



OTTAWA COMMUNITY HOUSING CORPORATION 2022 BUDGET BRIEF



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Building Stronger Communities Together

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1 EXECUTIVE SUMMARY

Ottawa Community Housing Corporation's (OCHC) 2022 Budget Brief provides a financial projection for the corporation and outlines the financial requirements to support key initiatives for 2022. The budget ensures that OCHC will continue the provision of quality sustainable homes and essential services to the tenants.

Priorities for the 2022 Budget include:

- ✓ Support and enhancement of OCHC's tenants' centric engagement model,
- ✓ Continuation of the development of new affordable and quality housing with a further **911** homes under design or construction,
- ✓ Leverage of existing and incremental CMHC supported Capital Repair funding to execute the Capital Work Plan to ensure the portfolio remains in a good state of repair,
- ✓ Managing the financial and operational pressures, associated with the challenging economic environment and ongoing COVID-19 pandemic,
- ✓ Managing costs by seeking value for money in expenditures,
- ✓ Maximizing parking revenue through enhanced enforcement,
- ✓ Stabilizing resourcing to support the growth associated with redevelopment activities and targeted FTE additions in operational and support areas to improve service delivery and compliance, and
- ✓ Increasing sustainability activities and energy efficiency projects with the goal to move towards zero Green House Gas emissions.

In 2022, 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. The Budget ensures that sufficient funding for 2022 is generated to support current strategic priorities of the Portfolio Management Framework (PMF) related renewal of OCHC stock.

The overall economic environment was assessed, and the following pressures are anticipated to continue in 2022:

- ✓ Third party contract expense pressures driven by limited market capacity, supply chain delays, and labour shortages; and
- ✓ Continued requirements to meet COVID-19 related regulations which ensures the safety of OCHC's tenants, contractors, and staff.

OCHC continues to deliver against its redevelopment goals, despite inflationary pressures generated by increased raw material costs and labour shortages.

OCHC's operating and capital budgets were constructed considering the ongoing financial challenges brought on by the COVID-19 pandemic and uncertain economic environment, prioritizing initiatives that will support OCHC's strategic objectives identified.

In 2022, OCHC presents a balanced Operating Budget. To achieve the balanced budget, the following support has been leveraged:

- ✓ Continued re-purposing of the savings from the education portion of the Property Tax Exemption of \$2.3 million (subject to approval by Ottawa City Council),
- ✓ Transfer from OCHC Stabilization Fund of \$1.5 million, which was established at the end of 2021,
- ✓ Deferral of non-mandatory Capital Reserve contribution of \$1.3 million, and
- ✓ Transfer of \$0.5 million of previously allocated energy benefits from Green Fund, to alleviate ongoing pressures on energy consumption due to the pandemic.

The ending balance for all funds is estimated at \$47.2 million, reflecting a \$34.3 million decrease versus the 2021 estimated ending fund balance, mostly due to significant increase in capital work and consistent with the Long-Range Financial Plan (LRFP) estimates.

2 INTRODUCTION

The information provided in this 2022 Budget 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 2022.

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 a diverse housing portfolio—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 (2022 Estimates by Fund detailed in Appendix 1):

- **Operating Fund** supports the day-to-day operations and includes such categories as tenant rental revenue and utilities, debt servicing and operating expenses.
- **COVID and Stabilization Reserve Fund** mitigates impact of expenses associated with economic and ongoing pandemic, and other emergencies pressures.
- **Capital Fund** 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.
- **Green Fund** supports specific operational or capital initiatives that contribute to 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.
- **Community Reinvestment Fund (CRF)** is a discretionary reserve that exists to develop new housing.
- **Vehicle Fund** supports the acquisition of new vehicles.

