



OTTAWA COMMUNITY HOUSING CORPORATION 2023 BUDGET BRIEF



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Building Stronger Communities Together

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1 EXECUTIVE SUMMARY

Ottawa Community Housing Corporation's (OCHC) 2023 Budget Brief provides a financial projection for the corporation and outlines the financial requirements to support key initiatives for 2023. The budget ensures that OCHC will continue the provision of quality sustainable homes and essential services to the tenants.

Priorities for the 2023 Budget include:

- ✓ Support and enhancement of OCHC's Tenant Experience Service Delivery model;
- ✓ Continuation of the development of new affordable and quality housing with a further **931** homes in design or under 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;
- ✓ Increasing the Stabilization reserve fund balance to mitigate any future impacts of economic, environmental, and other emergencies pressures; and,
- ✓ Investing in sustainability activities and energy efficiency projects with the goal to move towards net zero greenhouse gas emissions.

Continue the review of baseline expenses under the umbrella of the Reimagine OCH initiative. In 2023, 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 2023 is generated to support current strategic priorities of the Portfolio Management Framework (PMF) related renewal of OCHC stock. OCHC continues to deliver against its redevelopment goals, despite inflationary and other pressures.

OCHC's operating and capital budgets were constructed considering the ongoing financial challenges brought on by the challenging economic environment, limited market capacity, supply chain delays, and labour shortages prioritizing initiatives that will support OCHC's strategic objectives.

Fiscal 2022 saw interest rate increases over 3% and inflation rising to nearly 7%, challenging OCHC's operating position. Therefore, as part of the 2023 budget process OCHC conducted a line-by-line review with a focus on recalibrating baseline expenses and achieving value for money from any discretionary expenditures.

In 2023, OCHC is projecting to operate with a small budget surplus and incorporates:

- ✓ 2.5% market rent increase,
- ✓ Implementation of 2.5% cap on the increase in discretionary operating expenses in 2023,
- ✓ Maintaining all mandatory Capital Reserve contributions, and
- ✓ Transfer from OCHC Stabilization Fund of \$0.4 million, which was established at the end of 2021.

In 2023, to alleviate ongoing pressures due to global events, driven utility increases, and climate change impacts, and challenges presented by the inflationary environment, a transfer of \$0.3 million to the Operating Fund and \$0.8 million to the Stabilization Fund will be made from the Green Fund.

The ending balance for all funds is estimated at \$60.3 million, reflecting a \$16.1 million decrease versus the adjusted projected 2022 ending fund balance, mostly due to continuing significant investment in capital works, increased spend in Green Fund and renewal of vehicle fleet.

2 INTRODUCTION

The information provided in this 2023 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 2023.

OCHC provides approximately 15,000 homes to about 32,000 tenants, including seniors, parents, children, couples, singles, and persons with disabilities, 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 (2023 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.
- **Stabilization Reserve Fund** mitigates impact of expenses associated with economic, environmental, and other operating 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 2023 AT A GLANCE

Total Budget	2023: \$201.9M Expenditures 2023: \$118.2M Capitalized Construction Costs	2022: \$197.3M 2022: \$105M
Operating Budget	2023: \$131.6M Operating Expenses	2022: \$128.2M
	<ul style="list-style-type: none"> ✓ Market Rent increase of 2.5% ✓ Utilities' rates increase: 4.9% water, 38% natural gas; offset by hydro decrease 2.28% ✓ Assumes the transfers of \$0.3 million from Green, and \$0.4 million from Stabilization Funds 	
Capital Budget	2023: \$63.9M Capital Expenses	2022: \$64.8M
	<ul style="list-style-type: none"> ✓ Deliver \$34.2 million in capital works ✓ Contributions from financing activities and grants: <ul style="list-style-type: none"> • \$12.1 million in proceeds from IO refinancing • \$4.2 million capital COCHI funding • \$11.1 million repayable and \$7.1 million forgivable loans from CMHC NHCF Capital Repairs stream 	
New Development Budget	2023: \$2.6M Community Reinvestment Expenses 2023: \$118.2M Capitalized Construction Costs	2022: \$3.0M 2022: \$105M
	<ul style="list-style-type: none"> ✓ The 2023 Budget ensures that sufficient funding is generated to support current strategic priorities of the Portfolio Management Framework (PMF) ✓ 931 homes under design or construction to be completed in 2023-2025 ✓ 2023 plan includes the following financing: <ul style="list-style-type: none"> • \$62.7 million construction loans from CMHC NHCF • \$17 million construction loans from other lenders • \$30.9 million support from the City of Ottawa • \$6.9 million forgivable loans from CMHC NHCF • \$4.9 million forgivable loans from RHI for Jockvale 	
Green Fund	2023: \$2.4M Green Expenses	2022: \$1.0M
	<ul style="list-style-type: none"> ✓ Supports \$1.0 million for renewable project for Mikinak development ✓ Supports \$0.7 million for the building electrical outage prevention initiative. ✓ Assumes transfer of \$0.3 million to the Operating Fund and \$0.8 million to the Stabilization Fund 	
Vehicles	2023: \$1.4M Vehicle Purchases	2022: \$0.3M
Total	2023: \$320.1M Expenditures and Capitalized Costs	2022: \$302.3M

