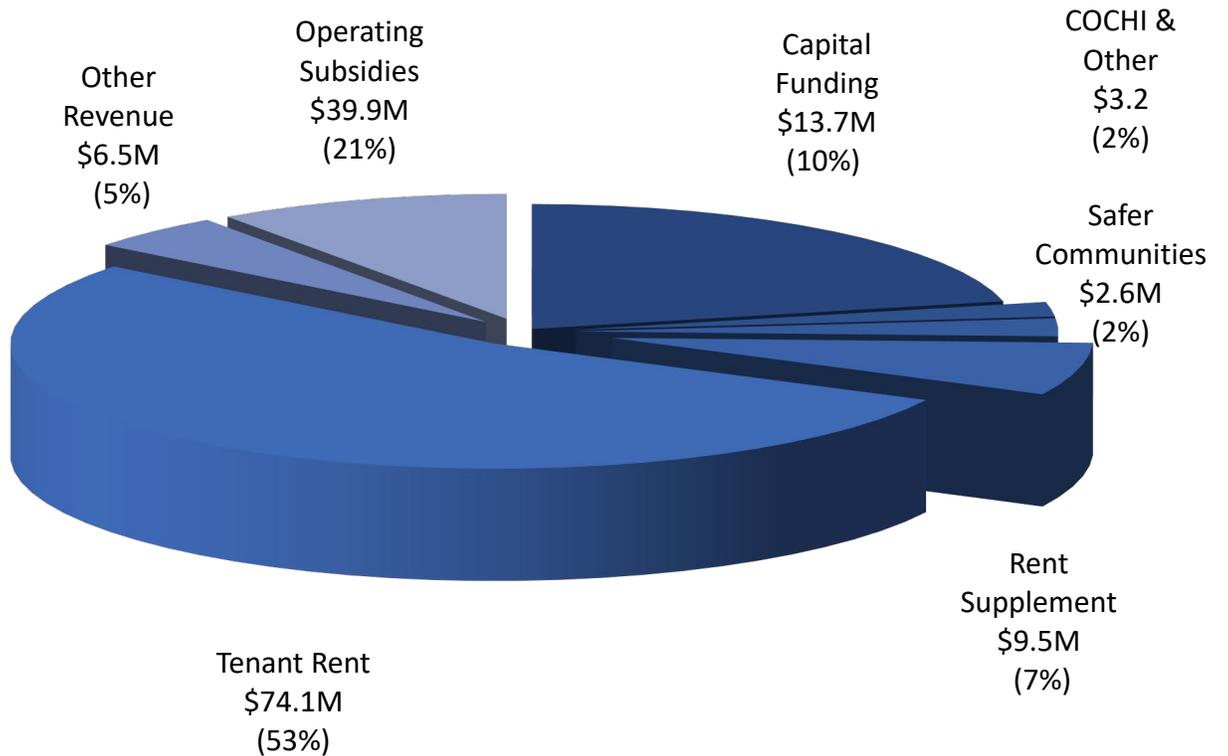


Chart 2 - 2021 Revenue



OVERVIEW OF REVENUE AND EXPENSE CATEGORIES

REVENUE

OCHC has the following main sources of revenue: Subsidies, tenant rents and other revenue sources.

Service Manager - City of Ottawa

Subsidies and grants represent 42% of total revenue. The different types of subsidies in 2021 are:

- Operating Subsidies
- Capital Reserve Subsidies
- Canada-Ontario Community Housing Initiative (COCHI)
- Rent Supplements
- Safer Communities Subsidy
- Social Services Relief Funding (SSRF) and City of Ottawa Relief Grant

In 2008, an **Operating Agreement** was signed between OCHC and the City of Ottawa that moved to streamline and stabilize the funding arrangement for OCHC and the City. One of the main outcomes of the Operating Agreement was that OCHC is better able to manage its operations on a portfolio basis, which will have more predictable and stable funding.