3 BUDGET 2022 AT A GLANCE

Total Budget	2022: \$197.3M	2021: \$192.6M
Operating Budget	2022: \$128.2M Operating Expenses	2021: \$123.9M
<ul style="list-style-type: none"> ✓ Market Rent increase of 1.2%, inflation assumption of 2.4% ✓ Utilities' consumptions still affected by COVID-19 stay at home measures; utility rates increase: 4.9% water, 6.8% hydro, 15% gas ✓ Operating Budget assumes the following support: <ul style="list-style-type: none"> • Transfers from Stabilization Fund of \$1.5 million and Green Fund of \$0.5 million • Repurposing of Property Tax Exemption of \$2.3 million by FEDCO and Ottawa City Council 		
Capital Budget	2022: \$64.8M Capital Expenses	2021: \$64.5M
<ul style="list-style-type: none"> ✓ Deliver \$33.8 million in capital works ✓ Contributions from financing activities: <ul style="list-style-type: none"> • \$7.9 million government transfers in a form of forgivable loans from CMHC NHCF Capital Repairs stream • \$12.1 million repayable loans from CMHC NHCF Capital Repairs stream • \$0.9 million capital COCHI YR3 funding ✓ CMHC NHCF Capital Repair Loan debt servicing is supported by repurposing a portion of the education portion of the Property Tax Exemption 		
New Development Budget	2022: \$3.0M Community Reinvestment Expenses 2022: \$105M Capitalized Construction Costs	2021: \$2.4M 2021: \$40.9M
<ul style="list-style-type: none"> ✓ The 2022 Budget ensures that sufficient funding is generated to support current strategic priorities of the Portfolio Management Framework (PMF) ✓ 911 homes under design or construction to be completed in 2023-2025 ✓ 2022 plan includes the following financing: <ul style="list-style-type: none"> • \$79.8 million Construction loans from CMHC National Housing Co-Investment Fund (NHCF) • \$10.2 million support from the City of Ottawa • \$5.2 million forgivable loans from CMHC NHCF • \$8.9 million forgivable loans from RHI for Jockvale 		
Green and Vehicles	2022: \$1.0M Green Expenses 2022: \$0.3M Vehicle Purchases	2021: \$1.6M 2021: \$0.8M

4 FINANCIAL PICTURE

For 2022, OCHC total budgeted expenditures are estimated at \$197.3 million and total budgeted revenues are estimated at \$143.2 million across all funds.

The 2022 balance for all funds is forecasted at \$47.4 million versus the 2021 year-end projection of \$65.1 million, indicated in the 2021 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 increased delivery of capital projects and use of the Stabilization Fund to address COVID-19 impact on utilities, safety and cleaning requirements.

	2021 Projections All Funds	2021 Budget All Funds	2022 Budget All Funds	Budget 2022 vs 2021 \$ %	
Use of Funds					
Debt Servicing & Amortization	24,438	25,043	24,708	(335)	-1%
Staffing Costs	47,877	48,622	52,535	3,913	8%
Utilities	25,367	25,610	26,699	1,089	4%
Building Operations	68,450	79,651	78,881	(770)	-1%
Administration & Other	10,165	13,635	14,514	880	6%
Total Use of Funds	176,298	192,561	197,337	4,776	2%
Source of Funds					
Service Manager	64,928	58,534	62,021	3,487	6%
Tenant Rent	71,843	74,053	74,419	366	0%
Other revenue	6,292	6,460	6,718	258	4%
Total Source of Funds	143,063	139,047	143,158	4,111	3%
Opening Fund Balance	70,631	70,631	81,534	10,903	
Net Use & Source of Funds (+/-)	(33,236)	(53,514)	(54,179)	(665)	
Loan Proceeds & Non-Cash Transfers	44,139	48,015	20,018	(27,997)	
Fund Net Change	10,903	(5,499)	(34,161)	(28,662)	
Closing Fund Balance	81,534	65,132	47,373	(17,759)	-27%

Charts 1 and 2, on the following page, provide an overview of the distribution of the major categories of expenses and revenues across OCHC funds.

