

**NOTICE OF MEETING**

The next regular meeting of the CCOC/CCHC Board of Directors is:  
**Wednesday, April 24, 2019**

**Board Meeting call to order: 7:00 pm**  
in the meeting room at **415 Gilmour Street**

**AGENDA FOR THE CCHC BOARD OF DIRECTORS MEETING**

1. Call to order
2. Adoption of agenda
3. Declaration of conflict of interest
4. Adoption of the Board minutes of March 27, 2019
5. Business arising from the previous minutes
6. Rental Committee Report
7. Facilities Management Committee Report\*\*\*
8. Finance Committee Report \*\*
  - a. Audited Financial Statements
9. Other Business
10. Adjournment

You can view all CCOC policies, job descriptions, bylaws, past minutes and a veritable treasure trove of information on this website:

[ccochohousing.org/book](http://ccochohousing.org/book)

**Password: board**  
(it's case-sensitive)

- \* The committee didn't meet before the Board packages were sent.  
\*\* The committee report wasn't ready when the Board packages were sent  
\*\*\* The committee did not meet this month.

## **AGENDA FOR THE CCOC BOARD OF DIRECTORS MEETING**

- 1.** Call to order
- 2.** Adoption of agenda:
- 3.** Adoption of March 27, 2019 minutes
- 4.** Declaration of conflict of interest
- 5.** Business arising from the previous minutes
  - a)** Percy & Lisgar borrowing
  - b)** Alternatives to calling police
  - c)** Updating Committee Terms of Reference
- 6.** Executive Committee Report
- 7.** Personnel Committee Report
  - a)** Corporate Services “group”
- 8.** Finance Committee Report
  - a)** Bad debt
  - b)** Audited Financial Statements 2018
  - c)** Borrowing resolution 283 Arlington
  - d)** Borrowing resolution Percy School
- 9.** Development Committee Report\*\*
  - a)** Arlington Redevelopment
  - b)** Development Strategy
  - c)** Cahdco land purchase (*in camera*)
- 10.** Tenant and Community Engagement Committee
  - a)** Doug DesBrisay Good Neighbour Award
- 11.** Facilities Management Committee Report \*\*\* (no meeting)
- 12.** Rental Committee Report
  - a)** Policy updates
- 13.** Policy Research and Advocacy Committee (PRAC!)
  - a)** Provincial Budget
- 14.** Corporate Business
  - a)** Nominations & appointments sub-committee
  - b)** 2018 Indicator Report
  - c)** 2019-2022 Workplan
  - d)** June board workshop
- 15.** Conference / Associations' Report
  - a)** CHRA Congress 2019
- 16.** Other Business
- 17.** Adjournment

# Centretown Citizens Housing Cooperative

## Minutes of the CCHC Board of Directors Meeting of Wednesday, March 27, 2019

**Present:** Dallas Alderson (Vice President/Chair), Glenn Allen, Abra Adamo, Josh Bueckert (Treasurer), Sarah Button, James Clark, Penny McCann, Andrew McNeill, Lee Pepper, AnaLori Smith (Secretary), Jesse Steinberg, Chris Yordy,  
*Staff:* Ray Sullivan, Adella Khan (recorder)

**Regrets:** Kerry Beckett, Bill Rooney (President)

**Guest:** Reaz Zaman

1. **Call to order**

The meeting was called to order at 7:04 p.m.

Dallas welcomed our guest, Reaz! He is interested in running for the Board so he's here to check it out.

2. **Adoption of agenda**

The Board adopted the agenda as presented but moved all *in camera* items to the end of the meeting to accommodate a guest at the meeting. (M/S/C, James Clark/Abra Adamo)

3. **Declaration of conflict of interest** – none.

4. **Adoption of the Minutes**

The board adopted the minutes of February 27, 2019 meeting. (M/S/C, Lee Pepper/Sarah Button)

5. **Business arising from the previous minutes** – none.

6. **Rental Committee Report** – none.

7. **Facilities Management Committee Report** – none.

8. **Finance Committee Report** – none.

9. **Other Business** – none.

10. **Adjournment** – The meeting was adjourned at 7:12 p.m. (M/S/C, Josh Bueckert)

**Next meeting:**  
**7:00 pm Wednesday, April 24, 2019**  
**in the meeting room at 464 Metcalfe Street**

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Secretary of the Board

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Date

## **Minutes of the CCOC Board of Directors Meeting of Wednesday, March 27, 2019**

**Present:** Dallas Alderson (Vice President/Chair), Glenn Allen, Abra Adamo, Josh Bueckert (Treasurer) , Sarah Button, James Clark, Penny McCann, Andrew McNeill, Lee Pepper, AnaLori Smith (Secretary), Jesse Steinberg, Chris Yordy,  
*Staff:* Ray Sullivan, Adella Khan (recorder)

**Regrets:** Kerry Beckett, Bill Rooney (President)

**Guest:** Reaz Zaman

### **1. Call to order**

The meeting was called to order at 7:13 p.m.

### **2. Adoption of Agenda**

The Board adopted the agenda as presented, with all items not specifically noted on the agenda being accepted on consent, but moved all *in camera* items to the end of the meeting to accommodate a guest at the meeting. (M/S/C, Josh Bueckert/Lee Pepper)

### **3. Adoption of the Minutes**

The board adopted the regular minutes of February 27, 2019 meeting.

(M/S/C, Sarah Button/Penny McCann)

### **4. Declaration of conflict of interest - none**

### **5. Business arising from the previous minutes**

#### **a) Percy & Lisgar borrowing**

CCOC is refinancing these two properties – Percy School to pay for work there, as well as the office reno, and 258 Lisgar to pay for all of the work planned there. We're almost done with the process of financing Percy School through the Royal Bank. We're trying to refinance 258 Lisgar through the CMHC co-investment fund and we are at the second stage of that long application process.

#### **b) Alternatives to calling police**

Staff are still researching alternate options.

#### **c) Updating Committee Terms of Reference**

We will come back to this in April or May. It's in progress!

### **6. Executive Committee Report**

#### **a) Policy on Standing Committees**

There are a few proposed changes the board needs to approve. First, the rental committee had a different structure than others based on previous needs when there

was more confidential work that went to Rental Committee. The committee sent the policy to Executive Committee to determine if the policy was still needed and they decided it isn't needed.

The members had some discussion around formalizing a role for Past President in Executive committee. There was some debate and the board decided to table the topic for further discussion.

Otherwise, existing language was strengthened to be clearer; a policy around Chairs was changed to reflect the actual workings of committee chairs; gender specific and binary language has been removed.

The Board moved to adopt the revised Policy on Standing Committee Composition.

(M/S/C, Josh Bueckert, Andrew McNeill)

## **7. Personnel Committee Report**

### **a) Compensation Fairness Review**

The Board went over the Personnel minutes and the bigger changes already approved by Personnel Committee. We are introducing a job equity evaluation tool. Staff wanted to ensure they could appeal the decisions made within the Compensation Fairness Review. We are also introducing a new way of determining raises, with a different scale for poor, good, or exemplary performance. Staff originally requested this. The change in the policy for salary increases is 2% raise for good performance, 3% raise for exemplary work, but specifically not including volunteer-based work. Less than good performance will not merit a raise that year. Everyone always gets annual cost-of-living increases.

## **8. Finance Committee Report (joint meeting with Development)**

### **a) Beaver Barracks Settlement**

This is a bit of a formality on an issue we discussed previously regarding how to allocate the \$200,000 settlement we got from the lawsuit regarding plumbing related to the heat pumps.

**Motion:** to move the proceeds of \$209,408.08 from the settlement to the Beaver Barracks replacement reserve fund. (M/S/C, Josh Bueckert/Andrew McNeill)

## **9. Development Committee Report (joint meeting with Finance)**

### **a) Arlington Redevelopment**

Ray has good news! We did a pressurized air test and the lower quadrants weren't performing as well as the others but it turned out to be that we were blocking the ventilation ducts from the inside but leaving them open on the outside. Once we blocked them outside, it worked wonderfully and we did far better. Energy performance wise, we are exceeding passive house standards. We think the builder will be applying for an occupancy permit so we might be moving tenants in by early or mid May. When the snow clears, we'll have a party!

- b) Development Strategy:** For tonight, Ray is just touching on high level pieces but next month someone from Development will give the Board a full presentation. There was a time when government programs would fund or finance 100% of resources to develop a project. Those times are gone. There are good opportunities but you need to put equity into the project, and your ability to borrow is only based on expected surpluses from the project. Some lenders are also looking for a comfortable corporate level of surpluses. If we want to develop, this is the condition we need to be in. We have to look at our operating costs and our revenues. If we can increase surpluses, that gives us more money to build. If we follow the draft recommendations of the strategy, we will better integrate asset planning for existing buildings with our development planning. This could lead to more redevelopment decisions. The majority of our properties are in good condition. Some, we're not sure we can maintain or improve and may need to look into alternatives. We will also need to build equity for development alongside our capital repair reserves. As we do budget planning for 2020 we need to look at our Net Operating Income because the surpluses we generate will put us into a better position for development.

## **10. Tenant and Community Engagement Committee**

**a) Shopping cart pilot**

It's on! It's going well and we've only once had any issue of it not going where it needs to be put back. This pilot was the result of a resolution at the AGM last year.

**b) Anti-racist organizational change**

TCE is preparing work on an anti-racist organizational change initiative. It will likely include some kind of diversity and inclusionary training for board and committee volunteers.

**c) Global name change in policies**

We need to do a broad name change in our documents.

The Board moved to update all of the existing documents or anything referencing "Membership and Communications" to instead say "Tenant and Community Engagement".

(M/S/C, AnaLori Smith, Lee Pepper)

## **11. Facilities Management Committee Report (accepted on consent)**

## **12. Rental Committee Report \*\*\* (no meeting)**

## **13. Policy Research and Advocacy Committee (PRAC!)**

**a) 2019 Federal Budget**

There was a lot of stuff more broadly aimed at housing affordability, though not non-profits. The Board looked over ONPHA's summary.

**b) Glossary of "affordable housing"**

It's a really interesting piece that tries to inform our work collectively with other organizations in the sector so that we can use the same language and be on the same playing field. It also acts as a way of demonstrating the diversity of things that we're talking about when we talk about affordable housing.

#### **14. Corporate Business**

- a) **Nominations & appointments sub-committee:** the committee reported that we have two new nominees confirmed and a couple more who are thinking about it.

#### **15. Conference / Associations' Report**

- a) **HSC Regeneration Forum:**  
Sarah and Ray attended and told the Board about it!

#### **16. Other Business**

- a) ***In camera* minutes for CCHC and CCOC.**

The Board approved the *in camera* minutes for the CCHC February 27, 2019 board meeting.  
(M/S/C, Lee Pepper/Chris Yordy)

The Board approved the *in camera* minutes for the CCOC February 27, 2019 board meeting.  
(M/S/C, Abra Adamo/Chris Yordy)

- 17. Adjournment:** The board moved to adjourn the meeting at 9:20 p.m. (M/C, James Clark)

CCOC/CCHC EXECUTIVE COMMITTEE

**Minutes**

Monday, April 8, 2019  
**at 415 Gilmour**

**Present:** Dallas Alderson (Chair), Josh Bueckert, James Clark, AnaLori Smith,  
Ray Sullivan (staff)

**Regrets:** Kerry Beckett, Penny McCann, Bill Rooney

1. **Call to order:** 7:45
2. **Approval of the agenda:** (Moved/Seconded/Carried, James/Josh)
3. **Approval of minutes from March 18, 2019:** (M/S/C, Josh/James)
4. **Business Arising:**
  - a) **Office Renovation:** Executive committee members got a guided tour of the new office, now 98% finished.
  - b) **Arlington Redevelopment**

**Background:** Demolition and re-development of CCOC's 143-153 Arlington property is scheduled for July 2017 to ~~July August September October November December January~~ April 2019.

**Update:** the project is almost finished. We will be committing apartments soon.
5. **Reviewing Directors' meeting:** next meeting April 11
6. **New Business:** none
7. **Programs/Policy:**
  - a) **Expiry of mortgages** (provincial portfolio): Ray gave an update on the ONPHA working group on end of mortgages (EOM) and presented the Co-op Housing Federation (CHF) paper on the topic. CHF is taking the position that, after mortgages under Housing Services Act programs are paid fully paid out, rent subsidies and property tax subsidies should continue, and operating subsidies should continue but never fall into negative values. Some municipal service managers are uncomfortable with that position, since it would reduce their subsidy budgets by much less. The sector generally expects some movement on this policy issue from the Government of Ontario after the provincial budget is released later this week.



**8. Residential Tenancies Act (RTA) Proceedings:**

**a) Non-payment:**

The committee reviewed the list and moved “That staff be authorized to proceed with eviction for non-payment in the case of **3** tenants.

**(m/s/c, Josh/James)**

**b) Other reasons:**

The committee reviewed the list and moved “That staff be authorized to proceed with eviction in the case of **3** tenants for substantial interference.”

**(m/s/c, Josh/James)**

**9. Strategic Plan:** A draft 2019-2022 workplan will come to the board at the end of April.

**10. Cahdco Update:** Cahdco will purchase two properties in Lindenlea at the end of the month. They were intended for a seniors co-housing development project, but the co-housing partner seems unable to continue. Cahdco will fall back to plan B, which is to develop the site as affordable homeownership or make it available for another Cahdco client. On April 16 the CCOC Exec and Cahdco Exec will meet with CCOC board members on the CCOC Development committee to discuss governance and reporting matters between the two corporations.

**11. Other business**

**a) Past President:** At the last Board meeting, there was a short discussion of whether CCOC should create a formal Past-President position on the Board or on Executive Committee. Executive Committee agreed that while it may sometimes be useful, there doesn't seem to be a strong need to formally create such a role in the bylaws.

**b) May meeting:** The May meeting would be the same week as the AGM (which also includes a short Board meeting). Committee members decided to waive the need for a May meeting, unless something big comes up.

**12. Adjournment:** 8:40 (m/c, Josh)

CCOC PERSONNEL COMMITTEE

**MINUTES**

**5:30pm, Monday, April 8, 2019**

**415 Gilmour (apartment 304)**

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**Present:** Dallas Alderson (chair), Sue Lott, Zak Spelay, Pascal St-Amour, Hannah Vlaar, Doris Zastre

**Staff:** Ray Sullivan (staff resource), Tessa Hill (recorder)

**Regrets:** Jane Dickinson, Kerry Beckett

1. **Call to order:** 5:32pm
2. **Approval of the agenda:** Considering the large *in camera* items, the committee members decided to skip all items with the exception of New Business items and a third New Business item was added.  
(M/S/C, H. Vlaar/P. St-Amour)
3. **Approval of the March 18, 2019 minutes:** Deferred to next meeting (on this note: the May 13<sup>th</sup> meeting is cancelled unless something urgent comes up).

4. **Staffing Updates:** Deferred to next meeting.

5. **Training:** Deferred to next meeting.

6. **New Business:**

**a) Overtime policy**

**Background:** The overtime policy for directors and supervisors is out of date and needs to be updated to reflect the new position groupings from the compensation fairness evaluation.

The policy was originally written when there was only one supervisor-level employee and has not been updated since. The intention of the policy was always that all supervisor/management level positions would not accrue overtime. This was made clear in all supervisor-level offers of employment. However, it is about time the policy were updated, especially with the new job equity groupings.

The proposed changes are just bringing the policy in line with its original intent. A line has been added to specifically mention the job equity groupings so it is clear the policy applies to those employees.

The committee approves the changes to the Director and Manager Overtime policy as presented.  
(M/S/C, S. Lott/Z. Spelay)

**b) Corporate Services Supervisor**

**Background:** The current Corporate Services Supervisor has resigned. The job description needs to be updated before it gets posted (attached).

- Job Description changes:
  1. Changing the title to Corporate Services Manager to better reflect the role.
  2. Adding in a section about supervision of the communications officer and a requirement for communications experience.
  3. A line was added about serving a bit of a morale function, properly programming staff meetings and supporting internal communication
  4. Adding in slightly more IT supervision. The Director of Finance no longer plays a role in the IT system so the Corporate Services Manager will take on the full role. Most of our IT is done through a contractor so it's really just oversight and ensuring everything is working smoothly.
  5. Changed the minimum amount of experience required (to 5 years instead of 3-5 years).
  
- Compensation: the compensation line is an example of how we will be presenting our salary ranges in job postings. The line specifically mentions the minimum and mid-point as the possibilities for the hiring wage (based on education and experience) but it also lists the maximum salary range for the position.

The committee requested one change to the proposed job description: to change the wording from “ideally a CHRP designation” to “CHRP would be considered an asset”.

To note for the future: the Corporate Services team is potentially evolving into its own department with one manager and 4 direct reports. At some point in the future, we may want to treat the Corporate Services Manager as a department head.

The functional difference between it being a “team” vs “department” is that there is currently no direct committee to which the team reports. We will need to revisit this in the future. We are not ready to formally propose it yet. In the meantime, one functional thing that can be done is to have the Corporate Services Manager attend more Director’s meetings.

The committee approves the changes to the job description with the amendment to the CHRP line. (M/S/C, S. Lott/Z. Spelay – H. Vlaar abstained, all others were in favour)

**c) Job title development project coordinators:**

The intent when we update the job descriptions is to also update some job titles to better reflect the roles. However, the Development department needs to order new business cards with their move to 415 Gilmour so they are hoping to make their title changes now. The only proposed change would be to change “Development Support” to “Development Project Coordinator”. The other departments will make their changes later since it is less pressing.

The committee approves the change from “Development Support” to “Development Project Coordinator”.  
(M/S/C, S. Lott/H. Vlaar)

7. **Business Arising:**

a) **Office Reno:** Deferred to next meeting.

8. **Report from the Board & Committees:** Deferred to next meeting.

9. **Staff meetings:** Deferred to next meeting.

10. **Work plan review:** Deferred to next meeting.

11. **Other business:**

The committee moved *in camera* to deal with two separate items (M/S/C, Hannah/Pascal).

The staff recorder left the room for all in camera items. Ray Sullivan left the room for the second item.

12. **Adjournment:** 7:45

**Next meeting: 5:30pm, June 10, 2019 (May 13 meeting cancelled)  
At 415 Gilmour**

**Finance Management Committee  
Meeting Minutes  
April 18, 2019**

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**Finance committee:** Josh Bueckert (Treasurer/Chair), Rod Manchee, Michael Holmes, David Boushey, Court Miller, Domir Berberi

**Guests:** Ray Sullivan (Executive Director), Hedra Saparno (Baker Tilly LLP), Alannah Bird (1<sup>st</sup> meeting)

**Regrets:** Linda Camilleri, Kris Gordon, Nicole Rogers, James Clark, Mary Huang

**Staff:** Amanda Tompkins, Arianne Charlebois

<b>Motions for Board Approval</b>
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**MOTION (ITEM 6):** That **\$1,849.59** in Bad Debts be written off for **CCOC (February 2019)**  
m/s/c Rod/Court

**MOTION (ITEM 6):** That **\$2,843.92** in Bad Debts be written off for **CCOC (March 2019)**  
m/s/c Court/Rod

**MOTION (Item 8):** That the updated Finance Committee Term of Reference, as amended, be forwarded to the Board of Directors.

m/s/c Court/David

**MOTION (Item 10a):** That an additional \$701,000 be transferred from EOA operating income to the EOA capital replacement reserve.

m/s/c Court/Michael

**MOTION (Item 10b):** That \$450,000 be transferred from the internally restricted Top-Up replacement reserve fund to the EOA capital replacement reserve.

m/s/c Rod/Michael

**MOTION (Item 10c):** That \$250,000 be transferred from unrestricted net assets to the EOA capital replacement reserve.

m/s/c David/Michael

**Motion (Item 10d):** That the CCOC 2018 Year-end Financial Statements presented herewith, incorporating the recommended adjustments, and with any required minor amendments, be received and forwarded to the Board of Directors for approval.

m/s/c David/Court

**Motion (Item 11):** That the CCHC 2018 Year-end Financial Statements presented herewith, with any required minor amendments, be received and forwarded to the Board of Directors for approval.

m/s/c David/Michael

1. **Call to Order:** 7:05 p.m.
  - Everyone welcomed and introduced themselves to our new guest Alannah.
  
2. **Adoption of the Agenda:** Items 10 and 11 (CCOC and CCHC audit review) were moved to the top of the agenda to accommodate our guests Ray and Hedra. The agenda was adopted as amended.

**m/s/c Court/Rod**
  
3. **Declaration of Conflict of Interest:** None
  
4. **Approval of meeting minutes**
  - March 21, 2019

**m/s/c Court/Rod**
  
5. **Notices/announcements**
  - We're in the final stages of re-mortgaging Percy School, which is providing financing for the capital work done at Percy School and the office renovations.
  
6. **Bad Debt Write-off and Accounts Receivable Statistics**
  - The vast majority of bad debts from both months come from repair & maintenance charges rather than rent charges.

**MOTION:** That **\$1,849.59** in Bad Debts be written off for **CCOC (February 2019)**  
**m/s/c Rod/Court**

**MOTION:** That **\$2,843.92** in Bad Debts be written off for **CCOC (March 2019)**  
**m/s/c Court/Rod**
  
7. **Maintenance Variance Report**
  - Amanda presented the maintenance variance report for February. This report will be reviewed monthly at the Finance meeting going forward.
  - The categories of the report reflect the high-level categories of the approved budget.
  - Maintenance expenses are on track so far this year.
  - The budget for redecorating costs will be reallocated to only the last 4 months of the year in order to reflect the fact that the bulk of the work is done in September-December; this report shows the redecorating cost budget being split equally across 12 months.
  