4 FINANCIAL PICTURE

For 2023, OCHC total budgeted expenditures are estimated at \$201.9 million and total budgeted revenues are estimated at \$155.4 million across all funds.

The 2023 balance for all funds is forecasted at \$60.3 million versus the 2022 year-end adjusted projected of \$76.5 million. The change in overall fund balance is mostly attributable to delivery of capital and green projects.

2023 vs. 2022 All Funds Budget

	2022 Projections All Funds	2022 Budget All Funds	2023 Budget All Funds	Budget 2023 vs 2022	
				\$	%
Use of Funds					
Debt Servicing & Amortization	23,562	24,708	24,277	(431)	-2%
Staffing Costs	51,013	52,534	53,610	1,076	2%
Utilities	26,892	26,699	27,785	1,086	4%
Building Operations	72,616	78,881	81,791	2,910	4%
Administration & Other	12,639	14,515	14,486	(29)	0%
Total Use of Funds	186,722	197,337	201,948	4,612	2%
Source of Funds					
Service Manager	59,012	62,021	59,897	(2,124)	-3%
Tenant Rent	85,045	74,419	87,362	12,943	17%
Other revenue	6,914	6,718	8,180	1,462	22%
Total Source of Funds	150,971	143,158	155,439	12,281	9%
Adjusted Projected Opening Fund Balance*	64,075	64,075	76,467	12,392	
Net Use & Source of Funds (+/-)	(35,751)	(54,179)	(46,509)	7,669	
Reserve Contributions	-	-	-	-	
Loan Proceeds & Non-Cash Transfers	17,873	20,018	30,378	10,360	
Interfund Transfer	-	-	(0)	(0)	
Other Contributions	30,269	-	-	-	
Fund Net Change	12,392	(34,161)	(16,131)	18,029	
Closing Fund Balance	76,467	29,914	60,335	30,421	

*Adjusted Projected Opening Fund Balance includes most recent projections and recognition of the Forgivable Loans, approved by the Board of Directors in 2022