Chart 1 - 2022 Expenses

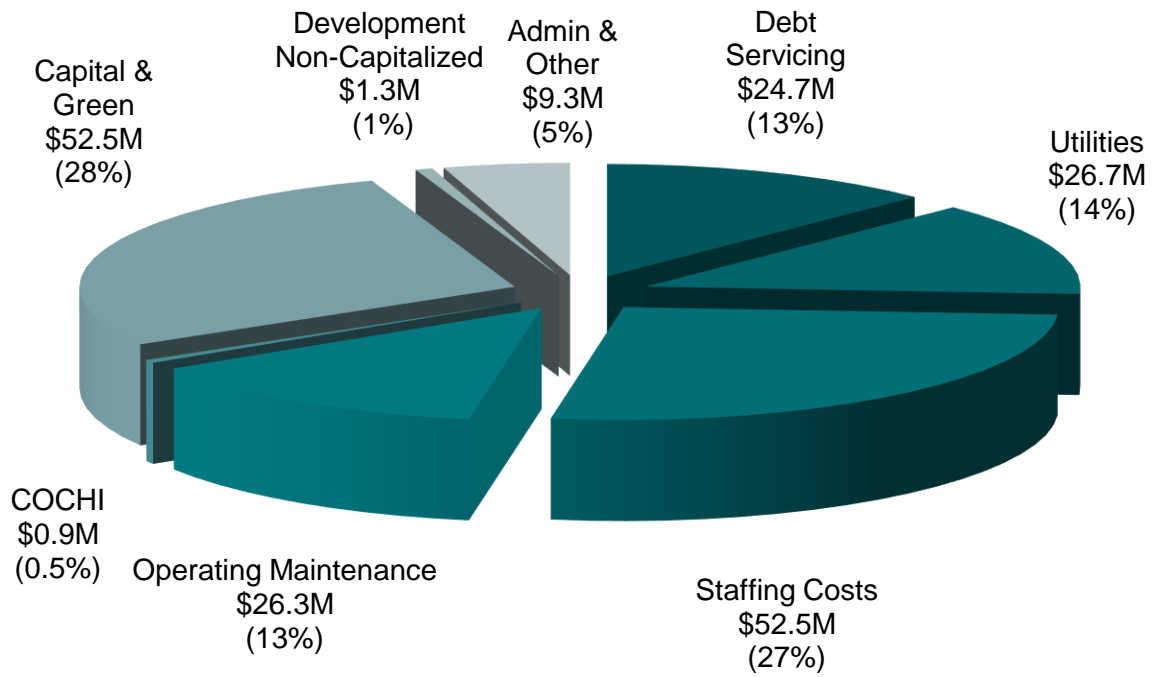
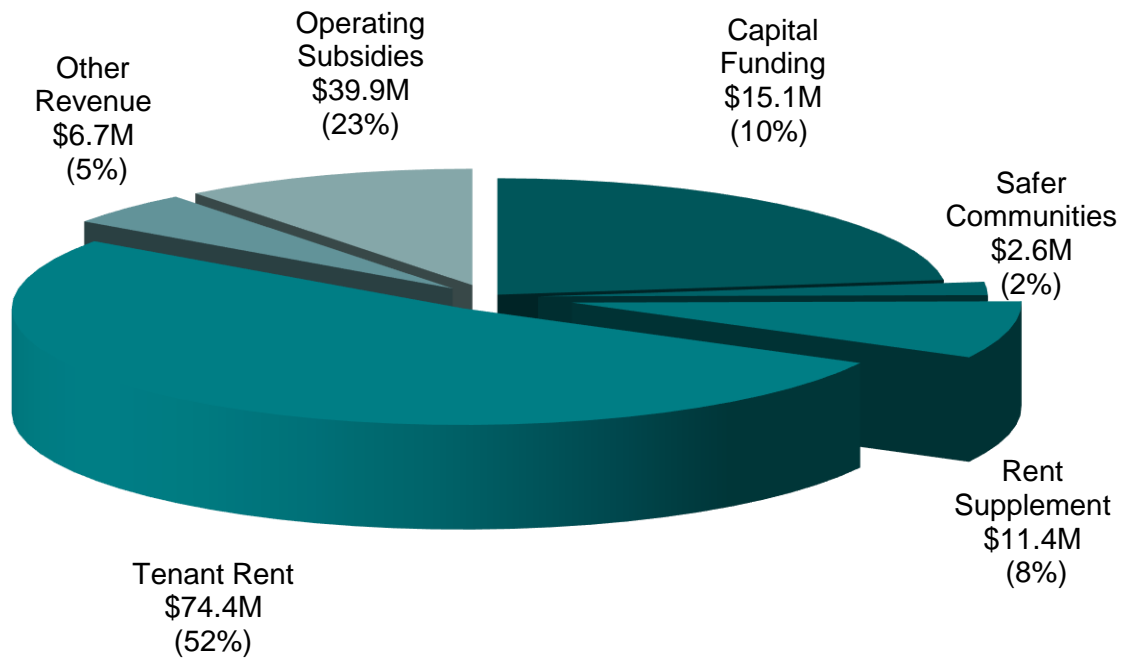