8. **Finance Committee Terms of Reference**
  - The Executive Committee reviewed the Terms of Reference for all committees and found many inconsistencies, so they requested that committees do another review.

- The purpose for each committee is now the same, with the only difference being the department they oversee.
- The policy name in the Composition section has been updated to the “policy on Standing Committees & Board Composition,” which is the proper policy.
- All committees were asked to make sure that the Terms of Reference reflected the work of the committee rather than the department associated with the committee. Since the Finance Committee terms of reference already reflected this, there were no major changes required.
- Court was hesitant about the duty listed for the committee to ensure compliance with ASNPO, since sometimes our funding agencies have different accounting requirements that conflict with ASNPO. He suggested changing it to wording about ensuring compliance with ASNPO or financial requirements of funding agencies as applicable. The committee will make this change. [Updated version included in package].

**MOTION:** That the updated Finance Committee Term of Reference, as amended, be forwarded to the Board of Directors.

**m/s/c Court/David**

#### **9. 2019-2022 CCOC Workplan**

- Amanda presented the CCOC workplan for 2019-2022 and highlighted the items pertinent to the committee. This workplan is part of the longer-term CCOC strategic plan.
- The priority star system shows how important an item is to CCOC, with three stars being the most important items. The resource star system shows how many resources an item will require, with three stars taking the most resources.
- There are three items related to the finance portfolio: reporting and analysis, Yardi, and looking at shared services.
- The reporting piece will include developing key indicators and finding good comparative data.
- The Yardi piece will include a potential manual and training program. We also have a lot to learn about Yardi and its capabilities. The start date for this is set for June 2020 to make sure that we fully understand Yardi before creating training materials.
- The shared services piece will be undertaken with the Maintenance department. We want to explore what services we provide that we could offer to other organizations, and how we would go about providing those services.
- Court asked if the Finance department will be involved in the Development item relating to the CCOC/Cahdco MOU. Amanda said that the department will provide any support needed. Amanda will also suggest to Graeme, the Cahdco President, that he keep the Finance Committee involved in the progress of this.

**10. CCOC 2018 Audit**

- Hedra Saparno from Baker Tilly LLP presented the 2018 audited financial statements and discussed the methodology and structure of the audit.
- CCOC received a clean opinion.
- The corporation's level of materiality for 2018 was \$440,000.
- CCOC finished the year with a surplus of \$1,546, following the transfer of the additional \$701,000 from operating income to the replacement reserve fund. (Statement of Combined Operations, pgs. 6-7).
- CCOC Statement of Financial Position (pg. 4):
  - Properties under construction includes costs relating to the office renovation and the Arlington property redevelopment. These costs will be moved to capital assets in 2019 (as they will then be complete).
  - The capital asset amortization is not based on the life of the building, but is tied to the length of the mortgages. This follows requirements as per CHMC policy rather than GAAP, and makes the net value of capital assets appear smaller than expected, since several properties have paid off their mortgages and therefore have net book value of \$0.
  - The deferred incentives line is based on incentives we received from Reliance when we switched all of our hot water tank contracts to them.
  - The only 2 properties left in Section 95 (210 Gloucester and 20 Robinson) both ended 2018 with deficits, so there were no contributions to the NHA 95 subsidy surplus fund.
- CCOC Statement of Combined Operations (pgs. 6-7):
  - The lawsuit settlement line refers to the settlement received from the case against ZW et al. for HVAC deficiencies at Beaver Barracks. An additional allocation to the replacement reserve, equal to the revenue, was made in accordance with the motion at last month's meeting.
- Three properties moved out of the NHA portfolio and into the EOA portfolio in 2018. These three properties all had deficits in their replacement reserve, which resulted in a large negative value in the EOA replacement reserve fund. Additionally, more capital replacements were made during the year than available reserve balance. Because of this, a total of \$700,000 was moved out of the internally restricted top-up replacement reserve fund and unrestricted assets and into the EOA replacement fund. This leaves the EOA replacement reserve fund with a deficit of \$8,603. Hedra highlighted that for the next few years CCOC should make sure to contribute sufficient funds to the EOA replacement reserve funds to ensure it covers off the replacements required.
- The balances on the EOA capital replacement reserve side were expected for 2018 in our long-term financial plan for 2018. We forecast 2019 to be similarly low.



- We qualified for the HST rebate again in 2018 with the proportion of funding from government sources over 42%.
- David asked if we expect our geothermal fees received from tenants ever to equal our geothermal exchange fees paid by CCOC. Amanda responded that these will never be equal due to the portion of the fees that covers the common area space.
- The committee thanked staff for their hard work and dedication on the audit, which is always challenging and time-consuming.

**MOTION:** That an additional \$701,000 be transferred from EOA operating income to the EOA capital replacement reserve.

**m/s/c Court/Michael**

**MOTION:** That \$450,000 be transferred from the internally restricted Top-Up replacement reserve fund to the EOA capital replacement reserve.

**m/s/c Rod/Michael**

**MOTION:** That \$250,000 be transferred from unrestricted net assets to the EOA capital replacement reserve.

**m/s/c David/Michael**

**MOTION:** That the CCOC 2018 Year-end Financial Statements presented herewith, incorporating the recommended adjustments, and with any required minor amendments, be received and forwarded to the Board of Directors for approval.

**m/s/c David/Court**

#### **11. CCHC 2018 Audit**

- Hedra presented the 2018 CCHC statements, which also received a clean opinion.
- CCHC's level of materiality was \$8,000.
- CCHC finished 2018 with a surplus of \$4,696 (Statement of Operations, pg. 6).
- CCHC Balance Sheet (pg. 4):
  - The mortgage still looks like it will be fully repaid in 2021 (Note 4, pg. 12). This may fluctuate slightly since interest rates for this mortgage change annually. We expect rent subsidies to continue until the end of the operating agreement in 2023.
  - The co-op was able to contribute to its capital replacement reserve for the first time in a few years, with a contribution of \$2,243.
- The deficiency of net assets was reduced compared to 2017 from \$361,693 to \$356,997
- CCHC Operations (pg 6):
  - Low vacancy rates throughout the city helped the co-op's revenues.
  - Low maintenance costs contributed to lower-than-expected expenses.

## FINANCE COMMITTEE

April 18, 2019

**MOTION:** That the CCHC 2018 Year-end Financial Statements presented herewith, with any required minor amendments, be received and forwarded to the Board of Directors for approval.

m/s/c David/Michael

### 12. May Meeting Date

- The scheduled May meeting date conflicts with the AGM. Amanda suggested cancelling the May meeting and recommended that committee members attend the AGM instead. The committee agreed. The next meeting will be June 20<sup>th</sup>.

### 13. Motion to Adjourn:

The meeting ended at 8:59 p.m.

m/c Court

**ACCOUNTS RECEIVABLE STATISTICS - CCOC & CCHC COMBINED**

	ARREARS			EVICTIONS			BAD DEBTS WRITTEN OFF*			New 09/18	VACANCY COSTS				
	Active Tenants	Moved Tenants	Total Arrears	Form 4's	Evictions	NSF's	Sent to Collections	RENT ARREARS	R&M CHARGES	TOTAL BAD DEBTS	Bad Debt Recovery	Rents Payable	Vacancy Cost	Current %	YTD %
Jan-18	\$52,578	\$48,005	\$100,584	16		22		3,807	30,053	\$33,860	\$847	981,475			
Feb-18	\$45,400	\$15,286	\$60,686	17	2	13		1,442	2,208	3,650	522	980,228			
Mar-18	43,218	11,188	54,406	19		8	6		586	586	511	983,253			
Apr-18	75,821	35,698	111,519	15		10	1	1,074		1,074	2,388	990,791			
May-18	26,303	69,896	96,200	26	2	14	5	7,166	581	7,747	1,900	995,362			
Jun-18	38,696	69,019	107,715	19		12		553	519	1,073	865	993,194			
Jul-18	61,145	67,006	128,151	17		11	17	1,317	23,525	24,842	696	985,786			
Aug-18	45,674	65,557	111,231	23	2	12	4	5,901	31,003	36,904	1,354	992,461			
Sep-18	45,652	58,045	103,697	22		13	4	\$539	\$333	872	226	996,243			
Oct-18	55,335	51,942	107,276	7		19	5		4,048	4,048	440	1,000,803			
Nov-18	47,714	57,100	104,814	17		9		3,918.00	50.86	3,969	669	\$1,000,511			
Dec-18	46,188	50,223	\$96,412	18	1	3	6	10,113.09	751.05	10,864	370	\$997,028			
	\$48,644	49,914	\$98,557	216	7	146	48	\$35,830	93,658	\$129,488	\$10,788	\$11,897,136			

Note: \* Rent arrears for tenants who have moved out are always sent to Collections. Once the amounts owing reach 90-days overdue, they are presented for write-off (recorded as Bad Debts Expense). Any eventual recoveries are "netted" against Bad Debts charged on the Property income statements.

	ARREARS			EVICTIONS			BAD DEBTS WRITTEN OFF*			New 09/18	VACANCY COSTS				
	Active Tenants	Moved Tenants	Total Arrears	Form 4's	Evictions	NSF's	Sent to Collections	RENT ARREARS	R&M CHARGES	TOTAL BAD DEBTS	Bad Debt Recovery	Rents Payable	Vacancy Cost	Current %	YTD %
Jan-19	\$45,512	\$28,247	\$73,759	17		11	2	190	6,252	\$6,442	\$555	1,004,069			
Feb-19	\$45,533	\$23,280	\$68,814	11		6	1	24	1,826	1,850	5,667	1,004,731			
Mar-19	31,558	33,480	\$65,039	16		9	4		2,844	2,844	370	1,011,317			
Apr-19															
May-19															
Jun-19															
Jul-19															
Aug-19															
Sep-19															
Oct-19															
Nov-19															
Dec-19															
	\$40,868	28,336	\$69,204	44		26	7	\$214	10,922	\$11,136	\$6,592	\$3,020,117			

Note: \* Rent arrears for tenants who have moved out are always sent to Collections. Once the amounts owing reach 90-days overdue, they are presented for write-off (recorded as Bad Debts Expense). Any eventual recoveries are "netted" against Bad Debts charged on the Property income statements.

Rent arrears % of rents payable	6.43%
Bad debt % of rents payable	0.28%

Annual bad debt budget	59,160
Rent bad debt % of budget	0.4%

<-based on current month being reviewed  
<-based on current month being reviewed

Report Period: Feb 2019

Expense Item	MTD Actual	MTD Budget	MTD Variance (\$)	MTD Last Year	YTD Actual	YTD Budget	YTD Variance (\$)	YTD Last Year
Common Area R&M	171,042	187,115	16,073	162,934	335,279	374,230	38,951	334,440
Insuite R&M	51,059	52,536	1,477	36,552	113,266	105,072	-8,194	69,295
Turnover R&M	47,013	45,314	-1,699	33,900	78,579	90,628	12,049	63,948
Redecorating	0	1,773	1,773	1,295	0	3,546	3,546	1,295
Other*	468	-453	-921	68,117	705	-906	-1,611	136,752
<b>Total Maintenance Expenses</b>	<b>269,582</b>	<b>286,285</b>	<b>16,703</b>	<b>302,799</b>	<b>527,829</b>	<b>572,570</b>	<b>44,741</b>	<b>605,729</b>

\*Other includes capital admin consultant, chargebacks, tenants refunds, and other misc. expenses

**Comments:**

Common Area R&M: Favourable variance for West side due to building cleaning \$5042.

Insuite R&M: Slight unfavourable variance for West side due to higher plumbing and CCOC general repair calls.

Turnover R&M: Unfavourable for East side due to high ccoc repairs, contract cleaning and flooring refinishing.

East side MTD actual costs are in line with MTD budget.

West side MTD actual costs are favourable with MTD Budget.

**Centretown Citizens Ottawa Corporation**  
**Financial Statements**  
For the year ended December 31, 2018

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## Independent Auditor's Report

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### To the Members of the Centretown Citizens Ottawa Corporation

#### Opinion

We have audited the financial statements of Centretown Citizens Ottawa Corporation (the "corporation") which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the operating agreement dated January 1, 1990 between Centretown Citizens Ottawa Corporation and Canada Mortgage and Housing Corporation (the operating agreement).

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to the summary of significant accounting policies accompanying the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Centretown Citizens Ottawa Corporation to comply with the reporting provisions of the operating agreement referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of Centretown Citizens Ottawa Corporation and Canada Mortgage and Housing Corporation and should not be used by parties other than the Directors of Centretown Citizens Ottawa Corporation or Canada Mortgage and Housing Corporation.

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## Independent Auditor's Report (continued)

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### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the operating agreement dated January 1, 1990 between Centretown Citizens Ottawa Corporation and Canada Mortgage and Housing Corporation (the operating agreement), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.

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## Independent Auditor's Report (continued)

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### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

As required by the Ontario Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario



## Centretown Citizens Ottawa Corporation Statement of Financial Position

**December 31** **2018** **2017**

### Assets

#### Current

Cash (Note 1)	\$ 1,618,629	\$ 2,137,416
Short-term investments (Note 1)	238,500	238,500
Accounts receivable (Note 2)	627,691	669,812
Prepaid expenses	783,578	691,543
Due from related corporations (Note 3)	763,853	620,570

**4,032,251** **4,357,841**

#### Long-term investments (Note 1)

**7,651,414** **7,463,385**

#### Properties under construction

**5,351,619** **1,365,744**

#### Capital assets (Note 4)

**87,293,139** **92,116,541**

#### Prepaid land rent (Note 5)

**1,522,063** **1,547,420**

**\$ 105,850,486** **\$ 106,850,931**

### Liabilities, Capital Replacement Reserve and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 6)	\$ 3,159,231	\$ 1,637,896
Accrued mortgage interest	213,218	225,087
Deferred revenue and tenant deposits	233,082	147,140
Current portion of mortgages payable (Note 7)	3,815,982	3,233,013
Renewable balance of mortgages payable	2,155,679	8,987,751

**9,577,192** **14,230,887**

#### Mortgages payable (Note 7)

**64,373,708** **60,095,593**

#### Deferred contributions related to capital assets (Note 8)

**11,495,653** **11,861,325**

#### Deferred incentives (Note 9)

**72,030** **82,320**

**85,518,583** **86,270,125**

#### Capital replacement reserve (Schedule 1)

**8,997,591** **8,481,811**

#### NHA 27 operating reserve (Note 11)

**14,924** **14,795**

#### NHA 95 subsidy surplus fund (Note 10)

**-** **146,912**

**9,012,515** **8,643,518**

#### Contingencies (Note 13)

#### Net assets

NHA 27 Program	515,698	481,368
NHA 95 Program	(85,558)	32,498
EOA Properties	467,670	(1,830)
Provincial Reform Program - shelter	626,089	613,253
Provincial Reform Program - non-shelter	60,638	55,009
Non-Program Properties	(308,452)	(320,452)
Beaver Barracks Properties	(1,884,276)	(1,463,334)
Internally restricted funds (Note 12)	776,185	1,220,171
Invested in capital assets (Note 14)	8,765,053	9,486,279
Unrestricted (deficit)	2,386,341	1,834,326

**11,319,388** **11,937,288**

**\$ 105,850,486** **\$ 106,850,931**

On behalf of the Board:

\_\_\_\_\_ President \_\_\_\_\_ Treasurer

**Centretown Citizens Ottawa Corporation**  
**Statement of Changes in Net Assets**

**For the year ended December 31**

	NHA 27 Program	NHA 95 Program	EOA Properties	Provincial Reformed Program- Shelter	Provincial Reformed Program- Non-Shelter	Non- Program Properties	Beaver Barracks Properties	Internally Restricted Funds (Note 12)	Invested in Capital Assets (Note 14)	Unrestricted	2018 Total	2017 Total
<b>Balance, beginning of year</b>	\$ 481,368	\$ 32,498	\$ (1,830)	\$ 613,253	\$ 55,009	\$ (320,452)	\$ (1,463,334)	\$ 1,220,171	\$ 9,486,279	\$ 1,834,326	\$ 11,937,288	\$ 11,532,454
<b>Net income (loss) for the year</b>	29,986	(85,558)	360,792	18,465	-	12,000	(420,942)	-	-	86,803	1,546	386,691
<b>Investment in capital assets</b>	-	-	-	-	-	-	-	-	(471,226)	471,226	-	-
<b>Interest</b>	4,344	-	-	-	-	-	-	6,014	-	(6,014)	4,344	9,952
<b>Interfund transfers (Note 15)</b>	-	(32,498)	108,708	-	-	-	-	(450,000)	(250,000)	-	(623,790)	8,191
<b>Interfund transfer for net non-shelter results</b>	-	-	-	(5,629)	5,629	-	-	-	-	-	-	-
<b>Balance, end of year</b>	\$ 515,698	\$ (85,558)	\$ 467,670	\$ 626,089	\$ 60,638	\$ (308,452)	\$ (1,884,276)	\$ 776,185	\$ 8,765,053	\$ 2,386,341	\$ 11,319,388	\$ 11,937,288

## Centretown Citizens Ottawa Corporation

### Statement of Combined Operations - All Programs and Properties

**For the year ended December 31** 2018 2017

	Budget	Actual	Actual
<b>Revenue</b>			
Market rent	\$ 18,500,765	\$ 18,609,602	\$ 18,310,876
Less: Subsidies to tenants	6,914,213	6,683,504	6,798,652
Rent before vacancy cost	11,586,552	11,926,098	11,512,224
Less: Vacancy cost	373,742	212,490	295,501
Rent received from tenants	11,212,810	11,713,608	11,216,723
Interest rate reduction subsidy	53,961	27,148	41,514
Alternative HP Subsidy	74,916	74,916	73,896
Canadian Mental Health Association rent supplement	34,986	22,678	42,538
Rent geared-to-income supplement	2,126,079	2,039,384	2,099,886
Provincial reformed subsidy	4,988,163	4,750,010	4,932,635
Provincial affordability payment	667,744	667,744	667,744
Geothermal fees	202,205	211,157	205,322
Electricity fees	112,392	78,638	92,510
Commercial rent	132,737	195,645	190,124
Amortization of deferred contributions (Note 8)	815,675	815,672	815,672
Transfer from NHA 95 subsidy reserve (Note 10)	-	70,704	77,482
Parking	525,480	526,676	513,593
Laundry	302,942	291,189	297,539
Interest	139,000	83,455	92,423
Lwsuit settlement	-	216,983	-
Administration fees and sundry	74,141	55,766	64,732
	<b>21,463,231</b>	<b>21,841,373</b>	<b>21,424,333</b>
<b>Expenses</b>			
Administration (Schedule 2)	2,164,277	2,332,964	1,924,945
Alternative HP subsidy distributed	97,875	97,875	96,776
Amortization of rental property			
Externally financed	4,833,611	4,802,174	4,661,760
Internally financed	93,010	93,010	89,907
Mortgage interest			
Externally financed	2,589,398	2,590,530	2,757,109
Internally financed	91,618	91,441	92,961
Bad debts	51,054	82,903	57,279
Geoexchange fees	241,854	246,691	243,260
Heat	495,652	396,944	448,879
Hydro	918,747	695,556	818,563
Insurance	287,030	287,309	294,328
Land rent	25,470	25,358	26,772
Maintenance and repairs	4,152,137	4,227,842	4,163,585
Miscellaneous	22,464	37,382	19,786
Municipal taxes	2,990,747	3,092,018	2,948,502
Provision for capital replacements	1,170,649	2,138,285	1,765,830
Sales taxes (GST/HST)	98,860	34,614	98,310
Water	655,920	653,734	620,369
	<b>20,980,373</b>	<b>21,926,630</b>	<b>21,128,921</b>
<b>Project operations income (loss)</b>	<b>482,858</b>	<b>(85,257)</b>	<b>295,412</b>

**Centretown Citizens Ottawa Corporation**  
**Statement of Combined Operations - All Programs and Properties**  
(continued)

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Other revenue (expenses)</b>		
Development costs (Schedule 2)	-	(34,013)
Maintenance contract		(25,234)
- Revenue	-	396,705
- Expenses	-	(281,909)
Gain on disposal of capital asset	-	-
Membership fees and other	-	19,259
	<b>6,020</b>	<b>2,234</b>
	<b>86,803</b>	<b>91,279</b>
<b>Net income for the year</b>	<b>\$ 482,858</b>	<b>\$ 1,546</b>
	<b>\$ 386,691</b>	

## Centretown Citizens Ottawa Corporation Statement of Operations - NHA 27 Program

<b>For the year ended December 31</b>	<b>2018</b>		<b>2017</b>
	Budget	Actual	Actual
<b>Revenue</b>			
Market rent	\$ 329,067	\$ 330,386	\$ 324,878
Less: Subsidies to tenants	179,685	176,150	188,313
Rent before vacancy cost	149,382	154,236	136,565
Less: Vacancy cost	6,581	1,230	4,079
Rent received from tenants	142,801	153,006	132,486
Interest rate reduction subsidy	14,553	14,508	14,508
Rent geared-to-income supplement	176,924	173,361	186,475
Parking	9,840	9,635	9,610
Laundry	5,503	5,476	5,475
Administration fees and sundry	1,150	1,080	1,134
	<b>350,771</b>	<b>357,066</b>	<b>349,688</b>
<b>Expenses</b>			
Administration (Schedule 2)	36,374	39,209	32,270
Amortization of rental property	28,860	28,375	26,181
Bad debts (recovered)	851	(360)	(755)
Heat	10,575	5,771	8,496
Hydro	17,460	16,196	18,359
Insurance	4,257	4,286	4,356
Maintenance and repairs	76,857	72,579	87,640
Miscellaneous	52	120	-
Mortgage interest	50,358	50,605	52,822
Municipal taxes	57,294	62,089	56,171
Provision for capital replacements	33,003	33,003	33,003
Sales taxes (GST/HST)	1,745	1,784	2,065
Water	15,223	13,423	11,340
	<b>332,909</b>	<b>327,080</b>	<b>331,948</b>
<b>Net portfolio income for the year</b>	<b>\$ 17,862</b>	<b>\$ 29,986</b>	<b>\$ 17,740</b>