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 - 2023 Expenses

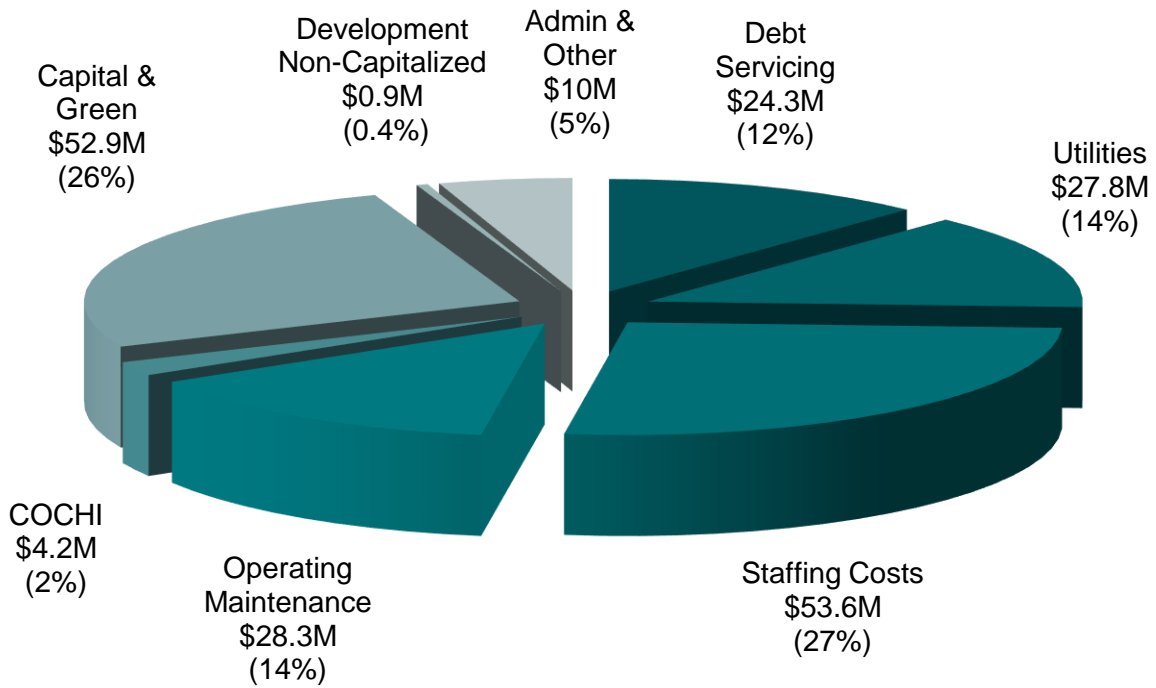
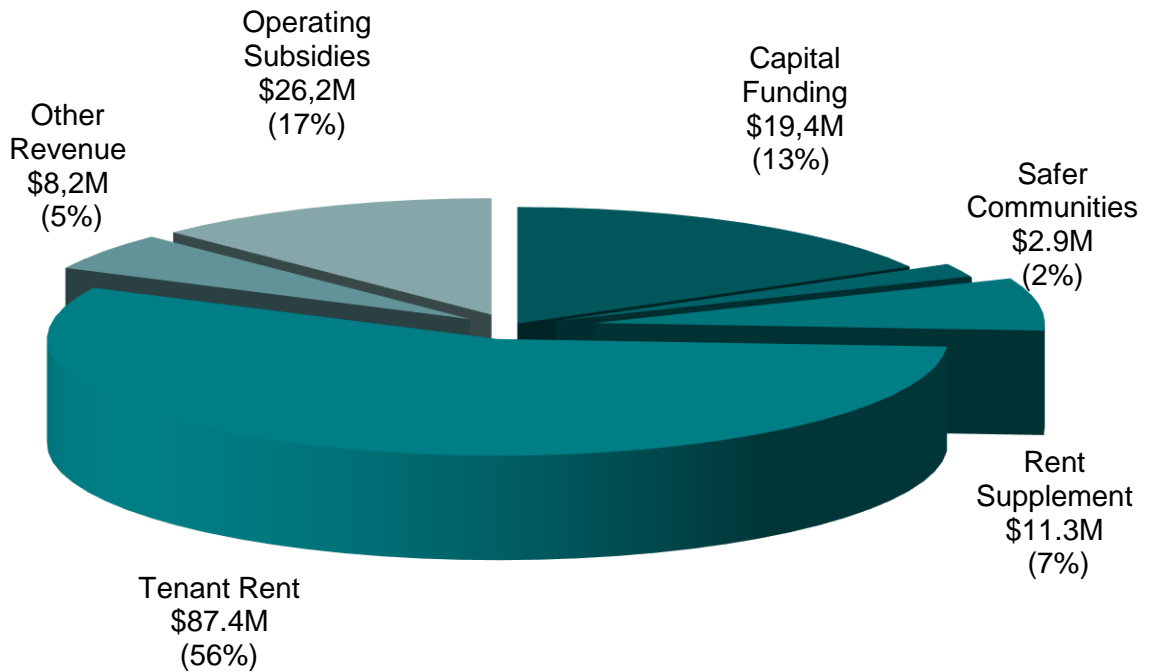


Chart 2 - 2023 Revenue



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 39% of total revenue. The different types of subsidies in 2023 are:

- Operating Subsidies 17%
- Capital Funding, including Capital Reserve Subsidies and Canada-Ontario Community Housing Initiative (COCHI) 13%
- Rent Supplements 7%
- 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 2023 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 \$2.9 million, 7.78% increase from 2022.