Chart 2 - 2022 Revenue



5 OVERVIEW OF REVENUE AND EXPENDITURES

5.1 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 43% of total revenue. The different types of subsidies in 2022 are:

- Operating Subsidies 23%
- Capital Funding, including Capital Reserve Subsidies and Canada-Ontario Community Housing Initiative (COCHI) 11%
- Rent Supplements 8%
- Safer Communities Subsidy 2%

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 2022 are detailed in the Appendix 2.

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, 3.71% increase from 2021.

In 2022, capital reserve contributions are estimated at \$14.6 million. The City of Ottawa will provide \$14.2 million, which represents the mandatory annual contribution for those programs under the Operating Agreement, while OCHC will contribute \$0.4 million towards programs outside of the Operating Agreement. This is consistent with 2021, but represents a reduction against prior years, resulting from the repurposing of the exemption from the education portion of the property taxes (\$3 million annually), towards the projected financial pressures (\$2.3 million) and to support the payment of principal and interest on CMHC Capital Repair and Renewal loans (\$0.7 million). OCHC expects to receive Ottawa City Council approval in January 2022 for the repurposing of the \$2.3 million toward operating pressures.

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 2019-2021, the City of Ottawa approved grant funding of \$10 million for OCHC under COCHI funding Year 1-3. In 2022, OCHC will receive \$0.9 million to complete all remaining projects.

Tenant Rent

Rental income represents 52% of total revenue. The different types of rent are as follows:

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

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.

Affordable Market Rents

In 2022, OCHC market rents are set at 2021 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

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.

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.

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 represent 5% of total revenue and includes parking charges, laundry concessions, rental of commercial space, rooftop antenna rentals, solar power generation and interest earned. For 2022, these revenues are distributed across funds and include increases of \$175,000 in parking reinforcement, while rooftop rentals are expected to generate \$0.5 million and laundry will generate \$1 million in revenue for 2022, which is based on 2021 actual activity.

5.2 Expenditures

Debt Servicing and Amortization

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 \$24.7 million or 13% of budgeted expenditures. A net decrease of \$0.3 million or 1.3% from 2021 is a combination of reduction in the Public debentures & other loans of \$1.5 million, and additional expenditures of \$1.2 million, associated with added amortization costs of \$0.5 million for 811 Gladstone and additional debt of \$0.7 million for CMHC National Co-Investment Fund Housing Repair and Renewal stream financing.

Staffing Costs

In 2022, staffing costs across all funds are estimated at \$52.5 million or 27% of budgeted expenditures, an increase of \$3.9 million or 8% from the 2021 budget. This budget includes benefits, Cost-of-Living adjustment (COLA), mandatory contributions, incremental movement on the salary scales, and costs associated with training. It also reflects additional investments in priority projects including 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 2021 by 30 new positions to support the growth associated with redevelopment activities and reinforce responsibilities in operational and support areas:

Department	Supporting Area	Added FTE's by Fund				
		OP	CAP	CRF	GF	Total
Asset Management	Delivering CMHC NHCF program for new development and capital repair streams.	-	10	6	1	17
Tenant Experience	Introduction of the centralized Tenant Care Team and maintaining the Integrated Pest Management staffing level to meet the new Rental Housing Property Management By-Law.	5	-	-	-	5
People, Culture & Communications	Increasing promotion of staff engagement, projects, programs, and events. Temporary resource to support ongoing pandemic legislative response initiatives	2	-	-	-	2
Community & Tenant Support	Enhancing a Parking Team to improve tenants' experience, reduce parking abuse and generate additional revenue.	3	-	-	-	3
Finance & Corporate Services	Enhancing procurement and legal support for new development and capital repair work;	1	2	-	-	3
Total		11	12	6	1	30
Impact, \$millions		\$0.8	\$1.0	\$0.4	\$0.05	\$2.2

Utilities

Utility costs are estimated at \$26.7 million or 14% of expenses, an increase of \$1.1 million or 4.3% from 2021 budget. Utility expenses continue to be impacted by increased consumption resulting from more tenants staying at home, and rates increase for gas, electricity and water. There are also extra utility costs for added homes in 2022.

- Water expenses are estimated at \$12.5 million; an increase of \$0.2 million or 2.11% from 2021 budget. Although it is expected that the impact of tenants working from home on water consumption will dissipate by mid-2022, a \$0.6M impact versus the base year is anticipated. Water rates are expected to increase by 4.9%.
- Hydro expenses are estimated at \$8.7 million; an increase of \$0.3 million or 3.19% from 2021 budget is due to anticipated increases in the Global Adjustment Charges.
- Gas expenditures are budgeted at \$5.6 million; an increase of \$0.6 million is related to anticipated significant increase of 15% in market prices for 2022.

Building Operations

The budget for building operations is developed as a global budget across all funds. Actual activity captures type of expenditure across all funds. For 2022, costs for building operations across all funds are estimated at \$78.9 million, or 40% of budgeted expenditures, and have slightly decreased by \$0.7 million against the 2021 budget, or 1%. The decrease is mostly offset by an increase in professional fees in Admin and Other, attributable toward professional fees, associated with engineering and design consulting at earlier stage of CMHC NHCF Program. The Operating Portion of the Building Operations costs shows a moderate increase of 2.95%, which is linked to the added property at 811 Gladstone and 2.4% inflationary increase.

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 professional fees 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 increased by \$0.9 million, or 6.5% due to increase in professional fees for Community Reinvestment and Capital Funds. The net increase of the Operating portion is \$0.4 million, which is related to the increases in liability insurance and legal costs.

Green Fund

Current estimates for 2020 include \$0.3 million for the Portfolio Deep Energy Audit, \$0.1 million of solar panels maintenance costs 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 has made a commitment to “Green” the current fleet of vehicles. Electric vehicles which are suitable for maintenance activities include cargo vans and pickup trucks. These types of vehicles are slowly beginning to appear on the market. As aging fleet vehicles are decommissioned, OCHC wishes to replace gasoline powered vehicles with electric vehicles. In 2022, there are five vehicles scheduled to be replaced in 2022. A transfer of \$0.6 million will be made from the Capital Reserves Fund to support funding for future acquisitions under this program.

5.3 Capital Expenditures and Funding

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 Capital Reserve Fund supports work that extends the useful life of the assets.

The 2022 total budget for capital projects, excluding capital staffing costs is estimated at \$55.9 million, an increase of \$0.6 million versus 2021 budget. The breakdown of capital priorities for 2022 is provided in the following table.