## Centretown Citizens Ottawa Corporation Statement of Operations - NHA 95 Program

**For the year ended December 31** 2018 2017

	Budget	Actual	Actual
<b>Revenue</b>			
Market rent	\$ 1,242,486	\$ 1,255,817	\$ 1,842,125
Less: Subsidies to tenants	210,237	204,091	293,785
<hr/>			
Rent before vacancy cost	1,032,249	1,051,726	1,548,340
Less: Vacancy cost	24,850	17,634	25,740
<hr/>			
Rent received from tenants	1,007,399	1,034,092	1,522,600
Interest rate reduction subsidy	16,584	12,640	27,006
Canadian Mental Health Association rent supplement	5,668	3,707	10,852
Commercial rent	-	-	32,599
Transfer from subsidy surplus fund (Note 10)	-	70,704	77,482
Parking	9,180	8,382	21,871
Laundry	21,752	20,429	32,301
Administration fees and sundry	14,979	17,929	15,568
<hr/>			
	1,075,562	1,167,883	1,740,279
<hr/>			
<b>Expenses</b>			
Administration (Schedule 2)	153,892	165,886	208,267
Amortization of rental property	345,566	341,729	355,592
Bad debts	2,631	(278)	901
Heat	13,670	9,809	49,138
Hydro	57,358	46,255	72,853
Insurance	14,639	14,735	23,879
Land rent	4,262	4,262	5,676
Maintenance and repairs	307,168	279,269	449,832
Miscellaneous	2,419	103	479
Mortgage interest	17,255	15,774	25,251
Municipal taxes	237,276	243,538	356,550
Provision for capital replacements	95,370	95,370	126,366
Sales taxes (GST/HST)	5,888	3,011	8,739
Water	38,095	33,978	52,308
<hr/>			
	1,295,489	1,253,441	1,735,831
<hr/>			
<b>Net portfolio income (loss) for the year</b>	<b>\$ (219,927)</b>	<b>\$ (85,558)</b>	<b>\$ 4,448</b>

## Centretown Citizens Ottawa Corporation Statement of Operations - EOA Properties

<b>For the year ended December 31</b>	<b>2018</b>		<b>2017</b>
	Budget	Actual	Actual
<b>Revenue</b>			
Market rent	\$ 4,068,462	\$ 4,105,600	\$ 3,427,915
Less: Subsidies to tenants	728,733	671,162	616,092
Rent before vacancy cost	3,339,729	3,434,438	2,811,823
Less: Vacancy cost	81,369	55,398	80,021
Rent received from tenants	3,258,360	3,379,040	2,731,802
Interest rate reduction subsidy	22,824	-	-
Rent geared-to-income supplement	411,594	368,884	386,771
Canadian Mental Health Association rent supplement	11,361	7,489	11,048
Commercial rent	51,380	85,180	48,181
Parking	101,820	104,102	74,605
Laundry	49,197	45,524	37,857
Interest	103,200	58,445	66,138
Administration fees and sundry	4,072	4,369	3,708
	4,013,808	4,053,033	3,360,110
<b>Expenses</b>			
Administration (Schedule 2)	460,276	496,151	338,838
Bad debts	13,022	20,178	9,073
Heat	198,837	168,665	152,717
Hydro	111,546	99,078	91,602
Insurance	52,056	52,411	44,500
Maintenance and repairs	906,486	971,341	777,441
Miscellaneous (recovered)	13,126	20,494	(5,501)
Mortgage interest	-	174	-
Municipal taxes	698,412	729,038	573,271
Provision for capital replacements	283,572	984,572	748,576
Sales taxes (GST/HST)	20,036	13,919	16,878
Water	137,805	136,220	104,877
	2,895,174	3,692,241	2,852,272
<b>Net portfolio income for the year</b>	<b>\$ 1,118,634</b>	<b>\$ 360,792</b>	<b>\$ 507,838</b>

**Centretown Citizens Ottawa Corporation**  
**Statement of Operations - Provincial Reformed Program**

**For the year ended December 31** **2018** **2017**

	Budget	Actual	Actual
<b>Revenue</b>			
Market rent	\$ 8,427,710	\$ 8,468,596	\$ 8,327,402
Less: Subsidies to tenants	4,064,911	3,950,740	3,991,059
Rent before vacancy cost	4,362,799	4,517,856	4,336,343
Less: Vacancy cost	178,561	104,105	133,389
Rent received from tenants	4,184,238	4,413,751	4,202,954
Canadian Mental Health Association rent supplement	4,263	2,570	7,378
Alternative HP subsidy	74,916	74,916	73,896
Provincial reformed subsidy	4,988,163	4,750,010	4,932,635
Commercial rent	14,212	22,447	22,084
Parking	257,580	245,707	251,922
Laundry	156,445	152,538	154,909
Interest	34,650	19,983	22,977
Administration fees and sundry	42,280	23,646	32,365
	<b>9,756,747</b>	<b>9,705,568</b>	<b>9,701,120</b>
<b>Expenses</b>			
Administration (Schedule 2)	1,022,680	1,102,390	908,935
Alternate HP subsidy distribution	97,875	97,875	96,776
Amortization of rental property	2,728,622	2,700,615	2,583,604
Bad debts (recovery)	17,734	35,936	34,748
Heat	221,056	167,675	192,809
Hydro	400,958	290,056	346,277
Insurance	130,270	129,423	133,603
Land rent	21,208	21,096	21,096
Maintenance and repairs	1,883,701	1,900,878	1,909,186
Miscellaneous	1,478	13,144	19,828
Mortgage interest	878,797	886,114	1,005,331
Municipal taxes	1,368,530	1,389,691	1,345,613
Provision for capital replacements	547,548	596,048	645,576
Sales taxes (GST/HST)	41,325	33,693	38,494
Water	329,514	322,469	308,400
	<b>9,691,296</b>	<b>9,687,103</b>	<b>9,590,276</b>
<b>Net portfolio income for the year</b>	<b>\$ 65,451</b>	<b>\$ 18,465</b>	<b>\$ 110,844</b>



## Centretown Citizens Ottawa Corporation Statement of Operations - Beaver Barracks Properties

<b>For the year ended December 31</b>	<b>2018</b>		<b>2017</b>
	Budget	Actual	Actual
<b>Revenue</b>			
Market rent	\$ 3,374,037	\$ 3,394,199	\$ 3,349,900
Less: Subsidies to tenants	1,483,175	1,446,601	1,462,603
Rent before vacancy cost	1,890,862	1,947,598	1,887,297
Less: Vacancy cost	50,611	18,115	36,034
Rent received from tenants	1,840,251	1,929,483	1,851,263
Rent geared-to-income supplement	1,377,751	1,341,722	1,366,897
Provincial affordability payment	639,373	639,373	639,373
Geothermal fees	202,205	211,157	205,322
Electricity fees	112,392	78,638	92,510
Commercial rent	67,145	88,018	87,260
Amortization of deferred contributions	723,054	723,054	723,054
Parking	127,800	133,472	135,731
Laundry	58,655	57,559	56,220
Interest	-	2,124	1,993
Lawsuit settlement	-	216,983	-
Administration fees and sundry	10,742	7,623	11,061
	<b>5,159,368</b>	<b>5,429,206</b>	<b>5,170,684</b>
<b>Expenses</b>			
Administration (Schedule 2)	355,350	383,046	316,242
Amortization of rental property			
Externally financed	1,465,611	1,465,612	1,435,456
Internally financed	65,192	65,192	62,715
Mortgage interest			
Externally financed	1,556,294	1,553,748	1,583,987
Internally financed	72,847	72,723	73,732
Bad debts	9,362	19,632	3,529
Geoexchange fees	241,854	246,691	243,260
Heat	28,148	25,635	24,670
Hydro	308,151	221,990	264,203
Insurance	70,489	71,030	72,298
Maintenance and repairs	681,410	741,231	670,210
Miscellaneous	5,195	2,521	4,520
Municipal taxes	484,322	519,135	474,825
Provision for capital replacements	161,321	379,457	162,474
Sales taxes (GST/HST)	24,061	(23,587)	27,502
Water	90,659	106,092	104,073
	<b>5,620,266</b>	<b>5,850,148</b>	<b>5,523,696</b>
<b>Net portfolio loss for the year</b>	<b>\$ (460,898)</b>	<b>\$ (420,942)</b>	<b>\$ (353,012)</b>

## Centretown Citizens Ottawa Corporation Statement of Operations - Non-Program Properties

<b>For the year ended December 31</b>	<b>2018</b>		<b>2017</b>
	Budget	Actual	Actual
<b>Revenue</b>			
Market rent	\$ 1,059,003	\$ 1,055,004	\$ 1,038,656
Less: Subsidies to tenants	247,472	234,760	246,800
Rent before vacancy cost	811,531	820,244	791,856
Less: Vacancy cost	31,770	16,008	16,238
Rent received from tenants	779,761	804,236	775,618
Canadian Mental Health Association rent supplement	13,694	8,912	13,260
Rent geared-to-income supplement	159,810	155,417	159,743
Provincial affordability payment	28,371	28,371	28,371
Amortization of deferred contributions	92,621	92,618	92,618
Parking	19,260	25,378	19,854
Laundry	11,390	9,663	10,777
Interest	1,150	2,903	1,315
Administration fees and sundry	918	1,119	896
	<b>1,106,975</b>	<b>1,128,617</b>	<b>1,102,452</b>
<b>Expenses</b>			
Administration (Schedule 2)	135,705	146,282	120,393
Amortization of rental property			
Externally financed	264,952	265,843	260,927
Internally financed	27,818	27,818	27,192
Mortgage interest			
Externally financed	86,694	84,115	89,718
Internally financed	18,771	18,718	19,229
Bad debts	7,454	7,795	9,783
Heat	23,366	19,389	21,049
Hydro	23,274	21,981	25,269
Insurance	15,319	15,424	15,692
Maintenance and repairs	296,515	262,544	269,276
Miscellaneous	194	1,000	460
Municipal taxes	144,913	148,527	142,072
Provision for capital replacements	49,835	49,835	49,835
Sales taxes (GST/HST)	5,805	5,794	4,632
Water	44,624	41,552	39,371
	<b>1,145,239</b>	<b>1,116,617</b>	<b>1,094,898</b>
<b>Net portfolio loss for the year</b>	<b>\$ (38,264)</b>	<b>\$ 12,000</b>	<b>\$ 7,554</b>

## Centretown Citizens Ottawa Corporation Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Net income for the year	\$ 1,546	\$ 386,691
Adjustments for		
Amortization of capital assets	4,976,695	4,829,602
Gain on sale of capital assets	-	(19,259)
Amortization of deferred incentives	(10,290)	(10,290)
Land rent	25,358	26,772
Provision for capital replacements	2,138,285	1,765,830
Transfer from NHA 95 subsidy reserve	(70,704)	(77,482)
Amortization of deferred contributions	(815,672)	(815,672)
	<u>6,245,218</u>	<u>6,086,192</u>
Changes in non-cash working capital items		
Accounts receivable	42,121	(207,659)
Prepaid expenses	(92,035)	(195,512)
Accounts payable and accrued liabilities	1,521,335	442,633
Accrued mortgage interest	(11,869)	(17,523)
Deferred revenue and tenant deposits	85,942	6,919
Net decrease (increase) in due to related corporations	(143,283)	1,006
	<u>7,647,429</u>	<u>6,116,056</u>
<b>Cash flows from investing activities</b>		
Increase in properties under construction	(3,985,875)	(1,097,266)
Additions to office furniture and equipment	(153,292)	(168,117)
Interest on capital replacement reserve	33,529	134,334
Capital replacements	(3,155,288)	(2,613,405)
Capital grants	799,254	904,660
Interest on NHA 27 program surplus	4,344	5,275
Interest on NHA 95 subsidy surplus fund	-	772
Interest on NHA 27 operating reserve	129	169
Interest on NHA 95 program surplus	-	349
Interest on Re-Generation Fund	6,014	4,328
Increase in long-term investments	(188,029)	(295,657)
	<u>(6,639,214)</u>	<u>(3,124,558)</u>
<b>Cash flows from financing activities</b>		
Increase in mortgages	2,040,873	-
Principal repayment of mortgages	(4,011,861)	(3,888,078)
Increase in deferred contributions related to capital assets	450,000	-
	<u>(1,520,988)</u>	<u>(3,888,078)</u>
<b>Decrease in cash during the year</b>	<b>(512,773)</b>	<b>(896,580)</b>
<b>Cash, beginning of year</b>	<b>2,137,416</b>	<b>3,033,996</b>
<b>Cash, end of year</b>	<b>\$ 1,624,643</b>	<b>\$ 2,137,416</b>

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# Centretown Citizens Ottawa Corporation

## Summary of Significant Accounting Policies

December 31, 2018

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### **Nature of Business**

The corporation is a not-for-profit organization incorporated without share capital under the Corporations Act of Ontario and as such, is exempt from income taxes. The corporation operates 51 not-for-profit residential projects. Of these, 23 projects operate under agreements with the Canada Mortgage and Housing Corporation and are administered by the City of Ottawa on behalf of the Ontario Ministry of Municipal Affairs and Housing. Of the total 23 projects under NHA 27 and NHA 95 Programs, 19 of the mortgages were paid off as at December 31, 2018 and therefore the operating agreements have expired. The expired projects are now presented under EOA Properties in the financial statements. Another 18 projects operate under the Housing Services Act with the programs being administered by the City of Ottawa. Also 5 projects operate under Federal/Provincial Affordable Housing operating agreements. Additionally 5 properties operate outside any formal government housing programs.

### **Basis of Accounting**

These financial statements are prepared in accordance with the significant accounting policies set out below to comply with the operating agreements with Canada Mortgage and Housing Corporation (CMHC) and the City of Ottawa. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations (ASNPO) as follows:

#### **Capital Assets and Prepaid Land Rent**

Amortization is not provided on buildings purchased from mortgages recognized by CMHC and the City of Ottawa over the estimated useful lives of these assets, but rather land, building and prepaid land purchased from mortgages are being amortized at a rate equal to the annual principal reduction of the mortgages.

#### **Capital Replacement Reserve**

Capital assets purchased from the capital replacement reserve are charged against the replacement reserve account rather than being capitalized on the balance sheet and amortized over their estimated useful lives. A reserve for future capital replacement is appropriated annually from operations. The annual appropriation is at least the amount prescribed by the funder for each project. Interest earned on monies held in reserve is credited directly to the reserve.

#### **Operating Reserve**

At the recommendation of the Service Manager (City of Ottawa), the corporation established an operating reserve for the NHA 27 program. The maximum fund balance is \$500 per door for each project within the program plus accumulated earned interest.

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# Centretown Citizens Ottawa Corporation

## Summary of Significant Accounting Policies

December 31, 2018

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### **Basis of Accounting** (continued)

#### **Operating Surplus**

Interest revenue is applied directly to the respective restricted surplus accounts, except for the Provincial Reformed and other programs where interest revenue is recorded to operations.

Operating surplus or deficit under the NHA 95 program represents accumulated surplus or deficit from commercial activities within the program.

Operating surplus or deficit generated by projects not covered by governmental agreements and provincial and guidelines has no external restrictions.

#### **Subsidy Surplus Fund**

Under the terms of the operating agreement, the NHA 95 program has allowed for a subsidy fund. The maximum fund balance is \$500 per unit for each project covered by the agreement plus accumulated earned interest.

The following accounting policies are in accordance with ASNPO.

### **Fund Accounting**

The corporation uses the fund method of accounting which requires that revenue and expenses be allocated to the fund which has been set-up for its specific purposes. The corporation operates the following funds: the NHA 27 Program, the NHA 95 Program, the EOA properties, the Provincial Reformed Program – Shelter and Non-Shelter, the non-program properties and the Beaver Barracks properties. Each of these funds reports the operations of the properties comprised in the fund.

### **Use of Estimates**

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the corporation's best information and judgment. The most significant asset where we must make an estimate is allowance for doubtful accounts receivable. If actual results differ from the estimate, the impact would be recorded in future periods.

### **Financial Instruments**

#### **Measurement of financial instrument**

Financial instruments are financial assets or liabilities of the corporation where, in general, the corporation has the right to receive cash or another financial asset from another party or the corporation has the obligation to pay another party cash or other financial assets.

The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

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## Centretown Citizens Ottawa Corporation Summary of Significant Accounting Policies

December 31, 2018

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### **Financial Instruments** (continued)

#### Measurement of financial instrument (continued)

The corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of restricted financial instruments are recognized in the appropriate reserve. Changes in fair value of unrestricted financial instruments are recognized in net income.

Financial assets and financial liabilities measured at amortized cost include cash, investments, accounts receivable, accounts payable and accrued liabilities, accrued mortgage interest payable, due from related corporations and mortgages payable.

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

#### Transaction costs

The corporation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### **Capital Assets**

Capital assets are recorded at cost. Amortization is based on their estimated useful lives, except for the ones purchased with mortgages recognized by CMHC and the City of Ottawa.

Amortization of computer equipment is provided for on a straight-line basis over three or five years.

Amortization of office furniture and equipment, as well as maintenance tools and equipment, is provided for on a straight-line basis over six years.

Amortization of leasehold improvements is provided for on a straight-line basis over five years.

### **Revenue Recognition**

The corporation uses the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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## Centretown Citizens Ottawa Corporation Summary of Significant Accounting Policies

**December 31, 2018**

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**Revenue Recognition**  
(continued)

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on reserve resources is recognized as revenue of the appropriate reserve fund. Other investment income is recognized as revenue from operations when earned.

Fair value changes for investments are recorded as investment income and recognized as revenue in the statement of operations, or as a component of applicable reserve fund if the investment income is restricted, as appropriate.

Rent and other services revenue are recorded when earned.

**Government Assistance**

**Interest Rate Reduction Subsidy**

The interest rate reduction subsidy is disclosed as revenue in the statement of operations and represents the difference between the actual interest rate on the mortgages versus the effective rate approved under the operating agreement.

Under the NHA 27 program, operating agreements provide for assistance on the 2 remaining projects under this program to reduce the effective rate of interest on mortgages to 8%.

Under the NHA 95 program, operating agreements provide for assistance on the 2 remaining projects under this program to reduce the effective rate of interest on mortgages to 2%.

**Rent Geared-to-Income Supplement**

The City of Ottawa provides monthly rent supplements for the NHA 27 program. They are calculated as the difference between the rent based on tenants' incomes and the market rent.

**Provincial Reformed Subsidy**

In accordance with the operating agreements, the corporation is required to refund the excess subsidy received or is entitled to recover the shortfall in subsidy on projects under the Provincial Reformed programs. These amounts are provided in the accounts in the year they occur.

The City of Ottawa approves final subsidy after the financial statements and the annual information return have been submitted for the year.

Revenues, accounts receivable and operating surplus may change depending upon final review and approval by the City of Ottawa. Any year-end adjustments resulting from the City's review are reflected in the period that they occur.

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## Centretown Citizens Ottawa Corporation Summary of Significant Accounting Policies

**December 31, 2018**

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**Government Assistance**  
(continued)

**Forgivable Loans and Grants**

Forgivable loans and grants received are deducted from the related capital asset or expense.

**Administration Expense**

Administration expense is allocated to projects and to related corporations on a per unit basis.

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Draft Subject to Change



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## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

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### 1. Cash and Investments

The corporation's cash and short-term investments are held at one chartered bank and one investment brokerage company. Cash held in bank accounts earns interest at the Bank Prime Rate less 3%. Investments are held in government guaranteed investment certificates that earned interest at an annual rate of 1.45% (2017 - 0.45%) and in fixed income investments and mutual funds.

Cash and short-term investments consists of:

	2018	2017
Cash	\$ 1,618,629	\$ 2,137,416
GICs with maturities within one year	238,500	238,500
	\$ 1,857,129	\$ 2,375,916

Long-term investments consists of:

	2018	2017
Fixed income investments	\$ 7,210,611	\$ 6,992,415
Mutual funds (equity investments)	440,803	470,970
	\$ 7,651,414	\$ 7,463,385

Under the terms of the operating agreements, the replacement reserve and the NHA 95 subsidy surplus fund are required to be fully funded with cash or equivalents in separate accounts, as follows:

	2018	2017
Replacement reserve	\$ 8,997,591	\$ 8,481,811
NHA 27 operating reserve	14,924	14,795
NHA 95 subsidy surplus fund	-	146,912
NHA 27 program - net assets	515,698	481,368
	\$ 9,528,213	\$ 9,124,886

The corporation is required to invest Provincial Reformed program capital replacement reserve funds with an investment company as specified by the Social Housing Services Corporation. At December 31, 2018, specified invested funds amounted to \$5,509,139 (2017 - \$5,502,503).