The Operating Agreement determines the operating subsidy for approximately 80% of the portfolio. The funding formula is based on benchmarks that were established through a rigorous process across the province. The benchmarks are adjusted annually based on various indices as set out by the province.

The indices for 2021 are detailed in the following table:

2021 Indices for indexed benchmark operating costs for Ottawa		
Item	Index	Index for 2021
Admin and Maintenance	Ontario CPI All Items	-0.43%
Insurance	Ontario CPI - Homeowners home & mortgage insurance sub-index	5.92%
Bad Debt	Ontario CPI All Items	0.00%
Electricity	Ontario CPI - Electricity sub index	-13.07%
Water	Ontario CPI - Water sub-index	3.01%
Natural Gas	Ontario CPI - Natural gas sub-index	-5.57%
Oil & Other Fuel	Ontario CPI - Fuel oil & other fuel sub index	-26.83%
Capital Reserves	Ontario CPI All Items	-0.43%

Source: City of Ottawa Housing Branch - August 2021

The Operating Agreement stipulates the number of subsidized units OCHC is required to provide and maintain on an annual basis. Operating reserves assist OCHC in addressing year-over-year expense fluctuations.

The City of Ottawa continues to fund a substantial portion of the Safer Communities program. The grant for Safer Communities is at \$2.6 million, consistent with 2020.

Annual Capital Funding Contributions

In 2021, capital reserve contributions are estimated at \$14.9 million. The City of Ottawa will provide \$14 million, which represents the mandatory annual contribution for those programs under the Operating Agreement, while OCHC will contribute \$0.9 million towards programs outside of the Operating Agreement. This represents a reduction against prior years, resulting from the diversion of most of the property tax exemption (\$3 million annually) towards the projected financial shortfall associated with COVID-19. In November 2020, City Council approved the reallocation of up to \$2 million in 2020 and up to \$2.8 million in 2021.

In 2019, the Province of Ontario (the Province) announced the Canada-Ontario Community Housing Initiative (COCHI). The program is designed to protect affordability for households in social housing, to support the repair and renewal of existing social housing supply, and to expand the supply of community housing over time. In 2019, the City of Ottawa approved grant funding of \$3 million for OCHC under Year 1 COCHI, and in 2020, an additional \$3.2 million was approved under Year 2 COCHI. In 2021, OCHC will receive \$2.5 million to complete all remaining projects.

Social Services Relief Funding (SSRF) and Safe Restart Funding

In 2020, the Province introduced the Social Services Relief Funding (SSRF) as a response to COVID-19 related municipal costs. In 2020, OCHC received \$1.4 million from SSRF, which was allocated to the COVID19 Reserve Fund. In 2021, OCHC will receive an additional \$0.7 million as part of Safe Restart Funding, which will be used to partially offset increased utilities, cleaning, and PPE expenditures.

Tenant Rent

Rental income represents 53% of total revenue. The different types of rent are as follows:

- Rents Geared to Income (RGI)
- Affordable Market Rents
- Below Market Rents
- Basic Rents

In 2020 the Government of Ontario passed the *Helping Tenants and Small Businesses Act* to freeze rent in 2021 at 2020 levels for most residential units, including rent-geared-to-income units, market rent units in community housing, and affordable housing units created through various federally and/or provincially funded programs.

Rent-Geared-to-income (RGI)

RGI rent is calculated based on guidelines from the Province of Ontario. Rent scales are set for tenants receiving assistance from the Ontario Disability Support Program or Ontario Works. Other tenants pay 30% of their gross income, with a minimum rent of \$85.

Affordable Market Rents

In 2021, OCHC market rents are set at 2020 level at the affordable end of the range of private sector rents. This does not suggest that they will be affordable to all households – RGI subsidies are needed to achieve that objective.