In 2023, capital reserve contributions are estimated at \$17.9 million. The City of Ottawa will provide \$15.3 million, which represents the mandatory annual contribution for those programs under the Operating Agreement, while OCHC will contribute \$2.6 million towards programs outside of the Operating Agreement. This includes the exemption from the education portion of the property taxes (\$3 million annually, out of which \$0.7 million is repurposed to support the payment of principal and interest on CMHC Capital Repair and Renewal loans).

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 2019-2022, the City of Ottawa approved grant funding of \$18 million for OCHC under COCHI funding Year 1-4. In 2023, OCHC will receive \$4.2 million to complete all COCHI Year 4 remaining projects and anticipates initiating COCHI Year 5 projects.

In 2023, OCHC will continue to work with the new City of Ottawa Council to maintain the current refinancing strategy, whereby the City extends its current level of mortgage subsidy for another 30 years. It is expected that in 2023, this strategy will help to generate \$12.1 million through refinancing with Infrastructure Ontario.

Tenant Rent

Rental income represents 56% 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 2023, OCHC market rents are set at 2022 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 2023 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.

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 2023, these revenues are distributed across funds and include \$2.7 million in parking revenue, while rooftop rentals are expected to generate \$0.5 million and laundry will generate \$1 million in revenue for 2023, which is based on 2022 actual activity. In addition, the Other Revenue budget includes \$2.1 million in interest revenue, allocated between funds and \$0.9 million in Green Fund incentives.

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 \$24.3 million or 12% of budgeted expenditures. A net decrease of \$0.4 million or 2% from 2022 is a combination of reduction in the Public debentures & other loans, and additional expenditures, associated Infrastructure Ontario refinancing and CMHC National Co-Investment Fund Housing Repair and Renewal stream financing.

Staffing Costs

In 2023, staffing costs across all funds are estimated at \$53.6 million or 27% of budgeted expenditures, an increase of \$1.1 million or 2% from the 2022 budget. This budget includes benefits, 2.1% of Cost-of-Living adjustment (COLA), mandatory contributions, incremental movement on the salary scales, and costs associated with training. To ensure staffing and staffing related costs are tightly managed, OCHC undertook a line-by-line review of temporary staffing, overtime, events and mileage costs. In addition, staffing levels have been held flat versus 2022.

Utilities

Utility costs are estimated at \$27.8 million or 14% of expenses, an increase of \$1.1 million or 4% from 2022 budget. Utility expenses are impacted by rates increases for gas, electricity and water. There are also incremental utility costs for added homes in 2022.

- Water expenses are estimated at \$13.1 million; an increase of \$0.6 million or 4.9% from 2022 budget. The increase is related to a water rate increase of 4.3% and added consumption for new homes added to the portfolio.
- Hydro expenses are estimated at \$8.5 million; a decrease of \$0.2 million or 2.3% from 2022 budget is due to anticipated decreases in the Global Adjustment Charges.
- Gas expenditures are budgeted at \$6.2 million; an increase of \$0.7 million and is related to significant increase worldwide in gas prices and 26% increase in carbon tax for 2023.

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 2023, costs for building operations across all funds are estimated at \$81.8 million, or 41% of budgeted expenditures, and have increased by \$2.9 million against the 2022 budget, or 4%. The Operating Fund portion of the Building Operations costs shows an increase of \$2 million, or 7.6%, which is linked to the increased inflationary changes due to general inflationary environment (\$0.8 million), increases resulting from snow (\$0.4 million) and landscaping (\$0.3 million) contract renewals, significant volume related increases in waste removal costs (\$0.3 million) and costs for associated with addition of the 811 Gladstone and Jockvale properties to the portfolio (\$0.2 million).

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 been held flat versus 2022 budget. The Operating Fund portion of the Administration and Other costs shows a net decrease of \$0.3 million, which is related to the significant decrease of \$0.7 million in professional fees due the increased focus on the management of discretionary expenses. This decrease is partially offset by increases in property tax, information systems costs and liability insurance.

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 slowing beginning to appear on the market. As aging fleet vehicles are decommissioned, OCHC wishes to replace gasoline powered vehicles with hybrid and electric vehicles. In this estimate, there are 15 vehicles scheduled to be replaced in 2023 at a total cost of \$1.4 million. A transfer of \$0.6 million will be made from the Capital Reserves Fund to support funding for future acquisitions under this program.