The corporation has a \$150,000 line of credit with the Royal Bank of Canada, at the Prime Lending Rate plus 1%, renewable annually. The balance owing on the line of credit was nil at December 31, 2018.

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## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

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### 2. Accounts Receivable

	2018	2017
Rent and other charges	\$ 73,856	\$ 20,106
Government assistance	11,454	9,874
HST rebate	336,471	484,984
Maintenance and contract charges	112,719	76,453
Insurance proceeds and other	93,191	78,395
	\$ 627,691	\$ 669,812

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### 3. Due from Related Corporations

The corporation provides administration and maintenance services to Centretown Citizens Housing Co-operative Inc., whose board of directors is the same as the corporation. Consequently, the corporation has control over the Co-operative. The co-operative operates a housing unit under an agreement with the Canada Mortgage and Housing Corporation. The co-operative qualifies as a not-for-profit organization and accordingly, is exempt from income tax. During the year the corporation charged the Co-operative \$48,258 (2017 - \$39,717) in administrative fees and \$44,773 (2017 - \$45,272) in maintenance fees. Both amounts were measured at the exchange amount. As at December 31, 2018, the Co-operative has a deficiency in net assets of \$356,997, assets of \$580,630 and liabilities of \$937,627. For the year ended December 31, 2018, the Co-operative's total revenue amounts to \$428,578, total expenses amount to \$423,882 and the excess of revenue over expenses amounts to \$4,696. For the same period, the Co-operative's cash flows increased from operating activities by \$145,536, was unaffected from investing activities and decreased from financing activities by \$135,985.

The Corporation has significant influence over the following two entities:

The corporation provides administration services to Ottawa-Carleton Condominium Corporation No. 556 (OCCC), where the corporation owns approximately 87% of the units. The OCCC is incorporated under the Ontario Condominium Act and manages the common elements of a 58-unit condominium in the City of Ottawa. OCCC is a not-for-profit corporation and as such, is exempt from income tax. Total administration fees charged during the year were \$940 (2017 - \$940) measured at the exchange amount.

The corporation cost-shares its development administration expenses with Centretown Affordable Housing Development Corporation (CAHDCO). CAHDCO develops affordable housing for persons of low or moderate income through home ownership and for rental accommodations and provides related management consulting services. CAHDCO is a not-for-profit corporation and as such, is exempt from income tax. During the year the corporation purchased \$61,303 (2017 - \$39,125) in project management and development services from CAHDCO. These transactions were measured at the exchange amount. As at December 31, 2018, CAHDCO held assets of \$582,921 and net assets of \$213,360.

## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

### 3. Due from Related Corporations (continued)

The corporation handles most cash receipts and disbursements on behalf of all of the above related corporations. At the end of the year, the amounts due (to) and from related corporations are as follows:

	2018	2017
Centretown Citizens Housing Co-operative Inc.	\$ 442,234	\$ 463,525
Ottawa-Carleton Condominium Corporation #556	819	(837)
CAHDCO	320,800	157,882
	\$ 763,853	\$ 620,570

The amount receivable from Centretown Citizens Housing Co-operative Inc. has a portion amounting to \$278,581 that bears interest at 2.46% and for which the principal is payable over 20 years.

The amount receivable from CAHDCO has a portion amounting to \$115,000 that bears interest at 2.32% and for which the principal has no specific terms of repayment

The remaining balances are interest free and have no specific terms of repayment.

### 4. Capital Assets

	2018	2017
Rental property		
Cost	\$145,269,300	\$145,269,300
Less: Accumulated amortization	63,625,912	58,730,727
	81,643,388	86,538,573
Other		
Land (Beaver Barracks)	5,350,000	5,350,000
Computer equipment	280,365	239,555
Office furniture and equipment	184,791	72,308
Maintenance tools and equipment	57,538	57,538
Vehicle	26,643	26,643
Leasehold improvements	3,250	3,250
	5,902,587	5,749,294
Less: Accumulated amortization	252,836	171,326
	5,649,751	5,577,968
	\$ 87,293,139	\$ 92,116,541

## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

**4. Capital Assets** (continued)

Rental property includes 1,559 residential units (2017 - 1,559).

The total amortization expense for the year is \$4,976,695 (2017 - \$4,829,602).

**5. Prepaid Land Rent**

Land for eight rental properties is leased under long-term operating leases expiring between 2024 and 2090. The leases include options for extension and/or a buy-back by the lessee of the buildings at fair market value at the end of the term.

**6. Accounts Payable and Accrued Liabilities**

	2018	2017
Trade accounts and accrued liabilities	\$ 3,000,956	\$ 1,616,073
Government remittances	158,275	21,823
	\$ 3,159,231	\$ 1,637,896

**7. Mortgages Payable**

	2018	2017
NHA 27, NHA 95 and SHRA Properties		
Mortgages for 2 projects under the NHA 27 program, with interest rates of 9.88% and 10.50%, payable net of interest rate reduction subsidy for an effective rate of 8% in monthly principal and interest instalments of \$5,389, maturing in 2026 and 2029 respectively	\$ 501,221	\$ 529,596
Mortgages for 2 projects under the NHA 95 program, with interest rates of 1.04% and 2.46%, payable in monthly principal and interest instalments of \$30,199, maturing in 2020 and 2021 respectively.	685,503	1,031,494
Mortgages for 18 projects under Provincial Reform program, with interest rates varying between 1.11% and 6.49%, payable in monthly principal and interest instalments of \$301,275, renewing at various dates between 2019 and 2027	26,251,147	28,972,858

## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

**7. Mortgages Payable (continued)**

	2018	2017
Non-interest bearing mortgage for a project under Program Reform Program, with entire principal maturing in 2024	<b>2,360,857</b>	2,360,857
	<b>29,798,728</b>	32,894,805
<b>Other Properties</b>		
Royal Trust Corporation of Canada mortgages for 2 projects, interest at 2.02% and 3.12%, payable in monthly principal and interest instalments of \$12,903, renewing in 2020 and 2022	1,527,759	1,647,610
Grey Sisters of the Immaculate Conception mortgage, for 3 projects, interest at 2%, payable in monthly principal and interest instalments of \$9,013, maturing in 2032 and 2041	1,765,466	1,837,673
Ontario Infrastructure, for 4 projects, with interest rates varying between 3.19% and 5.51%, payable in monthly principal and interest instalments of \$191,130, renewable at various dates between 2021 and 2023	35,212,543	35,936,269
	<b>38,505,768</b>	39,421,552
<b>Properties under construction</b>		
CMHC construction financing loan, interest at 2.43%, payable in monthly interest only instalments until the earlier of 12 months after Stabilization or January 18, 2020, at which point payable in monthly principal and interest instalments (to be determined) over a 50 year period	2,040,873	-
Total mortgages payable	<b>70,345,369</b>	72,316,357
Less: Current portion	<b>3,815,982</b>	3,233,013
Less: Renewable portion	<b>2,155,679</b>	8,987,751
	<b>\$ 64,373,708</b>	\$ 60,095,593

The mortgages are secured by land and buildings as detailed in Note 6.

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## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

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7. **Mortgages Payable** (continued)

Principal due within each of the next five years and thereafter are as follows:

	<b>Payable</b>	<b>Renewable</b>
2019	\$ 3,815,982	\$ 2,155,679
2020	3,748,594	1,170,817
2021	2,363,116	23,015,335
2022	2,308,605	177,762
2023	1,943,851	14,750,510
Thereafter	14,895,118	-
	\$ 29,075,266	\$ 41,270,103

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8. **Deferred Contributions Related to Capital Assets**

Deferred contributions related to capital assets represents restricted contributions applied towards the original purchase of the Stirling property, the Merivale property, the Richmond property and Beaver Barracks in prior years. The change in the deferred contributions balance for the period is as follows:

	<b>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 11,861,325	\$ 12,676,997
Contribution received during the year	450,000	-
Less: Amount amortized to revenue	(815,672)	(815,672)
Balance, end of year	\$ 11,495,653	\$ 11,861,325

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9. **Deferred Incentives**

Deferred incentives represents an incentive received on an equipment rental contract which is to be amortized into revenue over the term of the contract (10 years).

	<b>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 82,320	\$ 92,610
Less: Amount amortized to revenue	(10,290)	(10,290)
Balance, end of year	\$ 72,030	\$ 82,320

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**Centretown Citizens Ottawa Corporation**  
**Notes to Financial Statements**

**December 31, 2018**

**10. NHA 95 Subsidy Surplus Fund**

	2018	2017
Balance, beginning of year	\$ 146,912	\$ 231,813
Interest earned during the year	-	772
Recognized as revenue during the year	(70,702)	(77,482)
Transfer of balance for expired operating agreements	(76,210)	(8,191)
	<b>\$ -</b>	<b>\$ 146,912</b>

**11. NHA 27 Operating Reserve**

	2018	2017
Balance, beginning of year	\$ 14,795	\$ 14,626
Interest earned during the year	129	169
	<b>\$ 14,924</b>	<b>\$ 14,795</b>

**12. Internally Restricted Funds**

	Balance beginning of year	Interest	Interfund transfers (Note 15)	Balance end of year
Re-Generation fund	\$ 514,038	\$ 6,014	\$ -	\$ 520,052
Top-Up replacement reserve fund	459,000	-	(450,000)	9,000
Arlington re-development project fund	247,133	-	-	247,133
	<b>\$ 1,220,171</b>	<b>\$ 6,014</b>	<b>\$ (450,000)</b>	<b>\$ 776,185</b>

**13. Contingencies**

**Forgivable Loans**

The corporation has received contributions from CMHC in the form of forgivable loans totalling \$775,177. The repayment of the forgivable loan is waived as long as the projects are operated within the terms and conditions of the operating agreements with CMHC. The forgivable loans are amortized and brought into revenue on a pro-rata share with the repayment of related mortgage principals. The contingent liabilities related to the forgivable loans are amortized on a straight line basis over the term of the mortgage and at December 31, 2018, the contingent liability amount was \$81,829 (2017 - \$99,204).

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## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

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13. **Contingencies** (continued)

**SHIP and HHIP Funding**

The corporation has received a commitment for Social Housing Improvement Program (SHIP) funding and Housing and Poverty Reduction Investment Plan (HHIP) with the City of Ottawa to cover the eligible cost of repairs, renovations and retrofit activities. To date the corporation has received approximately \$1,753,000 (2017 - \$968,000) from the City of Ottawa since the 2016 fiscal year, which is included in the Capital replacement reserve on the Balance Sheet. The corporation is required to provide affordable social housing for 10 years after completion of the expenditures, otherwise the funding is repayable to the City of Ottawa on a pro-rated basis.

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14. **Invested in Capital Assets**

Net assets invested in capital assets represent the corporation's equity in its capital assets. It represents the net book value of capital assets less any related debts and deferred contributions.

	2018	2017
Capital assets	<b>\$ 87,293,139</b>	\$ 92,116,541
Prepaid land rent	<b>1,522,063</b>	1,547,420
Less:		
Mortgages payable (excluding amount related to properties under construction)	<b>(68,304,496)</b>	(72,316,357)
Deferred contributions	<b>(11,495,653)</b>	(11,861,325)
	<b>\$ 9,015,053</b>	\$ 9,486,279

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15. **Interfund Transfers**

An amount of \$76,210 was transferred from the NHA 95 Subsidy Surplus Fund to the EOA Properties for properties for which the operating agreement has expired, consisting of:

- \$32,498 transferred from NHA 95 net assets; and
- \$76,210 transferred from the NHA 95 Subsidy Surplus Fund.

An amount of \$76,210 was transferred from the NHA 95 Subsidy Surplus Fund to the EOA Properties for properties for which the operating agreement has expired.

A amount of \$187,742 was transferred into the EOA properties Capital Replacement Reserve. This consists of:

- \$450,000 transferred from the Top-Up Replacement Reserve Fund;
- \$250,000 transferred from unrestricted net assets; and
- a deficit of \$512,258 transferred from NHA 95 Capital Replacement Reserve.



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## Centretown Citizens Ottawa Corporation Notes to Financial Statements

**December 31, 2018**

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**15. Interfund Transfers** (continued)

The amounts noted above transferred from the Top-Up Replacement Reserve Fund and from unrestricted net assets were approved by the Board of Directors.

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**16. Commitments**

The corporation is leasing the property at 140 Bronson Ave. for \$1 for a period of 24 years, expiring in 2024. The property provides 14 residential units.

The corporation has committed to construction contracts with 2 contractors related to the re-development of the Arlington property and to renovations at the corporation's office space in the amount of \$5,700,000 excluding HST. To date, \$4,400,000 has been billed by the contractors with the remaining \$1,300,000 expected to be billed in 2019.

The corporation has secured additional financing in the form of a mortgage on the Percy School property in the amount of \$3,200,000. The funds will be used for renovations on the property as well as to finance the renovations mentioned above on the corporation's office space. The interest rate on the mortgage is yet to be determined but will be subject to the interest rate on the day the mortgage agreement is finalized.

The corporation has stand-by letters of guarantee in the total amount of \$80,740 (2017 - \$142,000) which will expire in 2019 (2017 - 2018).

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**17. Other Revenue and Expenses**

	2018	2017
Costs related to operating City of Ottawa garage at 145 Clarence	\$ 22,146	\$ 17,414
Costs related to operating City of Ottawa garage at 215 Nepean	40,016	45,711
Costs related to operating City of Ottawa garage at 210 Gloucester	6,854	4,401
	69,016	67,526
Less: Revenue recoveries	69,016	67,526
	\$ -	\$ -

The above revenue and expenses are not included in the corporation's statement of operations.

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## Centretown Citizens Ottawa Corporation

### Notes to Financial Statements

**December 31, 2018**

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#### 18. Employee Benefits

The corporation participates in OMERS, a multi-employer defined benefit plan providing pension benefits. The plan is accounted for as a defined contribution plan as the corporation has insufficient information to apply defined benefit plan accounting. The net expense for the plan for the year was \$197,671 (2017 - \$221,164) which represents the corporation's required current contributions to the plan for the year.

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#### 19. Risks and Concentrations

The corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the corporation's risk exposure and concentrations as at December 31, 2018.

##### Credit risk

The corporation is exposed to credit risk in the event of non-payment by their clients for their accounts receivable. The corporation provides credit to its clients in the normal course of its operations. The corporation continuously reviews the financial situation of its clients and examines the credit history of all new clients. The corporation establishes allowances for doubtful accounts while keeping in mind the specific credit risk of the clients, their historical tendencies and economic situation. There is no existing account receivable that represents a substantial risk for the corporation.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The corporation is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

##### Interest rate risk (continued)

Fixed-rate instruments subject the corporation to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The corporation does not use derivative financial instruments to alter the effects of this risk.

The corporation uses mortgages payable with fixed interest rates, renewing from time to time. Consequently, the corporation's interest risk exposure is function of the timing of when the mortgages renew.

##### Changes in risk

There have been no significant changes in the corporation's risk exposures from the previous fiscal year.

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#### 20. Statutory Information

The corporation is covered under its insurance policy for a total loss limit of up to \$125,000,000.

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**Centretown Citizens Ottawa Corporation**  
**Notes to Financial Statements**

**December 31, 2018**

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**21. Budget**

The 2018 budgeted figures are presented for comparison purposes only, are unaudited, and are those approved by the board of directors.

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Draft Subject to Change

**Centretown Citizens Ottawa Corporation**  
**Schedule 1 - Capital Replacement Reserve**

**For the year ended December 31**

**2018**

	NHA 27 Program	NHA 95 Program	EOA Properties	Provincial Reformed Program	Other Program	Beaver Barracks	Total
<b>Balance, beginning of year</b>	\$ 97,095	\$ 1,633,481	\$ 184	\$ 6,048,835	\$ 28,030	\$ 674,186	\$ 8,481,811
<b>Interfund transfers (Note 15)</b>	-	512,258	187,742	-	-	-	700,000
<b>Provision for capital replacements</b>	33,003	95,370	984,572	596,048	49,835	379,457	2,138,285
<b>Capital grants and other recoveries</b>	-	-	-	799,254	-	-	799,254
<b>Interest</b>	356	6,457	11,143	6,636	641	8,296	33,529
	<b>130,454</b>	<b>2,247,566</b>	<b>1,183,641</b>	<b>7,450,773</b>	<b>78,506</b>	<b>1,061,939</b>	<b>12,152,879</b>
<b>Less: Capital replacements during the year</b>	<b>13,086</b>	<b>59,233</b>	<b>1,192,244</b>	<b>1,712,175</b>	<b>34,968</b>	<b>143,582</b>	<b>3,155,288</b>
<b>Balance, end of year</b>	<b>\$ 117,368</b>	<b>\$ 2,188,333</b>	<b>\$ (8,603)</b>	<b>\$ 5,738,598</b>	<b>\$ 43,538</b>	<b>\$ 918,357</b>	<b>\$ 8,997,591</b>

**For the year ended December 31**

**2017**

	NHA 27 Program	NHA 95 Program	EOA Properties	Provincial Reformed Program	Other Program	Beaver Barracks	Total
<b>Balance, beginning of year</b>	\$ 135,538	\$ 2,508,022	\$ (877,346)	\$ 5,906,213	\$ 10,365	\$ 556,016	\$ 8,238,808
<b>Interfund transfers</b>	-	(959,302)	959,302	-	-	-	-
<b>Provision for capital replacements</b>	33,003	126,366	748,576	645,576	49,835	162,474	1,765,830
<b>Capital grants</b>	-	-	-	904,660	-	-	904,660
<b>Interest</b>	(117)	(2,135)	(1,472)	124,260	(204)	14,002	134,334
<b>Removal of Eccles deficit balance</b>	-	-	-	-	51,584	-	51,584
	<b>168,424</b>	<b>1,672,951</b>	<b>829,060</b>	<b>7,580,709</b>	<b>111,580</b>	<b>732,492</b>	<b>11,095,216</b>
<b>Less: Capital replacements during the year</b>	<b>71,329</b>	<b>39,470</b>	<b>828,876</b>	<b>1,531,874</b>	<b>83,550</b>	<b>58,306</b>	<b>2,613,405</b>
<b>Balance, end of year</b>	<b>\$ 97,095</b>	<b>\$ 1,633,481</b>	<b>\$ 184</b>	<b>\$ 6,048,835</b>	<b>\$ 28,030</b>	<b>\$ 674,186</b>	<b>\$ 8,481,811</b>

**Centretown Citizens Ottawa Corporation**  
**Schedule 2 - Administration and Development Expense**

**For the year ended December 31**

	2018			2017		
	Administration	Development	Total	Administration	Development	Total
Salaries	\$ 1,334,354	\$ -	\$ 1,334,354	\$ 1,162,784	\$ -	\$ 1,162,784
Employee benefits	333,556	-	333,556	270,879	-	270,879
Advertising and rent-up	14,105	-	14,105	11,951	-	11,951
Office occupancy	169,243	-	169,243	108,466	-	108,466
Staff conferences, training and travel	32,678	-	32,678	33,143	-	33,143
Audit	26,300	-	26,300	25,250	-	25,250
Legal and professional	34,504	30,069	64,573	20,746	25,107	45,853
Amortization of capital assets	68,600	-	68,600	66,488	-	66,488
Office administration	262,642	3,944	266,586	192,844	127	192,971
Bank charges	36,399	-	36,399	25,656	-	25,656
Corporate	87,734	-	87,734	71,672	-	71,672
Membership and communications	22,645	-	22,645	25,973	-	25,973
	<b>2,422,760</b>	<b>34,013</b>	<b>2,456,773</b>	<b>2,015,852</b>	<b>25,234</b>	<b>2,041,086</b>
Less:						
Administration expense charged to related corporations (Note 3)	50,698	-	50,698	40,657	-	40,657
Other subsidies and revenues	39,098	-	39,098	50,250	-	50,250
	<b>89,796</b>	<b>-</b>	<b>89,796</b>	<b>90,907</b>	<b>-</b>	<b>90,907</b>
Allocated to projects or other operations	\$ 2,332,964	\$ 34,013	\$ 2,366,977	\$ 1,924,945	\$ 25,234	\$ 1,950,179

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## **Independent Auditor's Comments on Unaudited Supplementary Financial Information**

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**To the Board of Directors of  
Centretown Citizens Ottawa Corporation**

The audited financial statements of the Centretown Citizens Ottawa Corporation for the year ended December 31, 2018, and our report thereon dated are presented in the preceding section of this annual report. The financial information that follows, consisting of the Schedules of Project Operations, was derived from the accounting records of Centretown Citizens Ottawa Corporation and forms part the financial statements for the year then ended December 31, 2018 on which we reported on .

Our opinion on financial statements is an unqualified opinion as set out in our Independent Auditor's Report in the preceding section of this financial report.

Our audit of Centretown Citizens Ottawa Corporation financial statements for the year ended December 31, 2018, was not directed to the determination of the detailed information set out in the accompanying Schedules of Project Operations. We have not performed an audit of, and, accordingly, do not express an opinion on, the Schedules of Project Operations.