The current market rents were calculated applying a process that included:

- Assessing rental market conditions in Ottawa and comparing housing communities on the basis of location, unit type and size, amenities, size of the community, utilities being included with the rent or not, and historical experience.
- Comparing OCHC rents to the city-wide CMHC average market rents.
- Consulting with staff responsible for rental activity to evaluate the proposed rents based on the reaction of prospective tenants.
- Comparing rent ranges by housing type and unit size to ensure that consistency is reflected across the housing stock.
- Ensuring that the established 2019 market rents meet the definition for affordable market rent to maintain property tax exemption.

In accordance with Ontario Helping Tenants and Small Businesses Act, OCHC market rents will not increase in 2020. The 2021 market rent revenue estimate is based on the 2020 distribution of market tenants.

It should be noted that subsidies are available for most market tenants across the OCHC portfolio, and the operating agreement with the City of Ottawa allows for greater flexibility to apply these subsidies across programs.

Below Market Rents

Below Market Rent is the amount that does not exceed 80% of the average market rent as reported by CMHC in their Annual Rental Market Survey for the Ottawa for same type and size by bedroom count.

Basic Rents

Basic Rent is a minimum rent made possible by rent subsidies provided internally by OCHC. Basic Rents apply mainly in the Limited Dividends Townhomes program. Rents vary with income (using provincially determined calculation of Ontario Works Shelter component for consistency) up to market level.

Other Revenue

Other revenues include parking charges, laundry concessions, rental of commercial space, rooftop antenna rentals, solar power generation and interest earned. For 2021, these revenues are distributed across funds and include increases of \$60,000 in parking, or 2% from the 2020 budget, while rooftop rentals are expected to generate \$0.5 million, and laundry will generate \$1 million in revenue for 2021, which is based on 2020 actual activity.

EXPENSES

The major expense categories include:

Debt Servicing

Debt servicing costs related to approximately 80% of the housing portfolio are fully funded under the Operating Agreement with the City of Ottawa. Debt payments related to mortgages and long-term debenture debt represent \$25 million or 13% of budgeted expenditures. A net decrease of \$0.9 million or 3.3% from 2020 is a combination of a reduction in Public debentures of \$1.6 million and additional expenditures of \$0.7 million, associated with Uplands, Coldrey, 811 Gladstone and CMHC National Co-Investment Fund Housing Repair and Renewal stream financing.

Utilities

Utility costs are estimated at \$25.6 million or 13% of expenses, an increase of \$4.1 million or 19.4% from the 2020 budget. Utility expenses continue to be impacted by increased consumption resulting from more tenants staying at home; rates increase for gas, electricity and water, and impact of the Carbon Tax.

- Water expenses are estimated at \$12.2 million; an increase of \$2.7 million from the 2020 budget is related to increased consumption and water rate. Water consumption has been significantly impacted by provincial stay-at-home measures and has resulted in an estimated 15% increase. 2021 budget assumes an average rate increase of 4.4% and that stay-at-home measures will continue for the first six months of 2021.
- Hydro expenses are estimated at \$8.4 million; an increase of \$1.3 million from the 2020 budget is due to anticipated increases in the Global Adjustment Charges, based on historic trends, the impact of provincial rate deferrals from 2020 to 2021.
- Gas expenditures are budgeted at \$5 million; an increase of \$0.2 million is related to an anticipated increase in market prices for 2021.

Staffing Costs

In 2021, staffing costs are estimated at \$48.6 million or 25% of budgeted expenditures, an increase of \$2.1 million or 4.6% from the 2020 budget. This budget includes benefits, Cost-of-living adjustment (COLA) of 2.1%, mandatory contributions, incremental movement on the salary scales, and costs associated with training. It also reflects additional investments in priority projects, including the delivery of redevelopment initiatives, parking enforcement, community services and fire life safety standards, as well as delivery of capital asset improvements. OCHC has also, in previous years, experienced increased WSIB costs, and this budget anticipates this trend to continue.