Category	Capital Budget 2021	Capital Budget 2022 (12 Months Plan)		Total Capital Budget 2022
	Total	CMHC	Other	Total
Roofing Program	1,200	390	420	810
Site Renewal Program (fencing, regrading, paving, trees)	450	230	400	630
Mechanical and Electrical Systems Renewal Program (backflow preventor program, as well as heating and electrical)	2,000	490	530	1,020
Fire Safety Renewal Program (generators, alarm systems, suppression systems)	600	980	210	1,190
Cladding Renewal Program (windows doors and exterior walls)	1,400	630	70	700
Structural Repair Program	250	100	200	300
Elevator Modernization Program	-	40	230	270
District Based Priorities	-	-	90	90
Interior Finishes Renewal Program	750	410	-	410
Welcome Home Program	-	-	1,200	1,200
Corridor Program	-	-	215	215
Access Control and Target Hardening	3,100	1,360	200	1,560
Backflow Prevention Program	1,250	-	-	-
Balcony and Cladding Evaluation Program	750	-	-	-
Asphalt Pavement Repair Program	600	-	-	-
Mechanical and Electrical systems evaluation program	1,250	-	-	-
Capital Works Site Specific Projects	2,400	11,030	1,990	13,020
Total Current Capital Works Program*	16,000	15,660	5,755	21,415
Capital Work Program Roll Forward (2020-2021)	14,280	9,150	3,050	12,200
Total Capital Works Program	30,280	24,810	8,805	33,615
Non-Project & Unforeseen Projects (e.g. turnover capital expenditure)	13,503	10,188	6,870	17,058
Overbrook (Prince Albert)	150	-	150	150
Restoration	3,000	-	3,500	3,500
Ontario Fire Code Retrofit	4,735	-	-	-
Capital Overhead (excluding salaries)	552	-	888	888
Other Capital	2,068	-	727	727
Total CAP	54,288	34,998	20,940	55,938

* The \$21.4 million in Capital Works Program is part of 2022/23 CWP Plan, that was approved by the Board of Directors in September 2021

The Capital fund performance is driven by the amount of annual operating contributions, new funding, portfolio age and state, and capital work performed.



In 2022, the capital expenditures will be carried out under multiple funding sources; primarily, the program is funded by OCHC as well as funding the CMHC National Co-Investment Fund Repair and Renewal program and the City of Ottawa:

- Capital Funding**
- ✓ \$7.9 million government transfers in a form of forgivable loans from CMHC NHCF Capital Repairs stream
 - ✓ \$12.1 million loans from CMHC NHCF Capital Repairs and Renewal stream
 - ✓ \$0.9 million capital COCHI YR3 funding
 - ✓ \$14.2 million City of Ottawa annual Capital Reserve Contributions
 - ✓ \$0.3 million OCHC Capital Reserves Contributions

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 Capital Repairs stream; the funding would cover the years 2020 through 2028. The Credit Agreement was signed in Q3 2021 and OCHC made the first drawdown against the facility at the end of 2021. As per Council consent, OCHC will redirect the savings from the education portion of the property taxes (\$0.7 million in 2022), generated through the property tax exemption, to service the payments related to this new debt.

For 2022, the Federal, Provincial and Municipal funding in conjunction with OCHC's own reserves funding provides for a fully funded Building Repair Capital plan, keeping FCI at 2.9% at the end of 2022.

	Projection 2021	Budget 2022
Annual Backlog Capital Spend	39,595	51,324
Year End Capital Needs	83,215	87,293
Year End FCI	2.86%	2.94%
Available Funds	85,837	69,631
Use of Funds		
Planned capital	26,350	33,765
Demand capital	16,845	20,657
Project management support	8,642	10,425
Total Capital Spend	51,837	64,847
Ending Capital Reserve Balance	34,000	4,784

5.4 Community Reinvestment Fund – New Development

The development of new affordable housing homes is supported by the Community Reinvestment Fund (CRF). This development requires a combination of debt financing, development fee exemptions, equity contributions, and grant funding to cover the construction costs and ensure there is affordability.

Consistent with the OCHC Long Range Financial Plan (LRFP) and Portfolio Management Framework (PMF), the 2022 Budget supports continuing development of **911** new affordable and quality homes. All ongoing projects are supported by the construction loans and the government transfers from City's contributions, CMHC National Housing Co-Investment Fund (NHCF), Rapid Housing Initiative (RHI), outlined in the table below.