Chartered Professional Accountants, Licensed Chartered Accountants

Ottawa, Ontario

**Centretown Citizens Housing Co-operative Inc.**  
**Financial Statements**  
For the year ended December 31, 2018

**Contents**

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## Independent Auditor's Report

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**To the Members of the  
Centretown Citizens Housing Co-operative Inc.**

Opinion

We have audited the financial statements of Centretown Citizens Housing Co-operative Inc. (the "co-operative") which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in deficiency of net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the co-operative as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the operating agreement dated January 1, 1990 between Centretown Citizens Housing Co-operative Inc. and Canada Mortgage and Housing Corporation.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to the summary of significant accounting policies accompanying the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Centretown Citizens Housing Co-operative Inc. to comply with the reporting provisions of the operating agreement referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of Centretown Citizens Housing Co-operative Inc. and Canada Mortgage and Housing Corporation and should not be used by parties other than the Directors of Centretown Citizens Housing Co-operative Inc. or Canada Mortgage and Housing Corporation.



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## Independent Auditor's Report (continued)

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### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the operating agreement dated January 1, 1990 between Centretown Citizens Housing Co-operative Inc. and Canada Mortgage and Housing Corporation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the co-operative's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the co-operative to cease to continue as a going concern.

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## Independent Auditor's Report (continued)

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### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

As required by the Ontario Co-operative Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario

**Centretown Citizens Housing Co-operative Inc.**  
**Statement of Financial Position**

**December 31** 2018 2017

**Assets**

**Current**

Cash	\$ 118,095	\$ 108,544
Accounts receivable (Note 1)	10,184	29,310
CMHC subsidy receivable	6,629	9,666
	134,908	147,520

<b>Tangible capital assets</b> (Note 2)	<b>445,722</b>	<b>594,607</b>
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	<b>\$ 580,630</b>	<b>\$ 742,127</b>
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**Liabilities and Deficiency of Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 5,751	\$ 15,011
CMHC subsidy payable	12,240	-
Accrued mortgage interest payable	2,095	2,592
Unearned rent-supplement advance	11,600	11,000
Deferred revenue	10,188	10,853
Due to a corporation under common control (Note 3)	442,234	463,525
Current portion of mortgage payable (Note 4)	144,819	137,189
	628,927	640,170

<b>Deferred contributions related to tangible capital assets</b> (Note 5)	<b>109,640</b>	<b>122,539</b>
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<b>Mortgage payable</b> (Note 4)	<b>191,264</b>	<b>334,879</b>
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<b>Capital replacement reserve</b> (Note 6)	<b>2,243</b>	
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<b>Security of tenure reserve</b> (Note 7)	<b>5,553</b>	<b>6,232</b>
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<b>Deficiency of net assets</b>	<b>(356,997)</b>	<b>(361,693)</b>
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	<b>\$ 580,630</b>	<b>\$ 742,127</b>
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On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

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**Centretown Citizens Housing Co-operative Inc.**  
**Statement of Changes in Deficiency of Net Assets**

<u>For the year ended December 31</u>	<u>2018</u>	<u>2017</u>
<b>Balance</b> , beginning of year	\$ (361,693)	\$ (307,588)
<b>Excess (deficiency) of revenue over expenses for the year</b>	4,696	(41,367)
<b>Transfer to capital replacement reserve</b> (Note 6)	<u>-</u>	<u>(12,738)</u>
<b>Balance</b> , end of year	<u>\$ (356,997)</u>	<u>\$ (361,693)</u>

## Centretown Citizens Housing Co-operative Inc. Statement of Operations

**For the year ended December 31** 2018 2017

	Budget	Actual	Actual
<b>Revenue</b>			
Housing charges - market rent	\$ 326,880	\$ 326,263	\$ 322,905
Subsidies to tenants	(141,278)	(127,614)	(136,874)
Rent before vacancy cost	185,602	198,649	186,031
Less: Vacancy costs	(16,344)	(4,123)	(19,704)
Rent received from tenants	169,258	194,526	166,327
Rent supplement	137,858	125,528	134,193
Federal co-op assistance	79,741	79,520	79,686
Federal retrofit grant (Note 5)	-	-	12,730
Laundry	6,114	7,030	6,215
Parking	4,800	6,042	4,350
Security of tenure used	3,420	2,086	3,700
Amortization of deferred contribution related to tangible capital assets (Note 5)	-	12,899	6,449
Sundry	864	947	947
	402,055	428,578	414,597
<b>Expenses</b>			
Administration	44,768	48,258	39,717
Amortization of capital assets	132,725	148,884	135,790
Appropriation to capital replacement reserve (Note 6)	12,367	12,367	12,367
Supplemental contribution to capital replacement reserve (Note 6)	-	-	12,730
Appropriation to security of tenure reserve	1,407	1,407	1,459
Bad debts	3,000	7,430	2,405
Bank charges	-	131	68
Interest	6,822	6,822	6,822
Heat	2,399	671	2,367
Hydro	7,873	5,901	6,262
Insurance	4,778	4,809	4,903
Maintenance and repairs	108,361	95,784	130,074
Miscellaneous	4,500	110	2,040
Mortgage interest paid	32,176	28,514	35,333
Professional fees	1,500	3,997	5,538
Municipal taxes	41,993	42,328	41,169
Sales taxes	1,200	1,756	2,004
Water	13,781	14,713	14,916
	419,650	423,882	455,964
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (17,595)</b>	<b>\$ 4,696</b>	<b>\$ (41,367)</b>

## Centretown Citizens Housing Co-operative Inc. Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 4,696	\$ (41,367)
Adjustments for		
Amortization of tangible capital assets	148,884	135,790
Appropriation to capital replacement reserve	12,367	25,097
Capital replacement expenditures	(10,124)	(37,835)
Appropriation to security of tenure reserve	1,407	1,459
Security of tenure reserve used	(2,086)	(3,700)
Amortization of deferred contribution related to tangible capital assets	(12,899)	(6,449)
	<u>142,245</u>	72,995
Changes in non-cash working capital items		
Accounts receivable	19,126	(24,715)
CMHC subsidy receivable	3,037	-
GST/HST rebate receivable	12,240	-
Accounts payable and accrued liabilities	(9,259)	6,486
Due to a corporation under common control	(21,291)	123,717
Accrued mortgage interest payable	(497)	(796)
Unearned rent-supplement advance	600	-
Deferred revenue	(665)	4,541
	<u>145,536</u>	182,228
<b>Cash flows from investing activities</b>		
Additions to tangible capital assets	-	(128,988)
<b>Cash flows from financing activities</b>		
Additions to deferred contributions related to tangible capital assets	-	128,988
Repayment of mortgage payable	(135,985)	(129,341)
	<u>(135,985)</u>	(353)
<b>Increase in cash during the year</b>	<b>9,551</b>	<b>52,887</b>
<b>Cash, beginning of year</b>	<u><b>108,544</b></u>	<u><b>55,657</b></u>
<b>Cash, end of year</b>	<u><b>\$ 118,095</b></u>	<u><b>\$ 108,544</b></u>

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## Centretown Citizens Housing Co-operative Inc. Summary of Significant Accounting Policies

**December 31, 2018**

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**Nature of Organization** The co-operative is incorporated without share capital under the Ontario Co-operative Corporations Act and operates a non-profit housing project in Ottawa under an agreement with the Canada Mortgage and Housing Corporation (CMHC). The co-operative qualifies as a not-for-profit organization as defined in section 149(I)(L) of the Income Tax Act and accordingly is exempt from income taxes.

**Basis of Accounting** These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the operating agreement dated January 1, 1990 with Canada Mortgage and Housing Corporation. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations (ASNPO) because:

- a) amortization is not provided on buildings purchased from mortgages recognized by CMHC over the estimated useful lives of these assets, but rather land, building and related assets purchased from mortgages are being amortized at a rate equal to the annual principal reduction of the mortgages;
- b) capital assets purchased from accumulated surplus are charged to operations in the year the expense is incurred, with the exception of Building Renovations, which are being amortized over 10 years on a straight-line basis, with half-rate in the year of acquisition;
- c) capital assets purchased from the capital replacement reserve are charged against the replacement reserve account rather than being capitalized on the statement of financial position and amortized over their estimated useful lives; and
- d) reserves for future capital replacement and security of tenure are appropriated annually from operations, as determined by CMHC in direct proportion to the change in the required monthly payment of the mortgage loan. Interest earned on monies held in the capital replacement reserve is credited directly to the reserve.

The following are in accordance with ASNPO.

**Financial Instruments**

*Measurement of financial instruments*

Financial instruments are financial assets or liabilities of the co-operative where, in general, the co-operative has the right to receive cash or another financial asset from another party or the co-operative has the obligation to pay another party cash or other financial assets.

The co-operative initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

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## Centretown Citizens Housing Co-operative Inc. Summary of Significant Accounting Policies

**December 31, 2018**

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**Financial Instruments**  
(continued)

Measurement of financial instruments (continued)

The co-operative subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of restricted financial instruments are recognized in the appropriate reserve.

Changes in fair value of unrestricted financial instruments are recognized in excess of revenue over expenses.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, accrued mortgage interest payable, due to a corporation under common control and mortgage payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Transaction costs

The co-operative recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**Use of Estimates**

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the co-operative's best information and judgment. The most significant asset where we must make an estimate is allowance for doubtful accounts receivable. If actual results differ from the estimate, the impact would be recorded in future periods.

**Security of Tenure Reserve**

The co-operative is required to set aside certain funds annually for security of tenure, the amount to be determined by CMHC in direct proportion to the change in the required monthly payment of the mortgage loan. The funds accumulated in this reserve are to be used generally to assist households that are not in receipt of assistance under the Rent Supplements Program and for which regular occupancy charges exceed an acceptable measure of affordable shelter as defined by CMHC.



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## Centretown Citizens Housing Co-operative Inc. Summary of Significant Accounting Policies

December 31, 2018

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**Federal Co-operative Assistance**

The agreement with CMHC provides monthly subsidy payments which approximate the forecasted difference between rental income and the rental income required to break even.

The funding is based upon Year One budgeted revenues and expenses which had been approved by CMHC, increasing each year by a rate of inflation less 2%.

**Revenue Recognition**

The co-operative uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Housing charges are recorded as revenue when earned.

Investment income earned on the replacement reserve is recorded as a direct increase in the reserve. Investment income not earned on replacement reserve resources is recognized as revenue when earned.

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Draft Subject to Change

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## Centretown Citizens Housing Co-operative Inc. Notes to Financial Statements

**December 31, 2018**

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**1. Accounts Receivable**

	2018	2017
Members	\$ 2,021	\$ 1,056
HST receivable	1,913	6,096
Federal retrofit grant receivable	6,250	22,158
	\$ 10,184	\$ 29,310

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**2. Capital Assets**

	2018	2017
Land	\$ 285,000	\$ 285,000
Buildings and related assets	1,731,631	1,731,631
Building renovations	128,988	128,988
	2,145,619	2,145,619
Less: Accumulated amortization	1,699,897	1,551,012
	\$ 445,722	\$ 594,607

---

**3. Related Party Transactions**

The co-operative and Centretown Citizens Ottawa Corporation (CCOC) are common control organizations since they have the same Board of Directors.

During the year, the co-operative paid CCOC \$48,258 (2017 - \$39,717) in administration charges and \$6,822 (2017 - \$6,822) in interest.

CCOC handles most of the receipts and disbursements on behalf of the co-operative.

All of these transactions were carried out in the normal course of operations and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined on a cost recovery basis.

As at December 31, 2018, \$442,234 (2017 - \$463,525) is payable to CCOC and included in this amount is a balance of \$278,581, which bears interest at 2.46%.

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## Centretown Citizens Housing Co-operative Inc. Notes to Financial Statements

**December 31, 2018**

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#### 4. Mortgage Payable

The mortgage is an index-linked mortgage with an original principal balance of \$2,016,631. Under the index-linked mortgage arrangement, the mortgage payments in the initial years, when there is moderate to high inflation, do not cover the full amount of interest. The interest rate is determined and the payments are adjusted annually on May 1 in relation to the rate of inflation. Any unpaid interest is deferred and added to the balance owing on the mortgage and will be repaid once the mortgage payments are sufficient to cover interest expense for the year.

During the year ended December 31, 2018, there was no unpaid mortgage interest to defer.

The mortgage, which matures on May 1, 2023, has a fixed real interest rate of 4.84%, a current interest rate of 7.5995% (2017 - 6.6802%), payments of \$13,755 (2017 - \$13,742) per month, is secured by land and building, and is insured by CMHC.

Principal repayment for the next three years, if we assume the mortgage terms will remain constant, are as follows:

2019		\$	144,819
2020			156,033
2021			35,231
			336,083
		\$	336,083

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#### 5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted contributions with which the co-operative's building renovations were originally financed. The changes in the deferred contributions balance for the year are as follows:

	2018	2017
Beginning balance	\$ 122,539	\$ -
Add: Contributions related to capital assets	-	128,988
Less: Amounts amortized to revenue	(12,899)	(6,449)
Ending balance	\$ 109,640	\$ 122,539

The co-operative received a total contribution of \$141,718 in 2017 from CMHC which is being amortized over a 10 year period. CMHC may request the co-operative to register a collateral mortgage on the property. Should the co-operative be in default of the affordability criteria under the terms of the contribution agreement within 10 years of signing the agreement, then the contribution amount, at the discretion of CMHC, will be immediately due and repayable. This contingency expires in April 2027.

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**Centretown Citizens Housing Co-operative Inc.**  
**Notes to Financial Statements**

**December 31, 2018**

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**6. Capital Replacement Reserve**

	2018	2017
Balance, beginning of year	\$ -	\$ -
Appropriation for the year	12,367	12,367
Supplemental contribution	-	12,730
	12,367	25,097
Less: Capital expenses	(10,124)	(37,835)
Plus: Transfer from operations to offset negative balance	-	12,738
	\$ 2,243	\$ -

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**7. Security of Tenure Reserve**

	2018	2017
Balance, beginning of year	\$ 6,232	\$ 8,473
Appropriation for the year	1,407	1,459
Less: Amount used	(2,086)	(3,700)
	\$ 5,553	\$ 6,232

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**8. Continuous Disclosure Requirements, Co-Operative Corporations Act (1990)**

The aggregate remuneration to directors was nil.

The co-operative did not transact business with any non-members during the period.

For the period ended December 31, 2018, less than 50% of the amount of rent and parking revenues were received from non-members of the co-operative.

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**9. Comparative Amounts**

In certain instances, 2017 amounts presented for comparative purposes have been restated to conform to the financial statement presentation adopted for the current year.

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## Centretown Citizens Housing Co-operative Inc. Notes to Financial Statements

**December 31, 2018**

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### 10. Risks and Concentrations

The co-operative is exposed to various risks through its financial instruments. The following analysis provides a measure of the co-operative's risk exposure and concentrations as at December 31, 2018.

#### Credit risk

The co-operative is exposed to credit risk in the event of non-payment by their clients for their accounts receivable. The co-operative provides credit to its clients in the normal course of its operations. The co-operative continuously reviews the financial situation of its clients and examines the credit history of all new clients. The co-operative establishes allowances for doubtful accounts while keeping in mind the specific credit risk of the clients, their historical tendencies and economic situation. There is no existing account receivable that represents a substantial risk for the co-operative.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The co-operative is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the co-operative to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The co-operative does not use derivative financial instruments to alter the effects of this risk.

The co-operative uses mortgage payable bearing variable interest rates. Consequently, the co-operative's interest risk exposure is function of the changes of the prime rate. However, a variation of 1% of the prime rate will not have a significant effect on the net earnings and financial position of the co-operative.

#### Changes in risk

There have been no significant changes in the co-operative's risk exposures from the previous fiscal year.

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**BORROWING RESOLUTION OF THE DIRECTORS OF CORPORATION  
OF  
CENTRETOWN CITIZENS OTTAWA CORPORATION**

**WHEREAS CENTRETOWN CITIZENS OTTAWA CORPORATION** (the “Corporation” and/or “Housing Provider”) has requested the Ministry of Housing (the “Ministry”) to arrange on its behalf a refinancing of the existing charge/mortgage of land (the “Mortgage”) for its project municipally known as **283 Arlington Avenue, Ottawa** maturing on **July 1, 2019** in the approximate amount of **\$55,217.86**.

**AND WHEREAS** the Ministry has agreed to arrange said mortgage financing and the Corporation agrees to be bound for those purposes by the terms and conditions contained in the said Mortgage, or any amendments thereto.

**THEREFORE BE IT RESOLVED THAT:**

- I. The Housing Provider hereby authorizes the Ministry to solicit and arrange on its behalf such mortgage(s) or mortgage facilities with a lender or its authorized agent (the “Lender”) as it deems necessary, appropriate or advisable for the project identified above and for the maturity date aforementioned;
- II. The Housing Provider hereby agrees to be bound to the Lender for such mortgage purposes and upon the terms and conditions contained in the said Mortgage, or any amendments thereto, and the Housing Provider hereby further agrees to mortgage its property and assets to secure its present and future obligations under the said Mortgage, or any amendments thereto, to the Lender, as deemed necessary or advisable;
- III. The Housing Provider hereby authorizes the designated signing Officers to enter into such agreement or agreements amending the terms of the said Mortgage and to deliver to the Lender such document or documents as may be deemed necessary, advisable or required by the Lender to give effect thereto;
- IV. The Housing Provider hereby confirms that this Resolution has been ratified and approved by its Board of Directors and it agrees to deliver this resolution to the Ministry and to the Lender; and

....2

(2)

V. The Housing Provider further confirms that this resolution shall continue in force and effect until written notice to the contrary is delivered to the Lender and the Ministry with receipt acknowledged by the Lender and the Ministry.

**I HEREBY CERTIFY** that the foregoing is a true copy of a Resolution passed by the Board of Directors of the Housing Provider on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, which Resolution was duly enacted in the manner authorized by law and in conformity with the constating documents of the Housing Provider and that this Resolution has not been amended and continues to be in full force and effect.

Dated at Ottawa this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**CENTRETOWN CITIZENS OTTAWA CORPORATION**

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Title:

Title:

We have the authority to bind the subject Corporation

## RESOLUTION OF THE BOARD OF DIRECTORS

OF

### CENTRETOWN CITIZENS OTTAWA CORPORATION ("CCOC")

**WHEREAS** the Directors of CCOC are authorized from time to time to enter into agreements upon the credit of CCOC and to charge, mortgage or pledge all or any of the real or personal property, rights and undertaking of CCOC, present and future, to secure any monies borrowed or contributed by third parties and it is in the best interests of CCOC that the Directors exercise such authority.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The execution and delivery by CCOC of a commitment letter dated April 17, 2019 (the "**Commitment Letter**") from Royal Bank of Canada ("**RBC**") to CCOC for a loan (the "**Loan**") insured by Canada Mortgage and Housing Corporation ("**CMHC**") in the principal amount of \$3,262,300.00 for the purpose of financing improvements to CCOC's property municipally known as 598-616 MacLaren Street and 625-631 Gilmour Street, Ottawa, Ontario (the "**Property**") and containing 42 rental housing units, is hereby approved, ratified and confirmed.
2. To evidence and secure its obligations to RBC under the Commitment Letter, CCOC has agreed to grant to RBC the security required by the Commitment Letter, including:
  - (a) a first ranking Charge/Mortgage in the principal amount of \$3,262,300.00 (the "**Charge**") secured over and to be registered against the Property;
  - (b) a first ranking general assignment of rents and leases from the Property to be registered against title to the Property and under the *Personal Property Security Act* (Ontario) (the "**PPSA**");
  - (c) a first ranking site specific security agreement granting a security interest in all present and after acquired personal property relating to the Property with RBC's interest to be registered under the PPSA;
  - (d) a hypothecation of the reserve fund to RBC via a Cash Collateral Agreement (RBC Form 610) with RBC's interest to be registered under the PPSA;
  - (e) a CMHC Certificate of Insurance number 90-758-160; and
  - (f) all other such assurances, documents and instruments evidencing CCOC's obligations in relation to the Commitment Letter, as may be reasonably required by RBC (the "**Security Documents**").



3. Ray Sullivan, Executive Director and Amanda Tompkins, Finance Director, are hereby authorized for and on behalf of CCOC to execute or cause to be executed under its corporate seal or otherwise, the Commitment Letter and the Security Documents with such alterations, additions, amendments and deletions as may be approved by such persons executing the same whose signatures shall be conclusive of such authorization.
4. Ray Sullivan, Executive Director and Amanda Tompkins, Finance Director, are hereby authorized for and in the name of CCOC to execute and deliver under the corporate seal or otherwise all such other documents and to do all such other acts and things as may be necessary or desirable to give effect to this Resolution and to perform the obligations of CCOC under the Commitment Letter and the Security Documents.

This resolution may be executed in any number of counterparts and all counterparts taken together shall constitute one document. The delivery of an executed copy of this resolution, including counterparts, by facsimile or other electronic means is legally binding on the undersigned and shall be deemed to be an original hereof. The parties further agree that a photocopy of any counterpart shall be deemed sufficient to bind the party appearing to have signed the original.