Staffing levels have been increased versus 2020 by 10 new positions to support the growth associated with redevelopment activities and reinforce responsibilities in operational and support areas:

- New Development (4) – Rental and Maintenance
- Health and Safety (1)
- Communications (1)
- Information Technology (1)
- Admin Support (2) – Legal and Building Systems

- Community Development (1)

Building Operations

The budget for building operations is developed as a global budget across all funds. Actual activity captures the type of expenditure across all funds. For 2021, costs for building operations across all funds are estimated at \$79.7 million, or 41% of budgeted expenditures, and have increased by \$0.5 million against the 2020 budget, or 0.7%. The increase is mostly related to changes in the operating budget for cleaning and building systems costs. Other expenses are consistent with the 2020 budget. Although the Maintenance benchmarks decreased for 2021, OCHC has held those expenses flat to reflect the general market conditions.

Administration and Other

This expense category includes vehicle fleet expenses, bad debt, municipal taxes, and overhead expenditures such as the cost of office supplies and materials. It also includes costs related to legal, engineering, and audit services. The cost category continues to include a contribution to the OCHC Foundation for Healthy Communities Programming.

Overall Administration and Other costs across all funds have decreased by \$1 million, or 6.6%, due to a decrease in professional fees for Community Reinvestment and Capital Funds. The net increase of the Operating portion is \$0.2 million. Increases in liability insurance and property tax related to waste removal are offset by a decrease in contingency budget for severe weather.

Capital Funded Expenditures

OCHC is taking a longer-range view of capital planning that anticipates multi-year projects and recognizes the need to balance capital spending in an affordable and sustainable manner.

The 2021 total budget for capital projects is estimated at \$56.6 million, a decrease of \$0.9 million versus the 2020 budget. The breakdown of capital priorities for 2021 is provided in the following table.

Capital Expenditures	Planned Capital Works	Other	Total Capital Budget
Roofing Program	1,200		1,200
Site Renewal Program (includes: fencing, regrading, paving, trees)	450		450
Mechanical and Electrical Systems Renewal Program (includes backflow preventor program, as well as heating and electrical)	2,000		2,000
Fire Safety Renewal Program (includes generators, alarm systems, suppression systems)	600	4,735	5,335
Cladding Renewal Program (includes windows doors and exterior walls)	1,400		1,400
Structural Repair Program	250		250
Projects over \$500:			
Interior Finishes Renewal Program	750		750
Access Control System Renewal	3,100		3,100
Backflow Prevention Program	1,250		1,250
Mechanical and Electrical Systems Evaluation Program	1,250		1,250
Asphalt Pavement Repair Program	600		600
Balcony and Cladding Evaluation Program	750		750
1485 Caldwell Ave - Common Area Refurbishment	500		500
Fairlea Court - Window and Door Refurbishment/Replacement	1,250		1,250
1065 Ramsey Cres. - Elevator Modernization	650		650
Sub Total	16,000	4,735	20,735
Non-Project & Unforeseen Projects (e.g. turnover capital expenditures)	-	13,503	13,503
Richelieu Court Revitalization	-	-	-
Overbrook (Prince Albert)	-	150	150
Restoration	-	3,000	3,000
SHAIP	-	-	-
COCHI Year 1	970	-	970
COCHI Year 2	1,340	-	1,340
Total Capital Work roll forward (2019-2020)	14,280	-	14,280
Capital Overhead (excluding salaries)	-	552	552
Other Capital	180	1,888	2,068
Total	32,770	23,828	56,598

* The \$16 million in capital projects was identified in an earlier report and presented to the Board of Directors in September 2020.

Community Reinvestment Fund (CRF)

In 2021, the CRF will support a number of new developments, including 811 Gladstone (140 homes), Prince Albert Overbrook (2 homes), and Penfield (8 homes). In addition, initial pre-development expenses for Mikinak (229 homes), 933 Gladstone Village (up to 1100 homes), and 818 Gladstone (up to 700 homes) will be funded by CRF. The fund will support \$1.2 million of consulting costs related to pre-development activities.