Green Fund

In 2023, Green Fund expenditures are estimated at \$2.4 million, an increase of \$1.5 million from the 2022 budget. Current estimates for 2023 include incremental increase of \$1 million for renewable project for Mikinak development and \$0.7 million for the building electrical outage prevention initiative.

Green Fund sources of revenue are estimated at \$0.9 million and are derived primarily from electricity generation revenue and program rebates and incentives.

In 2023, to alleviate ongoing pressures due to global events driven utilities increases, climate change impacts, and challenges presented by the inflationary environment, a transfer of \$0.3 million to the Operating Fund and \$0.8 million to the Stabilization Fund will be made from the Green Fund.



The Prefabricated Exterior Energy Retrofit (PEER) Pilot Project, Presland Road, Overbrook Community

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 2023 total budget for capital projects, excluding capital staffing costs is estimated at \$54.9 million, a decrease of \$1 million versus 2022 budget. The breakdown of capital priorities for 2023 is provided in the following table.

2022 & 2023 Capital Expenditures Budget

Capital Works Category	Capital Budget 2022 (12 Months Plan)			Capital Budget 2023 (12 Months Plan)		
	CMHC	Other	Total	CMHC	Other	Total
Roofing Program	390	420	810	230	150	380
Site Renewal Program (fencing, regrading, paving, trees)	230	400	630	210	180	390
Mechanical and Electrical Systems Renewal Program (backflow preventor program, as well as heating and electrical)	490	530	1,020	1,210	890	2,100
Fire Safety Renewal Program (generators, alarm systems, suppression systems)	980	210	1,190	320	360	680
Cladding Renewal Program (windows doors and exterior walls)	630	70	700	180	150	330
Structural Repair Program	100	200	300	210	90	300
Elevator Modernization Program	40	230	270	70	90	160
District Based Priorities	-	90	90	-	-	-
Interior Finishes Renewal Program	410	-	410	-	-	-
Welcome Home Program	-	1,200	1,200	-	-	-
Corridor Program	-	215	215	-	-	-
Deep Energy	-	-	-	3,300	-	3,300
Access Control and Target Hardening	1,360	200	1,560	1,390	-	1,390
Asphalt Pavement Repair Program	-	-	-	230	-	230
Accessibility Upgrades	-	-	-	2,000	-	2,000
Capital Works Site Specific Projects	11,030	1,990	13,020	1,925	1,640	3,565
Total Current Capital Works Program*	15,660	5,755	21,415	11,275	3,550	14,825
Capital Work Program Roll Forward (2022)	9,150	3,050	12,200	12,373	7,052	19,425
Total Capital Works Program	24,810	8,805	33,615	23,648	10,602	34,250
Non-Project & Unforeseen Projects (e.g. turnover capital expenditures)	10,188	6,870	17,058	9,512	5,640	15,152
Overbrook (Prince Albert)	-	150	150	-	-	-
Restoration	-	3,500	3,500	-	3,800	3,800
Capital Overhead (excluding salaries)	-	888	888	-	1,072	1,072
Other Capital	-	727	727	-	674	674
Total CAP	34,998	20,940	55,938	33,160	21,788	54,948

* The \$14.8 million in Capital Works Program is part of 2023/24 CWP Plan, that was approved by the Board of Directors in September 2022

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

In 2023, the capital expenditures will be carried out under multiple funding sources; primarily, the program is funded by OCHC as well as IO refinancing, funding the CMHC National Co-Investment Fund Repair and Renewal program and the City of Ottawa:

Capital Funding

- ✓ \$12.1 million generated from refinancing of two mortgages with Infrastructure Ontario,
- ✓ \$7.2 million government transfers in a form of forgivable loans from CMHC NHCF Capital Repairs stream,
- ✓ \$11.1 million loans from CMHC NHCF Capital Repairs and Renewal stream,
- ✓ \$4.2 million capital COCHI YR4 & YR5 funding,
- ✓ \$15.3 million City of Ottawa annual Capital Reserve Contributions,
- ✓ \$2.3 million of the exemption from the education portion of the property taxes (net of Debt Servicing costs for CMHC NHCF Capital Repairs and Renewal stream financing),
- ✓ \$0.3 million OCHC Capital Reserves Contributions.