**SIGNATURE PAGE FOLLOWS**



## **Development Committee Meeting Minutes**

Thursday, April 9<sup>th</sup>, 2019, 7:00 PM  
464 Metcalfe, Meeting Room

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**Present:** Alison Kar (Chair), Abra Adamo (CCOC Board Member), Sarah Button (CCOC & Cahdco Board Member), Rod Manchee, Jesse Steinberg (CCOC Board Member), David McCallum, Brent Walden, Elliot Sherman, Stephanie Bohdanow, Mary Huang, Alannah Bird (Guest), Sarah Banks (Guest)

**Staff:** Graeme Hussey (Director of Development), Paige Waldock (Minute-taker)

**Regrets:** Penny McCann (CCOC Board Member), Natalie Duchesne, Richie Allen, John Kingsley, Jeff Nadeau, Court Miller (Guest),

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1. **Call to Order:** (7:00 pm)
2. **Approval of Agenda** (m/s/c Abra/Elliot)
3. **Approval of Development Minutes** (m/s/c Jesse/Sarah)
4. **Approval of Joint Meeting Minutes** (m/s/c Jesse/Sarah)
5. **Announcements**
  - Sarah Banks is a new guest to the development committee.
  - The development strategy is being presented to the TCE committee by Mark and Kiefer concurrent with this meeting.
  - The development department is moving on Friday to 415 Gilmour after four years at 464 Metcalfe.
  - The Personnel committee approved a title change from development support to development project coordinator.
6. **Business Arising:**
  - A. **Arlington Update**
    - The Arlington project is almost done. Six units have received occupancy. The remaining units will receive occupancy early next week.
    - The development committee will have the opportunity to tour the site in the next few weeks. An invite will be forwarded soon.
    - The February meeting minutes reference a deficiency. This is due to Arlington's failure to pass the blower door test. The cause was impossible to determine. The team moved forward intent on finding a solution and to avoid a time delay. Measures were taken to increase the seal around the building. The project passed the next blower door test.



- There has been some tension with the construction manager. Cahdco is hesitant to work with them again.

#### **B. Development Strategy Report**

- The development strategy report is being presented to all of the CCOC committees over the next month. It will then go to the board.
- The development department created a proposal to continue with the next steps of the project. The committee reviewed the scope of work.
- It proposes that the development department create a series of business cases for CCOC sites that have the potential for redevelopment and arising opportunities. It would establish a development schedule by looking at priority sites and determining timing of projects through the years.
- The committee suggested that the proposal include advocating for development with the other committees and consulting with rentals and maintenance.
- Different professionals might be hired for site analysis at a future stage of the project, but the current scope of work is preliminary and will be used to determine if hiring professionals is worth considering.
- The strategy should continue to look into the operational side. It is an important step to having the organization put its mind towards development and increasing development's financial feasibility.
- The strategy will investigate financial viability of projects and financial sources.
- It will look into organizational NOI, promote and host joint committee meetings, and analyze arising opportunities and specific CCOC sites. All work will be summarized in a final report.
- The committee suggested that in addition to bringing the strategy forward to the board, the development department also created a compendium of the observations and reactions of each committee to the strategy.
- **Motion: The committee moves that the board receive the development strategy report and endorses the next steps.** (m/s/c Jesse/David)

#### **C. CCOC 2019 Workplan**

- The CCOC workplan is currently being updated. Currently there is only one action concerning development on the workplan.
- Graeme asked the development committee for their suggestions on tangible activities surrounding development that should be added to the workplan.
- The committee agreed that it is within their role to discuss policy and advocacy related to City planning and affordable housing policy. An action concerning this should be added to the workplan.
- CCOC and Cahdco have an MOU. There are discussions to update it and to clarify the relationship and governance structure between CCOC and Cahdco.
- The development strategy should be added to the workplan. It should focus on the strategy's next steps.

#### **D. City Land Report**



- Right before last year's municipal election, CCOC advocated that the city provide land near transit stops for affordable housing development. The mayor promised four sites.
- It led to the city land report that outlines approximately 20 sites for affordable housing development. There are immediate and long term sites on the list. There are five immediate sites.
- They will likely go to City Council soon to have two sites designated as surplus. These sites include the one on Forward and one on Greenbank. The others will be a part of the phase 2 report that will give a more inclusive idea of funding that might be tied to the projects.

**7. Report of the board Committees**

- The board reviewed the compensation structure, Committee terms of references, and appointments.
- There will be a meeting between Cahdco's executive committee, CCOC's executive committee, CCOC board members and the Chair of the development committee next Tuesday.

**8. Cahdco from Report**

- **Moved in Camera** (Sarah/Jesse)
- **Moved out of Camera** (Sarah/Jesse)

**9. Items to Highlight for the Board**

- Workplan Items
  - Graeme will clarify with the directors if the CCOC workplan will come back to the development committee for review.
- Development Strategy

**10. Adjournment: 8:42 pm** (Stephanie)

**Next Development Committee Meeting: 7:00 p.m. Tuesday, May 14<sup>th</sup>, 2019**



# Development Strategy

February 12, 2018



## CCOC MISSION

**Centretown Citizens Ottawa Corporation is a community based, tenant and member directed, non-profit housing organization whose mission is to create, maintain and promote housing for low and moderate income people.**



CCOC has a history of innovative affordable housing development. The development strategy was created to identify CCOC's next development project, to establish a pipeline of future projects, and to fulfill CCOC's mission statement to create affordable housing.

Through this analysis three key priorities were identified for CCOC to achieve its mission by bringing together the land, capacity, and capital needed to create projects.

This strategy was developed over the a year by the development department, CCOC directors, and the development committee through an integrative and collaborative process. As the work was completed the strategy was presented to the CCOC development committee and the directors for direction and feedback. The feedback was incorporated into the report and directed the next stages of work. As it was finalized, it was shared with the CCOC board committees.

## Development Goals

This strategy was developed to position CCOC to achieve the following development goals:

1. Build on the lessons from CCOC's past development ventures to inform future success;
2. Develop buildings that provide tenants a good quality of life;
3. Increase CCOC's stock without increasing the number of staff required to service that stock, through increased efficiency;
4. Increase CCOC's capacity for future development by building further equity and debt carrying capacity;
5. Increase the number of smoke free buildings within CCOC's stock;
6. Develop a net zero building by 2022.

## Key Priorities

1. Create equity for future development;
2. Increase CCOC's net operating income;
3. Develop an organizational culture that prepares CCOC to always be ready for development.

### Capital



+

### Land



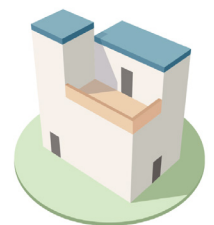
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### Capacity



=

### Projects



**Formula for Development**

# Land Opportunities

CCOC has identified four properties for potential redevelopment. As depicted in the map below the sites that are being considered are 82 Putman, 140 Bronson, 212 Carruthers, and Loretta. There is also a potential opportunity for CCOC to redevelop the Family Shelter on Forward Avenue. The shelter was closed in December 2018. CCOC has the support of the local councillor and community to redevelop the site for affordable family rentals.

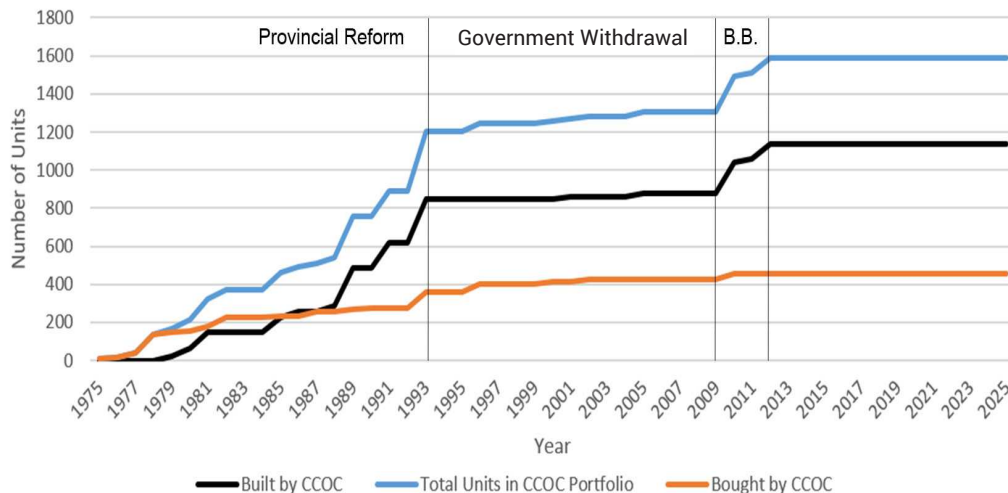
Through the continued creation and execution of this development strategy, CCOC has the opportunity to create affordable housing. As opportunities present themselves, either as potential projects or as possible funding, CCOC will have a clear understanding of how they would like to proceed. A development schedule and pipeline of future projects will mean that CCOC will be prepared to quickly determine their next development steps.



# Organizational Capacity

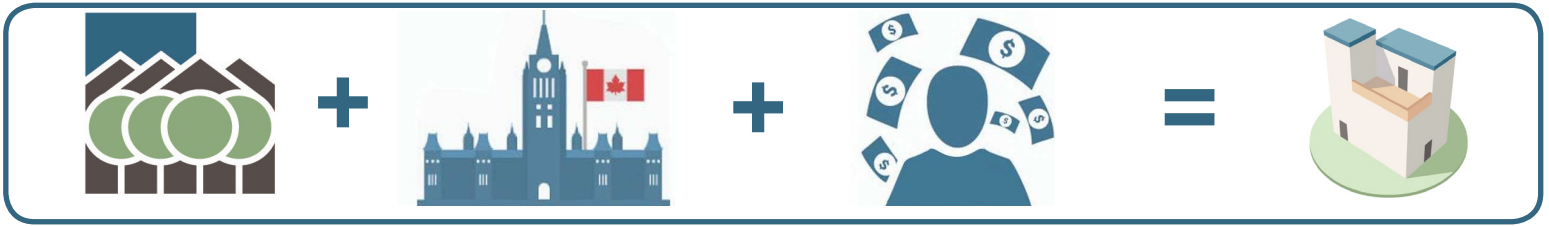
CCOC's mission is to create, maintain, and promote affordable housing. As shown in the graph below, over the past 45 years CCOC assembled a portfolio of almost 1,600 units through acquisition and development. As a part of its mandate to create affordable housing in 1994 CCOC created Cahdco to act as a non-profit development corporation. Despite the lack of funding between the early 1990s and 2000s CCOC strove to continue to build affordable housing. Since the creation of the Beaver Barracks, development of affordable housing has become increasingly difficult. It is more expensive and non-profits are required to take more of a financial risk in order to create new developments. To prepare for this, CCOC needs equity and financing. Both can be achieved by increasing operating surpluses: this will very directly build equity and also improve CCOC's corporate net operating income which makes CCOC more attractive to lenders.

Growth in CCOC's Affordable Housing Stock  
1975 - 2025



A graph comparing units CCOC has developed versus units purchased

## Formula for Financing



**Equity**

**Grants**

**Mortgage**

**New Developments**

## Capital

A successful development strategy for CCOC requires a focused look at the financial viability of each project. Each project requires a combination of capital funding in the form of government grants, mortgage, and CCOC equity, as listed in the examples below. After reviewing various (re)development sites it was concluded that, even with a government grant and mortgage, none of these four properties can be redeveloped without an injection of equity.

CCOC's equity primarily comes from the saving of annual operational surpluses. This cost to savings ratio is also known as CCOC's corporate net operating income (NOI). The project's NOI controls how much first mortgage financing CCOC can receive on a particular project. The higher the corporate NOI, the more equity CCOC can save and the higher the project NOI the greater the mortgage CCOC can receive. Together these two factors contribute to the financial viability of any new development

project. There are many grants and financing opportunities available to CCOC. The government grants are predictable and formulaic, what CCOC can control is its NOI and its equity. On the next page are the three development scenarios alongside the 2019 CCOC budget to further demonstrate the importance of the NOI. Currently, CCOC has prioritized all of its NOI surpluses for capital repairs and have not prioritized saving funds for new development.

### Sources of CCOC Equity:

- Operational Surpluses
- The Sale of Real Property
- Refinancing of EOA Properties
- CCOC Land

### Sources of Grants

- IAH Funding (Action Ottawa)
- Section 37 Funds
- CMHC Co-Investment Fund
- CMHC SEED Funding

### Sources of Financing

- CMHC Co-Investment Fund
- Rental Construction
- Private Financing
- HI-C Sector Bank Financing
- New Market Funds



**287 Loretta Avenue**



**140 Bronson Avenue**

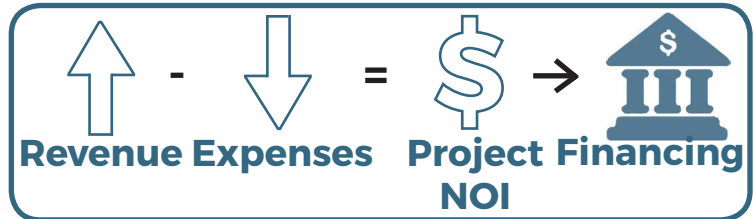
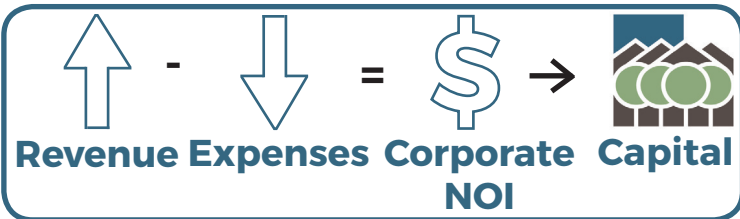


**Pro Forma Analysis of Hypothetical Projects**

Proposed Operational Per Unit Per Year	CCOC Loretta (43 Units Concrete)	CCOC 140 Bronson (55 Units Concrete)	Cahdco Charity Client (98 Units Mixed Dev.)	CCOC 2019 Budget - Provincial Portfolio
Revenue	\$10,704	\$11,216	\$11,070	\$13,529
Property Tax	\$698	\$909	\$408	\$1,998
Admin	\$1,399	\$1,399	\$600	\$1,990
Maintenance	\$3,100	\$3,100	\$1,400	\$2,034
Utilities	\$820	\$871	\$976	\$1,213
Replacement Reserves	\$749	\$749	\$652	\$765
Others and HST	\$432	\$439	\$579	\$328
Total Expenses	\$7,198	\$7,467	\$4,614	\$8,328
NOI	\$3,506	\$3,749	\$6,456	\$5,201
Mortgage	\$3,187	\$3,408	\$5,114	\$4,946

Proposed Project Capital	CCOC Loretta	CCOC 140 Bronson	Cahdco Charity Client
Mortgage Available	\$2,514,000	\$2,909,000	\$7,813,409
Action Ottawa	\$5,160,000	\$6,600,000	\$9,921,000
Equity Requirement	\$3,480,000	\$8,323,000	\$1,500,000
Total Project Cost	\$11,158,000	\$17,832,000	\$19,119,675

\*These values are from pro formas that were created to represent the greatest and best use for each site and not the current actuals for the properties



**Strengths**

CCOC owns a number of properties and can use their larger portfolio to mitigate risks of new developments.

CCOC has a large capacity for development through their large development department and in the abilities of their other departments to add to their portfolio.

CCOC has members of its staff and committees that are champions of development.

**Opportunities**

CCOC has struggling sites that have already been targeted for possible redevelopment.

CCOC has a reputation of being a good, respectable landlord of affordable housing. This is creating opportunities to work in partnership with other charities, non-profits, and government groups for housing creation.

The National Housing Strategy will create opportunities to for funding and financing.

The OCH development is a chance for CCOC to become a partner and develop a section of the site.

**Weaknesses**

CCOC does not have a large amount of equity currently available for development or acquisition.

CCOC incurs greater than average operating costs, decreasing the opportunities for equity savings and new mortgage financing.

Some of the sites being considered for redevelopment have an inherent weakness in their location. They are not near to other properties or resources.

CCOC has some committees and staff that are nervous when considering the larger risks of a new development.

**Threats**

CCOC continues to prioritize funding its capital reserves before saving funds for new development equity.

OCH redevelopment could monopolize government funding.

## Next Steps

CCOC should continue to pursue a more detailed feasibility study of the four individual properties that are being considered for redevelopment and for any future opportunities as they arise as such as the Forward Family Shelter. This would include a more detailed look at each of the properties, their zoning and potential floorplates. It will also help establish a schedule for the redevelopment projects and identify the required grants and equity needed to pursue each.

To make any of these projects feasible, CCOC needs to dedicate funds to saving for an equity contribution. None of these projects would be viable without CCOC contributing equity to the development, even with city grants awarded to the project. This could be accomplished in a number of ways. Ideas include allocating a modest annual saving requirement for equity contributions and developing a strategy for taking advantage of savings on capital works from government grants. Having an equity contribution on hand will increase CCOC's ability to respond confidently to development and funding grant opportunities.

CCOC should study its budget to identify cost savings. Reducing operational costs will decrease the needed equity contribution required on any future development.

The final recommendation is that CCOC host a regular joint finance and development committee meeting with the intent to facilitate new development and allow new projects to be present in discussions that determine the priority for CCOC funds. This would allow the committees to make recommendation to the board drawing on the experience and knowledge of both groups.

- Identify opportunities for development earlier in the Long Term Financial Plan.
- Study operations for cost savings that do not impact our high quality of service;
- Create regular joint Finance and Development committee meetings;
- Create a more detailed site by site business case;
- Confirm potential CCOC redevelopment sites;
- Explore and study the possibility of using charitable tax status to reduce property taxes and provide charitable receipts.

## Recommendations

At the 2018 All-Committee Meeting, CCOC members determined some key recommendations on how they wished to proceed with new development. They determined that new development was important but shouldn't be pursued at the expense of the existing stock. They suggested determining the conditions for when maintenance can be deferred in favour of saving for development and investigating alternative sources of financing.

Without the support of the staff, volunteers, and the board, future development will struggle to proceed. If CCOC wants to develop more affordable housing it needs to make it a higher priority.

CCOC should foster collaboration between development and other departments, specifically finance, to create a more integrated development strategy. By generating potential redevelopment schedules based on existing financial agreements, future feasibility studies would aim to base their assumptions on strong, grounded data.

Creating an incentivized savings model would increase CCOC's ability to respond quickly and confidently to land opportunities as they arise. Incentivization could take the form of monetary savings or increased departmental efficiency.

- Integrate development into strategic and long-term planning;
- Increase CCOC's corporate and project NOIs';
- Increase equity for new development;
- Investigate other sources of financing;
- Include all departments in strategic development planning;
- Establish criteria to determine when a deteriorating property should be considered for redevelopment;
- Encourage an incentivized saving model;
- Establish a redevelopment schedule that includes every property identified as a site that will be maintained, redeveloped, or sold.

**MINUTES FOR THE TENANT AND COMMUNITY ENGAGEMENT COMMITTEE  
MEETING OF TUESDAY, APRIL 9, 2019  
464 Metcalfe St.**

**Present:** AnaLori Smith (chair), Lee Pepper, Linda Morrison, Andrew McNeil, Doris Zastre  
**Staff:** Kiefer Maracle, Mark Sider, Hannah Vlaar, Ray Sullivan

**Regrets:** Elizabeth Kim, Lisa Hollingshead, Sarah Eastwood, Peter Thorn, Ralf MacGrady

**Guests:** Sarah A., Marcel Roy, Ashlin Kelly

**1. The meeting was called to order at 7:06pm**

**2. Adoption of the agenda**

The agenda was adopted as written.

(M/S/C, Lee Pepper/Doris Zastre)

**3. Adoption of the minutes**

The minutes of the meeting of Tuesday March 5, 2019 were adopted as presented.

(M/S/C, Andrew McNeil/Lee Pepper)

**4. Guest Update**

**a) Development Strategy: Kiefer (slide show presentation attached)**

Kiefer presented the new Development Strategy. The strategy was broadly designed to answer two questions. What are CCOC's development goals and how is the corporation going to achieve them? Kiefer clarified that CAHDCO develops housing for external clients while the CCOC Development Department works internally to develop projects for the organization.

Kiefer went through a 26-slide presentation that highlighted goals, priorities, and equipping CCOC to always be ready for development. As an overview, Kiefer explained that Capital + Land + Capacity = Development Projects.

The Development department looked at the redevelopment of three sites to see how much redevelopment would cost and where those monies could come from. This exercise helps determine how much money needs to be on hand for redevelopment.

The investigations found that wood frame constructions are more affordable and appropriate and small projects are more feasible. They also found that operational costs have a larger effect on project viability than capital costs, and that interest rates and amortization period are critical.

Kiefer outlined historical funding opportunities and noted that funding now is much more competitive and different in structure than it was in the 70s and 80s.

As part of the strategy they completed a Strengths, Opportunities, Weaknesses, Threats (SWOT) analysis.

**Strengths:** CCOC owns a large number of properties, has a large capacity for development, and has staff and volunteers who are champions of development,

**Weaknesses:** There is limited equity available for development or acquisition, CCOC operating costs limit mortgage financing, some sites are not close to other properties, and some staff are nervous about development.

**Opportunities:** Struggling CCOC sites have already been identified for possible redevelopment, CCOC is known as a landlord of choice, the National Housing Strategy has new opportunities for funding and financing, and OCH development sites could be CCOC partner opportunities.

**Threats:** CCOC has an aging portfolio which requires capital repair, OCH redevelopment could monopolize government funding, and government expectation of housing providers is to do more with less.

The immediate next steps will be to incorporate this review into the long term financial plan, study operations for potential cost savings, hold regular joint committee meetings, increase site-by-site development cases, and confirm potential CCOC redevelopment sites (and more!).

The long term recommendations are to integrate development into strategic long-term financial planning, increase equity for development, investigate other sources of financing, increase CCOC's corporate and project Net Operating Income, include all departments in planning for development, encourage interdepartmental savings, and establish a redevelopment schedule (and more!).

Since the first draft of the Development Strategy was created, the City has committed to setting aside some land for transit-oriented development. This development strategy will be an evolving process and the document will change and grow over time as new opportunities and threats emerge.