The 2021 estimate also includes the following financing activities for new development:

- \$8.4 million of Investment in Affordable Housing (IAH) funding for 811 Gladstone
- \$2.2 million contribution of CMHC forgivable loan for 811 Gladstone
- \$26.2 million of construction loan from CMHC for 811 Gladstone
- \$1.0 million contribution of the City of Ottawa for 818 Gladstone
- \$0.6 million contribution of CMHC forgivable loan for 818 Gladstone
- \$9.0 million contribution of the City of Ottawa for 715 Mikinak
- \$4.0 million contribution of the City of Ottawa for 933 Gladstone

The development costs associated with these projects will be capitalized to recognize the value of added capital assets and not impact the CRF fund balance.

Green Fund

2021 estimates include a number of green projects and initiatives, including \$0.3 million for Portfolio Deep Energy Audit, \$0.1 million for Volting Conditioning Pilot, \$0.1 million for Waste Diversification project, \$0.1 million for solar panel maintenance, and \$0.6 million for other Green fund initiatives and studies.

Green Fund sources of revenue are estimated at \$1 million and are derived primarily from electricity generation revenue and program rebates and incentives.

Vehicle Fleet

OCHC continues to acquire more fuel-efficient vehicles to support the maintenance service delivery model. There are only two vehicles scheduled to be replaced in 2021. A transfer of \$0.5 million will be made from the Capital Reserves Fund to support funding for future acquisitions under this program.

FINANCIAL MANAGEMENT AND OVERSIGHT

OCHC budget development starts from the bottom and consists of divisional, departmental, and corporate levels. Each responsibility center manager is accountable to plan and budget activities at the most appropriate level of expenditure. For example, a budget for site service expenses is estimated for all activities related to the property management by common expense categories. Actual expenditure is tracked at a detailed level; therefore, reporting on expenditures can be done at a building, community and/or by program level. Budget to actual expenditure reporting can be consolidated at a higher level to provide a summary of revenues and expenses for the entire Corporation in a format or formats that meet reporting requirements for the Shareholder, the Board of Directors, or others. With this flexibility, managers are able to generate live reports using various queries.

Role of the Board of Directors and the Finance and Audit Committee

The Board of Directors is made up of the Mayor as ex-officio, four City Councillors, five members of the community and one tenant member. The Board of Directors is responsible for setting policy direction and is legally accountable for the business of OCHC. The Finance and Audit Committee has responsibility for providing advice to the Board on financial issues and for providing a focus for Board oversight of financial management for OCHC.

Key assumptions, cost drivers and funding constraints considered in the development of the 2021 budget were reviewed with the Finance and Audit Committee in September and October 2020, with a final review conducted on December 15, 2020, prior to the approval of the budget by the OCHC Board of Directors on January 21, 2021.

Organizational Structure and Responsibility Centres

Specific responsibility centres capture spending activity within functional areas. Some senior managers are responsible for more than one responsibility centre.

Chief Executive Officer

The Chief Executive Officer is the senior staff person and serves as the principal liaison between the Shareholder, the OCHC Board of Directors and staff. It is the responsibility of the Chief Executive Officer to keep the Board advised of OCHC activities and to ensure that policies and directions approved by the Board and Shareholder are implemented. The Chief Executive Officer has the responsibility of oversight of the People and Culture function identified below.

People and Culture

Corporate culture is an ongoing journey that OCHC embarked on a few years ago to define who we are and what we want to be as an organization. To ensure OCHC's commitment to excellence and to our values of C.A.R.E., the People and Culture function has primary responsibility for leadership in steering the organization. Primary responsibilities include Human Resources function, internal and external communications, and media relations.

Finance & Corporate Services

The focus of the Finance and Corporate Services organization is on the delivery of services that enable the work of OCHC: the development and implementation of policies, reporting, audit and compliance requirements; payroll and benefit administration; sourcing and supplier management; legal affairs; policy, privacy, performance management, Board governance, capacity development, continuous improvement, and strategic and business planning.