In fiscal 2021 OCHC executed an agreement with the Canada Mortgage and Housing Corporation to provide \$166 million in funding under the National Co-Investment Fund Capital Repairs stream; covering the years 2020 through 2028. As per Council consent, OCHC redirects a portion of the savings from the education portion of the property taxes (\$0.7 million in 2023), generated through the property tax exemption, to service the payments related to this new debt.

For 2023, 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 2.8% at the end of 2023.

	Projection 2022	Budget 2023
Annual Backlog Capital Spend	43,882	51,324
Year End Capital Needs	94,943	87,293
Year End FCI	3.20%	2.81%
Available Funds	69,999	66,766
Use of Funds		
Planned capital	28,670	34,754
Demand capital	17,896	23,648
Project management support	8,940	10,178
Total Capital Spend	55,506	63,884
Ending Capital Reserve Balance	4,493	2,881

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 2023 Budget supports continuing development of 931 new affordable and quality homes. By the end of 2023, OCHC expects to have finished construction of 303 homes with occupancy in early 2024.

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), and funding from Commercial Lenders outlined in the table below.

Development	Added Homes	2023 Planned Capitalized Costs	City of Ottawa	2023 Planned Financing Activities			
				CMHC	RHI	CMHC Constr. Loan	Other
Mikinak	271	\$76,150	\$20,050	\$6,900	-	\$59,000	-
Jockvale Phase 1	32	\$7,040	-	-	\$4,856	-	-
Rochester Heights Phase 2	273	\$6,425	\$8,000	-	-	-	-
Gladstone Village Phase 1	336	\$10,700	\$1,000	-	-	-	\$8,200
Zibi	19	\$7,327	-	-	-	-	\$4,320
Pre-development activities	-	\$6,462	-	-	-	-	\$4,500
In Progress	931						
Rochester Heights Phase 1	140	\$4,100	\$1,830	-	-	\$3,700	-
Total 2023 Plan		\$118,204	\$30,880	\$6,900	\$4,856	\$62,700	\$17,020

Mikinak Road Development



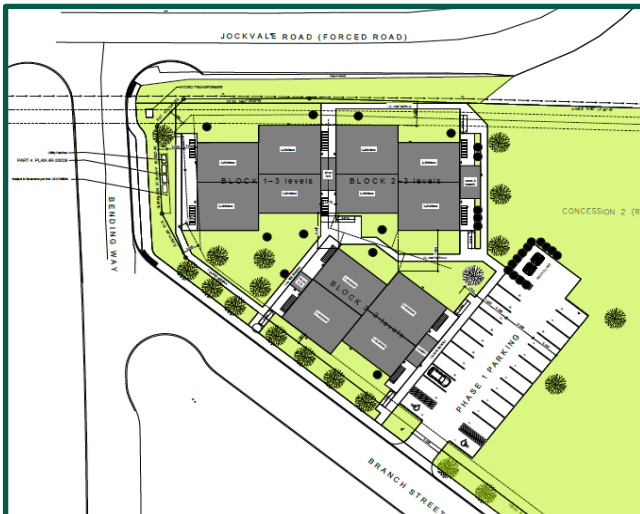
In 2019, following a City of Ottawa Request for Proposal (RFP), OCHC was selected to bid in partnership with the City of Ottawa on a CMHC affordable housing initiative at 715 Mikinak Road. The project foresees the construction of three buildings resulting in 271 affordable housing units.

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).

The project is comprised of three buildings and will result in the creation of 271 affordable housing units. It is currently under construction, with an estimated completion date of Q1 2024.

The total construction cost, over a four-year period, is estimated to be approximately \$106 million, including pre-development costs, with NHCF contributions in form of forgivable loans and construction loans to minimize OCHC equity requirements while still delivering on affordability objectives.

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.

In 2023, 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.

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 2023.

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.

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

Substantial completion of the project occurred in August 2022, with some planned additional work to be completed in 2023, along with the release of the final funding from CMHC and the City of Ottawa.

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 750 total residential homes, coupled with commercial space, park space, and sub-surface parking.

The initial build on the site will include two 9-storey buildings and three blocks of townhomes totaling 273 residential units, the construction of which will commence midyear of 2023 for a total construction cost of \$125 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.



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 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.

In 2023, OCHC will complete the infrastructure work on the site and architect activity of 338 units in the Phase 1 of the construction for estimated costs of \$10.7 million. The construction will commence in 2024.