The Development Committee is looking for feedback from other committees to continue to flesh out the strategy. It's a living document and will be adjusted, but broadly CCOC will be more aggressive in creating operating surpluses. CCOC has worked hard to maintain existing properties, and will now be looking to develop new sites as well as maintain existing properties.

## **5. Business arising from the previous minutes**

### **a) Arlington welcome party**

The new Arlington redevelopment is almost livable! The address is 143-153 Arlington. When the landscaping is complete CCOC will host a welcome event for the new tenants and neighbours. Hopefully one or two apartments will be empty, but if they are all full we will ask if one or two tenants are willing to open their homes to guests.

It would be great to get a street closure to be able to make it more of a neighbourhood event. Hannah has mentioned this to Kiefer and Paige, who are working on the development of this building and will be helping to organize the event.

The committee discussed how this will be an event to welcome tenants to their new home, but also to introduce CCOC to the neighbours and share information about passive housing.

#### **b) 151 Parkdale Listening Party**

At the March committee meeting, Lisa brought forward the idea of a listening party. The idea is that tenants and CCOC staff get together to hear from each other. It would be particularly useful at properties where there have been some challenges or big changes. Hannah suggested having the first one at 151 Parkdale as conversations have already started about this type of event there.

This will be an interdepartmental project with Rentals, Maintenance, TCE, and Corporate Services (communications). Hannah will work on bringing this forward with staff and choosing a date.

The goal of the event is to build a stronger sense of community and remind everyone—tenants and staff—know that we're all in it together.

### **6. New business**

#### **a) The Doug DesBrisay Good Neighbour Award (The “Dougie”)**

Every year, CCOC sends out a call-out across all properties asking tenants to nominate their neighbours for the Good Neighbour Award. This year CCOC received ten nominations for the award! It was difficult to choose just one winner as there were so many wonderful stories this year. The subcommittee did manage to get it down to one winner this year! The person will be informed and invited the Annual General Meeting, where everyone will find out who the winner is!

The committee also decided to honour all of the nominees. In the past, only the winner has been informed that they were nominated and won. This year, all nominees will be informed they were nominated. All nominees will receive a small plant and a card. The winner will receive a large plant, a framed certificate, a card, and their name on the plaque.

#### **b) Lifetime membership**

The department directors decided to nominate a certain tenant (whose name will be withheld for now). The committee agreed.

Motion to approve the recommendation for a Lifetime CCOC member. (M/S/C, Unanimously passed)

#### **c) Bike tour: theme**

CCOC hosts a tour every year showcasing CCOC properties and focusing on an interesting theme. The tour rotates between a bus, walking, and bike tour. This year the tour will be by bike on September 28, 2019.

Last year was the walking tour around the LeBreton Flats and it was the first year that CCOC focused more on inviting extra guests. This was a real hit as the guests made the tour! At each stop there was someone who had a story to tell—an Indigenous Elder, a local historian, a City Councillor and a project planner—all telling stories about the LeBreton Flats area. In other years CCOC folks have mostly been the animators.

The committee discussed the details of the bike tour. The route should be as accessible as possible considering it is already a more inaccessible tour (because not everyone can bike).

CCOC has typically hosted an event with snacks and drinks at the end of the tour. Last year this couldn't happen because the tornado knocked out the power! However, Ray asked if the event was really missed—it didn't seem to be. However, on the walking tour attendees had lots of time to chat with each other. This will not be the case on a bike tour. Instead of a bigger event, the tour could include a gathering at the end in a park where attendees have the option to stay and chat if they choose.

The committee talked about some of the following theme ideas: healthy/green transportation, visiting the outlier properties, seeing the benefit of cycling as an efficient way to transit, biking home, creating a sense of agency, fly by traffic.

The tour could include viewing bike parking facilities at CCOC buildings, pedestrian and sidewalk things (that could be pointed out), including two city councilors who are committed to two-wheel transit. It could also mention Laurier (the first cycle lane in the city).

It's important that the tour does not place a moral judgment on "cycling is good" because not everyone is able to cycle and/or has reasons why they choose not to cycle.

Accessibility options include bikes with seats in the front, tandems, and getting connected with the group that takes seniors on bike rides. The committee could also decide to use some of the property tour budget for bike rentals, to allow people who do not own bikes to participate in the tour.

#### **d) Communications survey: results**

The committee reviewed the communication survey results.

There was a high response rate for the paper survey and a slightly higher response rate on the electronic version.

The key findings show that tenants are not ready for digital-first communications. The way people want to be receiving information from CCOC is the way the organization should be communicating with them. Politics and housing issues are both popular items in the NewsNotes. Tenants want to be engaged on things with tenancy in their neighbourhoods and also on some of the bigger picture items. Tenants also value the contact information in their calendar.

It was clear that ranked questions don't work well—people responded in all sorts of different ways, but not necessarily in the way requested.

It was also clear that asking someone what language they speak at home is interesting, but not helpful for translating CCOC documents. However, if CCOC translates the five or six languages most spoken (not necessarily their first language), more people would be reached.

Sarah and Lee both offered to help out with Instagram when Hannah gets that started! Thank goodness!

The CCOC website is more user-friendly on a laptop than a phone, but more people are accessing it on their phones. The next website update should first redesign the mobile website, then the computer website.

Overall takeaways are that it would be premature to proceed with a digital-first communications strategy. There are real strengths with paper-based communications that CCOC will continue to leverage.

## **7. Standing items**

a) Board & committees report – see attached.

b) Department report

The department is busy with organizing the garden plots, Plant Days, the Nominations and Appointments Subcommittee, and preparing for the AGM. It's busy season!

c) Items for board discussion – update the board on the change to honouring all nominees for the Dougie award.

## **8. Announcements**

a) TCE related community activities/events

b) 2019 Meeting Schedule: May 7, June 4 (the day before AnaLori's birthday!), July 2

## **9. Adjournment**

The meeting was adjourned at 9:00pm.

(M/C Lee Pepper)

## **REPORT FROM THE RENTAL COMMITTEE**

**April 16, 2019**

**PRESENT:** Kerry Beckett (chair), Toby Brooks, Alison Kar, Cynara Desbarats  
**STAFF:** Debbie Barton, Fran Childs (recorder)  
**REGRETS:** Christopher Yordy, Sulaina Bonabana, Vera Theokritoff, Adriane Dijs, Michelle Boyer, Daniel Boyer, Helena Brown  
**GUESTS:** Graeme Hussey, Kiefer Maracle

All of the members went around the room and introduced ourselves to the guests, Graeme and Kiefer. The meeting was called to order at 7:15pm

1. **The agenda was accepted.**
2. **Adoption of the February 2019 minutes:** we deferred this item to the next meeting. The people in attendance at this meeting were not at the February meeting and therefore could not approve the minutes. We will bring forward both the February and the April minutes at the May committee meeting.
3. **Presentation on Development Strategy: Graeme & Kiefer**
  - a) The work on our development strategy allows us to investigate why CAHDCO isn't doing a lot of development for CCOC and how we can do more. Lately there have been many projects with external clients, but not as many for CCOC.
  - b) Kiefer and Graeme shared a full presentation explaining the components of development and providing possible actions we can take to increase the amount of development that CCOC undertakes going forward.
4. **Business Arising:**
  - a) **Terms of Reference for Rental Committee:** Debbie went through the latest updates to the document outlining the Terms of Reference. The Directors looked at all Terms of Reference across all committees and slightly adjusted to ensure consistency in purpose and language. The two tier aspect of Rental Committee that was a concern has been removed.

**The committee recommended that the Rental Committee Terms of Reference be accepted as amended. M/S/C Beckett/Desbarats/unanimous**

- b) **Commercial Units at 170 Booth:** Debbie reported on Linda's behalf that another commercial unit at 170 Booth has been rented and we are now only left with one remaining unrented commercial space. The newest tenant is a community acupuncture clinic that will offer affordable acupuncture treatments.



- c) **Update on 283 Arlington/Bruce House:** Debbie gave a brief update that we met with Bruce House staff again to clarify roles. Going forward, it is CCOC's intention that once the overhoused family moves from 283 Arlington to an appropriately sized home, we will exchange the 5 units at Arlington for 5 other units with CCOC.

5. **Policy Review:**

- a) **Rent Calculation on Fluctuating Income** – Updated wording of this policy was required to reflect our current processes.  
**The committee recommends that the Rent Calculation on Fluctuating Income policy be accepted as amended. M/S/C Kars/Desbarats/unanimous**
- b) **Income Verification** – Debbie shared that this policy needs to be rescinded as it is covered by other legislation and is out of date.  
**The committee recommends that the Income Verification policy be rescinded. M/S/C Desbarats/Kars/unanimous**
- c) **Income Changes** – Updated wording of this policy was required and the Committee reviewed the proposed changes.  
**The committee recommends that the Income Changes policy be accepted as amended. M/S/C Kars/Brooks/unanimous**
- d) **Access to Market Rent Units Policy** – The Assessing Financial Back-up for Market Rent Units is now incorporated in to the Access to Market Rent Units Policy. Debbie went through the changes and updates and showed the merging of the two separate policies into one cohesive policy.  
**The committee recommends that the Access the Market Rent Units Policy be accepted as amended and that the Assessing Financial Back-up for Market Rent Units Policy no longer be a separate policy. M/S/C Kars/Desbarats/unanimous**
- e) **Policy on Transfer Requests** – Debbie shared the updated wording of this policy and went through the proposed changes. Some additional changes were recommended and incorporated into the policy.  
**The committee recommends that the Policy on Transfer Requests be accepted as amended. M/S/C Beckett/Kars/unanimous**

6. **CCOC Workplan 2019-2022:**

Debbie reviewed the updated CCOC Strategic Plan with the committee members. She went into detail about the three items for the Rental Department to explain them. There will be more conversation about these items in future. The Rental Department items are as follows:

- **Social Sustainability for Singles Buildings:** consider alternatives for how we manage and sustain rooming houses and properties that only house singles
- **No-smoking policy:** expand opportunity to additional tenants at more CCOC properties

- **Refugee Support:** evaluate long term CCOC role in housing refugees
7. **Rental Department Reports:** Refer to notes provided in the attached reports for each of these items.
    - a) Vacancies and Turnovers
    - b) Legal Tracking Report
    - c) Accounts Receivable Statistics
    - d) Bad Debt Write-offs
  8. **Board & Committee Reports:** This information was not discussed at the meeting since we ran out of time, but was circulated to committee members with the minutes.
  9. **Board Focus on Rental Business:** all policy updates and the updated Terms of Reference.

**Adjournment:** The meeting adjourned at 9:00pm.

**Next Meeting:**           **May 21, 2019 @ 7:00 pm 415 Gilmour Board Room**



## Rental Committee Terms of Reference

### Purpose:

- The Rental Committee is responsible for providing policy advice and strategic direction to the Rental Department.
- The Committee will also advise and make recommendations to the board on Rental Department policies, major initiatives and strategic priorities.
- ~~overseeing the ongoing leasing of residential and commercial units, the rent collection functions of the corporation, including arrears and bad debts and the administration of rent subsidies in accordance with government requirements and CCOC policies.~~

### Composition:

- ~~For regular Rental Committee members: As per General general Policy policy on Standing Committees and Board Composition.~~
- ~~For approved Rental Committee members who have access to confidential matters: membership shall consist of up to eight persons appointed by the Board of Directors plus any Board members who attend three consecutive meetings. Appointments shall be reviewed annually. Members shall normally serve a minimum term of two years, and may be re-appointed. A quorum shall consist of three approved members. If an approved committee member is absent for more than three consecutive meetings without a good reason, the Rental Committee may seek a replacement and recommend appointment to the Board of Directors.~~

### Duties:

- ~~Ensuring overseeing the ongoing leasing of residential and commercial units, the rent collection functions of the corporation, including arrears and bad debts and the administration of rent subsidies in accordance with CCOC's Mission and policies, and government requirements and CCOC policies.~~

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- ~~— Ensure staff overseeing the rental of the residential and commercial units within the conditions of the Mission Statement of the corporation and the requirements of the government programs.~~
- ~~— Monitor the rent collections function of the corporation within approved policies and procedures. Administering the rent subsidy programs within government requirements and CCOC policies.~~
- ~~• Provide policy advice and strategic direction to the Rental Department.~~
- ~~• Advise and make recommendations to the board on policies, major initiatives and strategic priorities for the Rental Department.~~
- Developing and recommending policies on eligibility and access criteria, occupancy standards, tenant transfers, guests, overhousing, and rent subsidies in accordance with the requirements of government programs.
- Monitoring vacancies and turnovers, compare to key rental market indicators, and identifying marketing strategies.
- Review reports on arrears and bad debts to ensure industry standards are being achieved.
- Review and recommend strategic community partnerships that align with CCOC's Mission and Values statement and help maintain successful tenancies.
- Developing and recommending policies regarding the use of parking spaces.
- Reviewing annual market rent increases for in-situ tenants and on unit turnover for Board approval.
- Monitor housing policy and programs and support the Rental Department to implement 'best practice' approaches.
- Reviewing and prioritizing annual workplans with for the Rental Department to ensure consistency with CCOC's strategic planning.
- ~~• In conjunction with the Membership and Communications Committee, shall be responsible for informing potential tenants about their rights and obligations, CCOC's objectives, management and committee structures.~~
- ~~• The Rental Committee is directly responsible to the Board of Directors.~~

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### Additional Duties:

- ~~— Those Rental Committee members who have been approved by the Board to have access to confidential matters will meet in camera for the purpose of to:~~
- ~~• Reviewing and recommending to Executive Committee eviction of tenants for reasons other than nonpayment of rent.~~
- Reviewing special requests from tenants or applicants which involve confidential and personal information. The decisions made on tenant/applicant appeals will be forwarded to the Board of Directors for information.

## **RENT CALCULATION POLICY ON FLUCTUATING INCOME**

**Board Approved June 2005**

### **Background**

All ~~rent geared to income~~ tenants with a rent subsidy are obligated to ~~be~~ reporting their income at least once a year, during lease renewal time. In addition, tenants must report within 31 days if whenever there is any change in household income. The purpose of this policy is to identify how CCOC administers rent calculations for those tenants who have fluctuating income.

### **Policy**

Tenants who have fluctuating income will have their rent based on an average of eight (8) consecutive pays. This takes into account the high and low pays and uses an average income over approximately a four month period. ~~When averaging is being used there will be no retroactive rent increases or decreases.~~

The rent for tenants who have just started work and anticipate their hours will not be regular will be calculated on two to four pays. Tenants will be required to submit monthly pays until such time as 8 consecutive pays have been submitted. The rent will then remain at this amount until 8 new pays have been submitted.

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Rescind the Policy

**POLICY ON INCOME VERIFICATION**

Board approval Jan./99

Tenants who do not provide proper income verification for their Lease Renewal by the deadline outlined in CCOC's letter, will be charged market rent for February.

## POLICY ON INCOME CHANGES

Board approval Jan/79

Board amended Nov/98

Where a rent/occupancy charge increase of \$10.00 or more is due to an increase in income of the tenant/member, the rent/occupancy charge increase shall be effective on the first day of the second month following the month in which the income is increased.

### **Background**

An important change to the *Residential Tenancy Act (RTA)* was that the tenant who pays RGI rent is exempt from the requirement to receive 90 days notice before the rent is increased *if the increase is due to an increase in income*. As a result of this change in the RTA, the Ministry of Municipal Affairs and Housing ~~is changing~~ the policy for giving notice of rent increase for all RGI tenants where the increase is due to an increase in income and required that Non-Profit Housing Boards approve such a Policy change. ~~The Ministry has recommended that a Board resolution must be in place before this policy change can be implemented.~~

**POLICY ON ACCESS TO MARKET RENT UNITS**

Board approval Feb/92  
Board amended Aug/95  
Board amended Feb/07

1. People seeking accommodation with CCOC must:
  - a) ~~fully~~ complete ~~and maintain~~ an ~~up to date~~ application form
  - b) provide verification of income from all sources
  - c) ~~agree-provide written consent~~ to have ~~their~~ tenancy and credit history checked
2. CCOC accepts as tenants at market rent, applicants who:
  - a) have an acceptable credit record and have a good history of rent payment.
  - ~~and~~
  - b) ~~→ have an income that more than covers the rent and utilities would not be paying more than 30% of their average gross monthly household income on rent~~
  - c) ~~a proven track record of paying comparable rent and utilities and their income was similar~~  
~~or~~
    - ii) ~~are on social assistance and the CCOC market rent for the unit for which they are applying is not higher than the maximum shelter allowance available to them as social assistance recipients as determined by the Ministry of Community and Social Services.~~
3. Where applicants do not qualify under item 2. , they will be assessed under the following criteria:
  - a) documented job offer to start in the near future ~~that substantiates an income that more than covers the rent and utilities, after which the applicants rent does not exceed 30% of their average gross monthly income. (This applicant would then be eligible under 2.)~~
  - ~~or~~
  - b) ~~successful record of recent rent payment for 6 consecutive months during which time the rent to income ratio was similar to what they would pay for the CCOC market unit~~
  - ~~or~~
  - b) ~~financial back-up is documented and substantiated exists~~ and CCOC is satisfied that the rent will be paid.
4. Financial back-up would include:
  - a) Liquid capital reserves that can be verified
  - ~~or~~
  - b) A co-signor who has an acceptable credit rating and would not be paying more than 15% of their average gross monthly income for the CCOC unit.
5. A co-signor for the applicant can be considered where the applicant:  
is new to province or country  
~~\_\_\_\_\_~~  
~~or~~  
has no credit rating established  
~~\_\_\_\_\_~~  
~~or~~  
has no previous rental payments of similar or greater rent.
6. CCOC may require first and last month's rent to be paid in full before move-in, where the applicant cannot obtain a co-signor, or has poor credit, or no tenancy history, or has not paid a similar rent.

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- ~~6. Applicants who are housed in a market unit as a result of meeting criteria in 2b)ii and 3 will be encouraged to apply to The Registry.~~
7. Notwithstanding any of the above, CCOC reserves the right to refuse to house applicants who have an unacceptable credit rating or poor tenancy history.
8. Requests for exceptions to any of the above will be reviewed on a case-by-case basis by the Rental Committee.

**POLICY FOR ASSESSING FINANCIAL BACK-UP FOR MARKET RENT UNITS**

Board approval Feb/92  
Board amended March/98

Financial back up would include:

- ~~1. Liquid capital reserves that can be verified~~  
~~OR~~
- ~~2. A co-signor who has an acceptable credit rating and would not be paying more than 15% of their average gross monthly income for the CCOC unit.~~  
~~A co-signor for the applicant will be considered where the applicant:~~  
~~is new to province or country \_\_\_\_\_~~  
~~OR~~  
~~has no credit rating established \_\_\_\_\_~~  
~~OR~~  
~~has no previous rental payments of similar or greater rent.~~
- ~~3. First and last month's rent be paid in full before move in, where the applicant cannot obtain a co-signor or has no tenancy history.~~

CCOC recognizes that tenants may request a transfer from their present accommodation to another CCOC unit. CCOC will respond to all requests in a fair, consistent and financially responsible manner.

1. Tenants may request a transfer and be put on the transfer waiting list **as of the date of their transfer request** for another CCOC unit provided that:
  - a) the tenant has an up-to-date rental account and a good rental payment record for at least 6 consecutive months prior to the transfer being approved;
  - b) the tenant has no history of damage to the unit and the unit is kept in reasonable condition;
  - c) the tenant has no history of disturbing neighbours and no eviction notice has been issued; and
  - d) the transfer will not conflict with other CCOC policies or objectives or budgetary considerations.
  
2. The following rules apply to tenant transfer requests:
  - a) All tenant transfer requests and building selections must be in writing
  - b) Tenants must choose at least 1 CCOC building in order to be added to the transfer wait list.
  - c) Tenants will only be offered transfers to buildings they have selected
  - d) Tenants may receive a maximum of 3 transfer offers. If all 3 offers are refused, the tenant will be notified in writing that they have been removed from the transfer wait list.
  - e) Should the tenant wish to reapply for a transfer the tenant would have to submit a new transfer request to be placed back on the wait list with a new date.
  
3. Tenants seeking a **Priority** transfer must apply directly to The Registry as a new applicant and request to be assessed as Priority. Priority Status is assessed in the following order:
  - a) **Special Priority (Victim of Abuse)** - The tenant's safety is at risk from an abusive partner or other(s) with whom they reside and the abuse has been verified as per Ont. Reg.367/11 sec 54-58 of the *Housing Services Act (HSA)*.
  - b) **Overhoused** - The tenant is overhoused ~~where (there is more than one bedroom per person).~~ CCOC tenants who are deemed overhoused and receive tenants who are a rent subsidy must select a minimum of 10 buildings where they would like to live. receiving rent geared to income assistance They will be placed on the CCOC internal waiting list ~~as of their date of application for RGI housing.~~ If an overhoused RGI tenant with a subsidy is ~~has~~ not ~~been~~ transferred after 12 months, they will be placed on The Registry wait list. If tenants refuse 3 offers in total, they will lose their RGI subsidy. Please note that this is a Provincial rule. Refer to CCOC's Policy on Overhousing for CCOC Tenants Receiving a Rent Subsidy.
  - c) **Urgent Status (Safety or Medical)** - The tenant ~~must~~ demonstrate urgent need, based on urgent safety/security issues, life threatening medical conditions or permanent disabilities, where their current unit is inaccessible or substantially aggravates the condition. To qualify for urgent need based on medical conditions, The Registry has established eligibility criteria that must be met in order to determine whether yourself or someone in the household has a terminal illness or a ~~serious~~ life threatening medical condition **made worse by where they live and a change in housing may improve their health.** All urgent need requests must be substantiated in writing to The Registry by a third party professional knowledgeable of such issues and/or a licensed physician's medical opinion. conditions.
  