Development	Added Homes	2022 Planned Capitalized Expenditures \$'000	2022 Planned Financing Activities			
			City of Ottawa	CMHC	RHI	CMHC Constr'n Loan
Mikinak	271	\$57,720	\$5,000	\$3,016	-	\$41,040
Gladstone Village Phase 1	338	\$16,500	\$2,800	\$1,310	-	\$19,628
Rochester Heights Phase 2	270	\$15,500	\$1,250	\$853	-	\$13,093
Jockvale Phase 1	32	\$9,700	-	-	8,886	-
Pre-development activities	-	\$5,095	-	-	-	-
In Progress	911					
Rochester Heights Phase 1	140	\$500	\$1,830	-	-	\$6,077
Total 2022 Plan		\$105,015	\$10,160	\$5,179	\$8,886	\$79,838

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.

In November 2019, the Board of Directors approved proceed of the development and the City will transfer lands to OCHC, recently acquired from Canada Lands Corporation (CLC). It is estimated that construction completed in 2024.

The total OCHC project cost, over a four-year period, is estimated to be \$101.1NHCF contributions in form of forgivable loans and construction loans to minimize OCHC equity requirements while still delivering on affordability objectives.

Gladstone Village Development

In 2017, the Board of Directors approved the purchase of over 7-acre of vacant land, located east of the O-Train Trillium Line. OCHC lands are alongside the planned Gladstone LRT station, for which OCH has granted a 1.5-acre easement to the City of Ottawa 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 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, the City of Ottawa's contributions and CMHC NHCF contributions in form of forgivable loans and construction loans.



Rochester Heights Development (Phase 1 and Phase 2)



In 2019 OCHC comment 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 and partly occupied at the end of 2021, and landscaping to be finalized in 2022 at a total cost of approximately \$48.6 million.

The multi-year project is funded from various sources, including Action Ottawa funding, CMHC NHCF contributions in form of forgivable loans and construction loans.

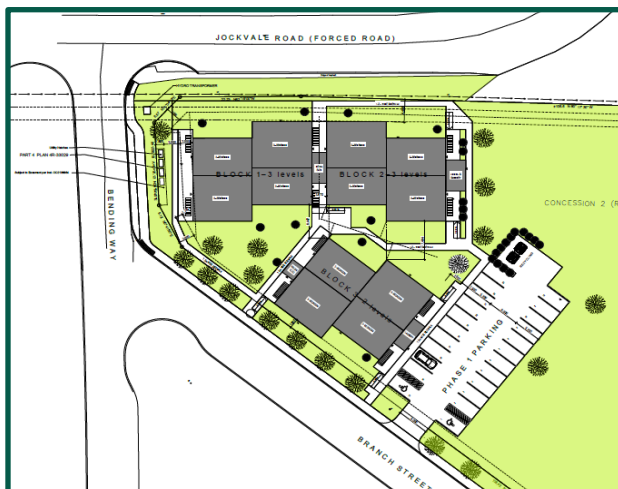
The Rochester Development Phase 2 project involves the decommissioning of 78 townhomes, which was completed in 2019, and the full redevelopment of the 4.2-acre site to align with the City of Ottawa's objectives of mixed-use and heightened density, with affordable housing, in close proximity to rapid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

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 270 total residential units, the construction of which will commence in 2022 for a total construction cost of \$94.5 million.

The multi-year project will be funded from various sources, including OCHC equity, the City of Ottawa's contributions and CMHC NHCF contributions in form of forgivable loans and construction loans.



Jockvale Development



The City of Ottawa (City) entered into an agreement with the Canadian Mortgage and Housing Corporation for \$31.9 million, under the Rapid Housing Initiative (RHI). The RHI program is focused on addressing urgent housing needs of vulnerable Canadians, especially in the context of COVID-19.

In 2022, the City of Ottawa have partnered with OCHC to construct in 32 modular units in Phase 1 under CMHC's RHI program for a total construction cost of \$10.1 million. The project will provide an even mix of 2- and 3-bedroom units.

To support the timelines of the RHI program, OCHC signed a ground lease with the City of Ottawa for the subject lands. The ground lease is coterminous with the period of affordability outlined per the Contribution Agreement (20 years). The City of Ottawa is working towards transferring ownership of the lands to OCHC, and the ground lease will be terminated.