Tenant Experience

Tenant Experience is primarily responsible for services to tenants. Key responsibilities include:

- Planned and demand maintenance
- Turnover of vacant units
- Delivery of Integrated Pest Management services
- After-hours maintenance services
- Contracted services, including landscaping and snow removal
- OCHC 24/7 Call Centre
- Tenancy administration
- Resolution of tenant complaints/conflicts

Community and Tenant Support

Community and Tenant Support has a primary focus on community and partnership development. This team has the lead responsibility for tenant engagement strategies, including the Healthy Communities Initiative and the support and development of tenant associations. It is also responsible for volunteer management and Community Safety Services. This team includes mobile Community Safety Workers patrolling OCHC communities and contributing to creating safe communities.

Asset Management

Asset Management has a critical role in the maintenance, renewal, and redevelopment of the housing stock through the development of building standards and strategic planning related to long-term asset management. Specific responsibilities include:

- capital planning and project management
- functional direction for demand and preventative maintenance services
- specialized technical expertise related to engineering and consulting
- technical support for the ongoing maintenance of OCHC housing
- development and renewal of OCHC communities
- asset database management

Appendix A – 2021 ESTIMATE BY FUND

	2020 Projections All Funds	2020 Budget All Funds	2021 Budget All Funds	2021 Estimate by Fund							Budget 2021 vs 2020	
				OP	COVID Fund	CAP	GF	CRF	VEH	ICA	\$	%
Use of Funds												
Debt Servicing	25,725	25,905	25,043	25,043	-	-	-	-	-	-	(862)	-3.3%
Staffing Costs	44,356	46,475	48,622	39,216	-	7,885	280	1,241	-	-	2,148	4.6%
Utilities	24,355	21,450	25,610	25,610	-	-	-	-	-	-	4,160	19.4%
Building Operations	62,579	79,135	79,651	25,533	-	53,598	280	240	-	-	515	0.7%
Administration & Other	11,589	14,597	13,635	8,541	-	3,001	1,090	923	80	-	(962)	-6.6%
Total Use of Funds	168,604	187,562	192,561	123,943	-	64,483	1,650	2,404	80	-	4,999	2.7%
Source of Funds												
Service Manager	69,199	65,333	58,534	55,684	350	2,500	-	-	-	-	(6,799)	-10.4%
Tenant Rent	73,705	73,290	74,053	74,053	-	-	-	-	-	-	763	1.0%
Other revenue	6,765	6,999	6,460	4,970	-	430	1,000	50	10	-	(539)	-7.7%
Total Source of Funds	149,668	145,622	139,047	134,707	350	2,930	1,000	50	10	-	(6,575)	-4.5%
Opening Fund Balance	68,703	71,022	68,100	3,489	2,936	19,569	5,376	15,243	606	20,881	(2,922)	
Net Use & Source of Funds (+/-)	(18,936)	(41,941)	(53,514)	10,764	350	(61,553)	(650)	(2,354)	(70)	-	(11,573)	
Reserve Contributions	-	-	-	(14,050)	-	14,050	-	-	-	-	-	
Proceeds from Property Sales	13,349	10,050	-	-	-	-	-	-	-	-	(10,050)	
Loan Proceeds & Non-Cash Transfer	4,984	4,783	48,015	-	-	48,015	-	51,415	-	(51,415)	43,232	
Interfund Transfer	-	-	(0)	3,286	(3,286)	(63)	-	(40,433)	550	39,946	(0)	
Other Contributions	-	-	-	-	-	-	-	-	-	-	-	
Fund Net Change	(603)	(27,108)	(5,499)	(0)	(2,936)	448	(650)	8,628	480	(11,469)	21,609	
Closing Fund Balance	68,100	43,914	62,601	3,489	-	20,017	4,726	23,871	1,086	9,411	18,687	