4. Tenants requesting a transfer will be responsible for covering the costs to repair any damages over and above normal wear and tear that are necessary to restore their present unit to a rentable condition, as determined by the Maintenance Department.
  
5. The *Residential Tenancies Act, 2006* allows the housing provider to charge up to \$250 for internal transfers. This fee may be applied to tenants:
  1. Where the tenant has lived in their unit for less than one year **or**
  2. Where the tenant has already transferred within CCOC.
  3. CCOC may apply a \$250 fee at its discretion.

**Note:** Charge-backs for repairs or damages beyond normal wear and tear ~~cannot~~ be applied

## RENTAL DEPARTMENT REPORT March 2019

### 1. CCOC Units Rented by Source and Unit Turnovers:

Source	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Totals</b>	<b>19</b>	<b>22</b>	<b>9</b>										
Transfers	8	2	1										
Registry W/L	4	5	2										
Referrals	4	9	5										
Signage/Ads													
Insitu MR to RGI	1												
Websites/Twitter	2	4	1										
Former Tenant		2											
<b>Unit T.O by month</b>	13	18	13	19									
<b>Monthly V.C. rate</b>	1.2%		1.1%										

\* **Benchmark 1: monthly units rented should equal number of turnovers**

March 2019: # of units rented = 9

# of turnovers = 13

\* **Benchmark 2: CCOC vacancy rate (1.1%) should be < than Ottawa's vacancy rate (1.6%)**

### 2. Vacancies & Turnovers:

April Turnovers: **19 units**

May Turnovers: **13 units**

The current vacancy rate for March is 1.1% with 18 empty units. CCOC has 1573 units in 51 properties. Our vacancy rate is **below the City average vacancy rate of 1.6%** (CMHC, Rental Market Report, Oct. 2018).

### 3. N5's & Evictions: February/March:

**N5's & Evictions:** There are 9 active N5's including 2 new notices served in April. We finally received an Order from our LTB hearing on Dec 18<sup>th</sup> where the tenant was to vacate the premises on February 28<sup>th</sup>, however did not so the Sheriff attended on March 14<sup>th</sup> to enforce the eviction. Another tenant whose case was heard at the LTB where the lawyer requested additional time in order for the tenant to undergo a psychiatric assessment to determine if he was of sound mind when he provided his notice to vacate. They were buying time and the tenant vacated the premises on March 5<sup>th</sup> before we were scheduled to be at the LTB again.

# PRAC!

(Committee on Research, Advocacy and Policy, not Cold Rolled Annealed and Pickled)

## NOTES

7:00 pm April 17, 2019

415 Gilmour – main office, second floor

**Present:** Abra Adamo, Natalie Duchesne, Judy Forrest, Mike Lambert, Rod Manchee, Jesse Steinberg, Ray Sullivan (Staff)

**Regrets:** Catherine Boucher

1. **Call to Order:** 7:10
2. **Adopt Agenda:** adopted unanimously
3. **Adopt Notes from March 2019 meeting:** adopted unanimously
4. **Recent News**
  - a. **Municipal/local:** Jesse reported that the Official Plan white paper on housing is worth reading – it identifies good issues. We might want to flag the need for good data: how do we measure success if we don't capture data? Ray will pop it up on our google docs page. PRAC will do a deep dive into that document at the next meeting.

Transportation Master Plan timeline is still a bit of a mystery.
  - b. **Provincial:**
    - i. **Budget:** We have some new acronyms to learn.

COCHI is the Canada-Ontario Community Housing Initiative and essentially reflects the National Housing Strategy commitment to hold baseline 2018 spending for existing social housing. This money that would have disappeared when operating agreements expire, but it will now be kept in the system to keep existing social housing sustainable.

OPHI is the Ontario Priorities Housing Initiative, which is the successor to the Investing in Affordable Housing Initiative (IAH) that has been used to develop new housing in Ottawa (it supplies the cash in Action Ottawa). The money is lower than recent years (which we suspected was coming) and there is a broader of things it can be used for, subject to municipal discretion.

The Province announced some other coming changes to the way Rent Geared to Income will be calculated (less frequently and based on tax

returns), and how the social housing waiting list will be managed (only one offer, not up to three).

- ii. **EOM:** still no news on what we can expect after mortgages are paid out on the provincial reform portfolio.

**c. Federal:**

- i. National Housing Strategy Act: introduced this week, but might not be enough time before the election to pass through parliament. It puts the Right to Housing in legislation, creates a National Housing Advocate and a National Housing Council. CHRA's advocacy committee is suggesting stronger powers for the National Housing Advocate and adding a specific mention of Indigenous Rights to Housing, referencing the UN Declaration of Rights of Indigenous People.
- ii. Community Housing Transformation Centre: the federal government also announced the creation of this centre, organized by a network of national and provincial housing associations, which will support the greater sustainability and resiliency in the sector, with grants and capacity building programs.

**5. Business Arising from past meetings:**

- a. **Reconciliation with Indigenous Peoples:** trying to connect with a new elder. Hannah is picking this up to help it move forward. Michael asked what sorts of things could come out of this: Ray suggested it should be led by Indigenous tenants, but some possibilities include cultural/historical awareness training for volunteers, recognition for Indigenous tenants. Some members suggested we could also give permission for smudging, even in non-smoking buildings.

**b. PRAC 2019-2020 workplan & CCOC workplan 2019-2022:**

**Systems thinking:** Natalie presented an outline for a two-page backgrounder on systems thinking. The goal would be to use this to influence opinion through the City's consultations on the 10-year Housing and Homelessness Plan refresh.

Business-as-usual thinking, in contrast to systems thinking, is exemplified by people saying "Not my circus, not my monkeys" rather than accepting a shared responsibility. We really liked that image and also imagined nuances: "not my circus, not my elephant" (for big issues that are hard to shift), or, "not my circus, not my clown" (maybe for politicians?).

Sophisticated data, trust and collaboration, and good coordination are all key considerations for a systems approach.

Natalie will complete a draft for the next meeting.

**Workplan:** the committee added some timelines to the workplan and identified some deliverables.

The committee suggested a joint meeting with **Development Committee**. Perhaps we can recruit some of them to help out on the planning-oriented initiatives, like a pro-active scan of the current official plan to identify things we don't like and want to change.

The committee also suggested some recruitment. We can start by planning a NewsNotes article on PRAC and adding it to the CCOC Committee Summaries list. Ray will take care of both.

6. **New Business:** none
7. **Other business:** none
8. **Monkey Business:** Not my circus.
9. **Adjourn:** 9:02

# CCOC Workplan 2019-2022

Goal (from strategic plan)	Objectives	Strategies	Activities	Priority: ***= essential **= important *= opportunity	Resources: ***= outside help **= bumps work *= fits workload	Lead (support)	Output Timeline (Start)	Output Timeline (End)
<b>Engage</b> the world in our mission	A strong local, provincial and national non-profit housing sector	Join and participate, play leadership roles in associations	<b>Sector leadership</b>	**	*	All	Ongoing	Ongoing
<b>Market</b> CCOC	Awareness of and pride in CCOC	Record and share story of our first 40 years	<b>History book:</b> develop and deliver "book" to document first 40 years of CCOC	*	***	Corp	Jan-16	Jun-19
<b>Empower</b> staff, volunteers and tenants	Shared staff understanding and commitment to mission and bigger picture	Ensure new staff welcoming process is consistent and complete	<b>Staff welcoming:</b> develop a comprehensive welcoming and orientation process for new staff	**	**	Corp (All)	Feb-19	
<b>Empower</b> staff, volunteers and tenants	Staff have trust that they are well informed across departments and about corporate priorities	Take a more deliberate and consistent approach to internal communication and team building	<b>Internal Communication:</b> Plan staff meetings and engage other tools to improve internal communications	**	*	Corp	May-19	Dec-22
<b>Empower</b> staff, volunteers and tenants	Tenant independence and self-sufficiency where appropriate	Enable tenants to triage and perform basic maintenance and home operations	<b>DIY Maintenance Manual:</b> publish "manual" for basic maintenance and risk management things tenants can safely do themselves	*	*	Corp (Mntc)	Aug-19	Aug-20
<b>Create</b> affordable housing	Turn bad properties into good ones	Develop a more systematic approach to asset management planning	<b>Redevelopment:</b> evaluate options for 140 Bronson, Loretta, Putman and 212-216 Carruthers, and others	**	*	Dev	Apr-19	Mar-20
<b>Innovative, entrepreneurial</b> business models	Cahdco's continued growth is supported by CCOC	Update intercorporate MOU to properly reflect exchanges of value between Cahdco and CCOC	<b>CCOC/Cahdco MOU:</b> update the intercorporate MOU	**	*	Dev	May-19	Dec-19
<b>Create</b> affordable housing	Build new affordable housing on free land	Identify which City of Ottawa sites are most suitable for CCOC and secure them for CCOC development	<b>City TOD Land:</b> evaluate options to create more CCOC housing on the City TOD lands	**	*	Dev	May-19	Dec-19
<b>Create</b> affordable housing	A strategic plan that guides the next stage of CCOC's growth and prosperity	Develop a more systematic approach to asset management planning	<b>CCOC Development Strategy:</b> adopt the recommendations and begin the next steps	**	*	Dev	May-19	Dec-19

# CCOC Workplan 2019-2022

Goal (from strategic plan)	Objectives	Strategies	Activities	Priority: ***= essential **= important *= opportunity	Resources: ***= outside help **= bumps work *= fits workload	Lead (support)	Output Timeline (Start)	Output Timeline (End)
Sustain our properties for the next century	A sustainable operation at 240 Presland	Prioritize the housing over the co-op corporation	<b>Co-op future:</b> amend co-op governing documents to allow options after operating agreement expires	***	*	Exec	Jan-20	Jun-20
Sustain our properties for the next century	Long term prosperity	Drive policy area forward at local and provincial level	<b>HSA EOM:</b> Resolve funding and income questions for provincial portfolio properties when mortgages are paid off	***	*	Exec	Jan-16	Mar-20
Innovative, entrepreneurial business models	A strategic plan that guides the next stage of CCOC's growth and prosperity.	Engage staff and volunteers to set priorities and vision	<b>Strategic Plan:</b> Develop a new strategic plan beyond 2022	**	**	Exec	Jan-21	May-22
Be a landlord of choice	Longer tenancies for seniors or others with cxhanging abilities	Determine if there are simple steps CCOC can take to facilitate aging in place	<b>Aging in Place:</b> develop a CCOC Aging in Place Strategy	**	**	Exec (All)	Jun-19	Sep-19
Innovative, entrepreneurial business models	A robust system of key indicators that supports strategic decisions	Use new Yardi data to update indicators, seek benchmarking opportunities	<b>Reporting and Analysis:</b> review and update KITyS, data capacity and requirements, processes for analysis	***	*	Fin	Jul-19	Oct-20
Mange Information to Improve the flow of work	New and long-standing staff now whatthey need to know	Create basic manual customized to CCOC, supplemented by regylar live-training	<b>Yardi manual and training program</b>	*	**	Fin	Jun-20	Nov-20
Be a landlord of choice	Better economies of scale	Expand CCOC services to benefit other affordable housing tenants	<b>Shared Services:</b> expand fee-for-service property management, investigate opportunities for new outside services	*	*	FMC (Fin)	Feb-19	Feb-20
Empower staff, voluteers and tenants	Fair and objective pay practices	Implement job equity framework into operations	<b>Human Resources:</b> Revise all job descriptions and intergrate with job equity evaluation framework and updated compensation policy	**	**	Pers	Jul-19	Nov-19



# CCOC Workplan 2019-2022

Goal (from strategic plan)	Objectives	Strategies	Activities	Priority: ***= essential **= important *= opportunity	Resources: ***= outside help **= bumps work *= fits workload	Lead (support)	Output Timeline (Start)	Output Timeline (End)
<b>Engage</b> the world in our mission	City official plan connects urban planning, transportation and affordable housing	mobilize CCOC volunteers and tenants, and allies to influence OP development process	<b>Policy Integration:</b> Ensure City affordable housing, urban planning and transportation policies are well aligned	**	*	PRAC (Dev)	Feb-19	Oct-22
Be a <b>landlord of choice</b>	Singles-only properties to offer higher quality of life	Address support needs that are more common at singles buildings	<b>Social Sustainability for Singles Buildings:</b> consider alternatives for how we manage and sustain rooming houses and properties that only house singles	**	*	Rent	Feb-19	Sep-19
Be a <b>landlord of choice</b>	Better quality of life	Create choice on smoking/non-smoking environments	<b>No-smoking policy:</b> expand opportunity to additional tenants at more CCOC properties	*	*	Rent	Feb-19	Dec-22
Be a <b>landlord of choice</b>	Better quality of life	Partner with refugee resettlement groups	<b>Refugee Support:</b> evaluate long term CCOC role in housing refugees	*	*	Rent	Feb-19	Jun-20
<b>Empower</b> staff, volunteers and tenants	Sustain mission as tenant and volunteer directed organization	Make committee volunteers more representative of tenant diversity	<b>Volunteer engagement:</b> execute approved volunteer engagement strategy	**	**	TCE	Jan-16	Sep-18
Bring <b>diversity</b> into decision-making	More diversity on board, committees and staff leadership roles	Collaboratively build and implement a strategy with all parties	<b>Diversity:</b> complete a CCOC diversity strategy that seeks to increase diversity among CCOC volunteers and staff	**	*	TCE	Mar-19	Jan-20
<b>Accepting responsibility</b> for being a good neighbour	Respond to reality of being land users on Indigenous territory	Connect with Elder and allow them to lead an ongoing reconciliation process	<b>Reconciliation:</b> work with tenants to explore how CCOC can contribute to reconciliation with indigenous peoples	**	*	TCE	Feb-19	Dec-22
Be a <b>landlord of choice</b>	Regular and recurring customer service feedback	Improve customer service feedback / Measure, monitor and report	<b>Customer service:</b> complete tenant satisfaction survey for existing tenants, post-maintenance follow-up survey	**	*	TCE	Jul-19	Dec-19

# CCOC Workplan 2019-2022

Goal (from strategic plan)	Objectives	Strategies	Activities	Priority: ***= essential **= important *= opportunity	Resources: ***= outside help **= bumps work *= fits workload	Lead (support)	Output Timeline (Start)	Output Timeline (End)
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## Priority

\*\*\* = **essential** = not doing this will compromise CCOC's sustainability and existence /

\*\* = **important** = not doing this will reduce CCOC's ability to achieve its Mission /

\* = **nice** = not doing this means CCOC loses an opportunity to improve

## Resources

\*\*\* = **outside help** = We don't have the resources to do this on our own /

\*\* = **bumps work** = We have the resources to do this, but it will take away from some other work or projects /

\* = **fits workload** = this fits within someone's existing workload

## 2019 Ontario Budget: Top Five Impacts for Community Housing

On April 11, 2019, Ontario released *Protecting What Matters Most* the inaugural budget of the new Conservative government. Overall, ONPHA is optimistic about commitments made to community housing and housing affordability through the National Housing Strategy, the introduction of a new Community Housing Renewal Strategy, and the forthcoming Housing Supply Action Plan.

The Budget has not provided many specific or new details around these housing related initiatives, but we are advised that these will be coming. We look forward to learning more and to working with our housing provider members, government, and sector partners to ensure that the design and implementation of these initiatives meet the needs of Ontario's community housing sector.

Read on for the top five things community housing providers need to know about Budget 2019.

### 1) The National Housing Strategy

First and foremost, ONPHA is pleased to see formal confirmation of the new provincial government's intent to move ahead with cost-sharing the critical housing initiatives included in the [Ontario-Canada bilateral agreement under the National Housing Strategy](#). Through this agreement, approximately \$4 billion in federal, provincial and municipal contributions will be leveraged over the next nine years through three major initiatives:

- **The Canada-Ontario Community Housing Initiative** which will essentially maintain federal baseline funding and must be used solely to protect, regenerate and expand social/community housing
- **The Ontario Priorities Housing Initiatives** which is meant to support regional needs and priorities
- **The Canada-Ontario Housing Benefit** which will provide portable affordability support directly to families and individuals in housing need

The National Housing Strategy and bilateral agreement set out high level parameters for each of these initiatives and the province will be required to develop and design the programs in accordance with these.

According to the bilateral agreement, funding for the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative was initially scheduled to start flowing as of April 1, 2019, so we are expecting more details around these programs soon.



The Canada-Ontario Housing Benefit is scheduled to start as of April 2020. The Budget confirms that this program will be created through further negotiation and co-design between the province and the Canada Mortgage and Housing Corporation (CMHC).

ONPHA has been working with national partners through the [Canadian Alliance of Non-Profit Housing Associations](#) (CANPHA) on shared principles to guide the design of benefit programs under the National Housing Strategy and will be bringing these to provincial and federal policy-makers.

## 2) Community Housing Renewal Strategy

The 2019 Budget also announced a new Community Housing Renewal Strategy to stabilize and grow Ontario's community housing sector. As part of the new Strategy, the provincial government aims to:

- Protect and expand affordable housing by creating incentives for community housing providers to continue in their work and improve sustainability
- Simplify rent-g geared-to-income (RGI) calculations to reduce administrative burdens and improve processes
- Streamline and update waitlist and eligibility rules
- Address community safety concerns for vulnerable tenants

We know these are challenges faced by each and every one of our members across the province. We are pleased to see a commitment from government in these areas, and we look forward to working collaboratively to find solutions that will sustain, expand and improve Ontario's community housing system.

## 3) Housing Supply Action Plan

The other big-ticket item for housing in the 2019 Budget is the government's previously announced commitment to create a Housing Supply Action Plan. While the Budget does not provide any new information, it reiterates the government's intention to deliver this and to introduce related legislation by spring 2019.

Over the past several months, ONPHA has been at the table for several consultations around this initiative to share [our recommendations](#) for increasing affordable housing supply in Ontario. Our overarching recommendation has been that – to truly solve Ontario's housing shortage and affordability crisis – government must work with both private and non-profit sectors to increase supply and options across the entire spectrum.



As part of these consultations, and as part of our [pre-budget advocacy](#), we have also called on the provincial government to prioritize the community housing sector in affordable housing development initiatives and to reinvest housing related revenues back into housing affordability initiatives. While these items were not addressed specifically in the Budget, we are continuing to advocate on these issues and we hope to see them built into the forthcoming Housing Supply Action Plan, as well as the National Housing Strategy initiatives and new Community Housing Renewal Strategy.

#### 4) Supportive Housing and Community Supports

In the months leading up to the Budget, we were pleased to see a provincial commitment of \$3.8 billion announced for mental health, addictions and housing supports over 10 years. While the Budget revealed that \$174 million will be allocated in 2019-2020 for initiatives including supportive housing, we had hoped to learn more about the overall allocation of these funds and targets for new supportive housing units. As part of our [Affordable Housing Plan for Ontario](#), ONPHA has been calling on the provincial government to adopt the recommendation from Ontario's Mental Health and Addictions Leadership Council to create an additional 30,000 supportive housing units over the next decade, and we will continue to work towards this target.

Within the Budget we were pleased to see an additional \$247 million allocated for home and community care services, including personal supports, nursing, meals, transportation and assisted living services in supportive housing. This investment will undoubtedly help many people, including community housing tenants, receive the supports they need to continue living with dignity in the communities they have helped create.

The 2019 Budget also commits to a comprehensive review of the more than 20 supportive housing programs in Ontario with the aim to find ways to streamline and improve coordination between the programs. This review is much-needed and we look forward to supporting it. We will also be closely following how Ontario's supportive housing will fit into the broader provincial healthcare reform that is being proposed.

#### 5) Indigenous Housing

We were pleased to see that Indigenous peoples will be prioritized within mental health and addictions initiatives, including supportive housing. However, this is a far cry from our call to action to create and action an Ontario Indigenous Housing Strategy that addresses the critical housing needs of Ontario's Indigenous communities.



At our 2018 Annual General Meeting, the ONPHA membership unanimously passed a resolution to champion Indigenous housing strategies at both national and provincial levels. We are currently working with our Urban Aboriginal Housing Advisory Committee to develop an Urban/Rural Indigenous Housing Plan for Ontario that will clearly define the need and also demonstrate the value Indigenous housing providers bring to their communities. We look forward to sharing more information soon and providing government with strong policy and financial recommendations based on this work.

### Conclusion

The 2019 Ontario Budget gives our sector many reasons to be positive and optimistic. Through the announced initiatives and commitments, it is clear that this government recognizes the importance of community housing and is committed to sustaining it.

At the same time, there are some critical areas, including supportive and Indigenous housing, that need much stronger commitment and clarification. It is also disappointing to see an overall decrease in the annual levels of provincial investment in municipal affairs and housing. Affordable housing must continue to be a shared priority by all levels of government, particularly given the limits of the municipal tax base.

We have a strong sector that manages close to \$30 billion in assets. With the right conditions and strategic investment, community housing is positioned to leverage these assets to achieve strong social, economic and health outcomes for all. We look forward to continuing to partner with government to achieve a bright future for Ontario.

If you have questions or would like more detail about the National Housing Strategy or housing initiatives included in the 2019 Ontario Budget, please reach out to ONPHA at 1-800-297-9144, ext. 109 or [policy@onpha.org](mailto:policy@onpha.org).