Zibi Development



In November 2022, with the approval of the Board of Directors, OCHC entered into an agreement with Windmill Dream Zibi Ontario Inc. to acquire 19 apartments located on two floors at 300 Miwate Private, within Block 206. The purchase price of approximately \$7.3 million, is unique in that OCHC will acquire units at cost, below current construction costs for new builds.

This acquisition represents an important milestone of piloting a private partnership which will provide cost effective affordable housing units in a mutually beneficial structure.

Phased occupancy for these 19 units is expected to begin in the fourth quarter of 2023.

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 2023 budget was reviewed with the Finance and Audit Committee on September 13, 2022, and November 1, 2022 with a final review conducted on December 20, 2022, prior to approval of the budget by the OCHC Board of Directors on January 19, 2023.

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; strategic sourcing and supplier management; legal affairs; policy, privacy, performance management, Board governance, capacity development, continuous improvement and strategic and corporate performance.

Tenant Services

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: 2023 ESTIMATE BY FUND

	2022 Projections All Funds	2022 Budget All Funds	2023 Budget All Funds	2023 Estimate by Fund							Budget 2023 vs 2022	
				OP	Stab'n Fund	CAP	GF	CRF	VEH	ICA	\$	%
Use of Funds												
Debt Servicing & Amortization	23,562	24,708	24,277	24,277	-	-	-	-	-	-	(431)	-2%
Staffing Costs	51,013	52,534	53,610	42,585	-	8,936	301	1,787	-	-	1,076	2%
Utilities	26,892	26,699	27,785	27,785	-	-	-	-	-	-	1,086	4%
Building Operations	72,616	78,881	81,791	28,293	-	51,498	1,340	660	-	-	2,910	4%
Administration & Other	12,639	14,515	14,486	8,674	-	3,450	805	200	1,357	-	(29)	0%
Total Use of Funds	186,722	197,337	201,948	131,614	-	63,884	2,446	2,647	1,357	-	4,612	2%
Source of Funds												
Service Manager	59,012	62,021	59,897	55,741	-	4,156	-	-	-	-	(2,124)	-3%
Tenant Rent	85,045	74,419	87,362	87,362	-	-	-	-	-	-	12,943	17%
Other revenue	6,914	6,718	8,180	5,784	-	77	1,211	986	121	-	1,462	22%
Total Source of Funds	150,971	143,158	155,439	148,887	-	4,233	1,211	986	121	-	12,281	9%
Adjusted Projected Opening Fund Balance*	64,075	64,075	76,467	3,573	373	14,493	4,883	19,267	1,637	32,240	12,392	
Net Use & Source of Funds (+/-)	(35,751)	(54,179)	(46,509)	17,273	-	(59,650)	(1,235)	(1,661)	(1,237)	-	7,669	
Reserve Contributions	-	-	-	(17,870)	-	17,870	-	-	-	-	-	
Loan Proceeds & Non-Cash Transfers	17,873	20,018	30,378	-	-	30,378	-	122,356	-	(122,356)	10,360	
Interfund Transfer	-	-	(0)	373	(373)	(210)	-	(117,477)	630	117,056	(0)	
Other Contributions	30,269	-	-	274	800	-	(1,074)	-	-	-	-	
Fund Net Change	12,392	(34,161)	(16,131)	50	427	(11,612)	(2,309)	3,219	(607)	(5,300)	18,029	
Closing Fund Balance	76,467	29,914	60,335	3,623	800	2,881	2,574	22,486	1,030	26,941	30,421	

* Adjusted Projected Opening Fund Balance includes most recent projections and recognition of the Forgivable Loans, approved by the Board of Directors in 2022

7 APPENDIX 2: 2023 INDICIES FOR INDEXED BENCHMARK OPERATING COSTS

Source: City of Ottawa Housing Branch - September, 2023			
Item	Index	Index for 2022	Index for 2023
Admin and Maintenance	Ontario CPI All Items	3.71%	7.78%
Insurance	Ontario CPI - Homeowner's home & mortgage insurance sub index	3.52%	8.22%
Bad Debt	Ontario CPI All Items	3.71%	7.78%
Electricity	Ontario CPI - Electricity sub index	18.61%	3.74%
Water	Ontario CPI - Water sub index	3.42%	3.50%
Natural Gas	Ontario CPI - Natural gas sub index	17.20%	16.08%
Capital Reserves	Ontario CPI All Items	3.71%	7.78%