The project would leverage low-cost land, and the City of Ottawa's contributions, including contributions from RHI funding, Social Service Relief Funding and City Grants. The Budget assumes completion of Phase 1 in 2022.

5.5 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 detail 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 2022 budget was reviewed with the Finance and Audit Committee on September 14, 2021, with a final review conducted on December 14, 2021, prior to approval of the budget by the OCHC Board of Directors on January 21, 2022.

Organizational Structure and Responsibility Centers

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

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 responsibility to oversight the People and Culture function identified below.

People, Culture and Communications

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

6 APPENDIX 1: 2022 ESTIMATE BY FUND

	2021 Projections All Funds	2021 Budget All Funds	2022 Budget All Funds	2022 Estimate by Fund							Budget 2022 vs 2021	
				OP	Stab'n Fund	CAP	GF	CRF	VEH	ICA	\$	%
Use of Funds												
Debt Servicing & Amortization	24,438	25,043	24,708	24,708	-	-	-	-	-	-	(335)	-1%
Staffing Costs	47,877	48,622	52,535	41,584	-	8,909	342	1,700	-	-	3,913	8%
Utilities	25,367	25,610	26,699	26,699	-	-	-	-	-	-	1,089	4%
Building Operations	68,450	79,651	78,881	26,287	-	52,494	100	-	-	-	(770)	-1%
Administration & Other	10,165	13,635	14,514	8,957	-	3,444	535	1,262	317	-	880	6%
Total Use of Funds	176,298	192,561	197,337	128,234	-	64,847	977	2,962	317	-	4,776	2%
Source of Funds												
Service Manager	64,928	58,534	62,021	61,091	-	930	-	-	-	-	3,487	6%
Tenant Rent	71,843	74,053	74,419	74,419	-	-	-	-	-	-	366	0%
Other revenue	6,292	6,460	6,718	5,250	-	408	1,000	50	10	-	258	4%
Total Source of Funds	143,063	139,047	143,158	140,760	-	1,338	1,000	50	10	-	4,111	3%
Opening Fund Balance	70,631	70,631	81,534	3,489	1,529	34,000	4,979	18,981	1,108	17,448	10,903	
Net Use & Source of Funds (+/-)	(33,236)	(53,514)	(54,179)	12,526	-	(63,509)	23	(2,912)	(307)	-	(665)	
Reserve Contributions	-	-	-	(14,455)	-	14,455	-	-	-	-	-	
Loan Proceeds & Non-Cash Transfers	44,139	48,015	20,018	-	-	20,018	-	107,993	-	(107,993)	(27,997)	
Interfund Transfer	(0)	-	-	1,529	(1,529)	(181)	-	(96,138)	630	95,689	-	
Other Contributions	-	-	-	500	-	-	(500)	-	-	-	-	
Fund Net Change	10,903	(5,499)	(34,161)	100	(1,529)	(29,216)	(477)	8,943	323	(12,304)	(28,662)	
Closing Fund Balance	81,534	65,132	47,373	3,589	-	4,783	4,501	27,924	1,431	5,144	(17,759)	-27%

7 APPENDIX 2: 2022 INDICIES FOR INDEXED BENCHMARK OPERATING COSTS

Source: City of Ottawa Housing Branch - September, 2022			
Item	Index	Index for 2021	Index for 2022
Admin and Maintenance	Ontario CPI All Items	-0.43%	3.71%
Insurance	Ontario CPI - Homeowner's home & mortgage insurance sub index	5.92%	3.52%
Bad Debt	Ontario CPI All Items	0.00%	3.71%
Electricity	Ontario CPI - Electricity sub index	-13.07%	18.61%
Water	Ontario CPI - Water sub index	3.01%	3.42%
Natural Gas	Ontario CPI - Natural gas sub index	-5.57%	17.20%
Oil & Other Fuel	Ontario CPI - Fuel oil & other fuel sub index	-26.83%	35.82%
Capital Reserves	Ontario CPI All Items	-0.43%	3.71%