2021-2025 Financial Plan Overview

Jerry W. Dobrovolny
COMMISSIONER/CHIEF ADMINISTRATIVE OFFICER

Dean Rear
GENERAL MANAGER, FINANCIAL SERVICES/CHIEF FINANCIAL OFFICER

Housing Committee Meeting October 7, 2020
Reflecting Feedback

• Observing 2020 Budget Process
  o Strengths
  o Opportunities for Improvement
Strengths

- Strong financial position
- Process includes multiple layers of scrutiny
- Board Strategic Plan and 5 Year Financial Plan
  - Provides foundation
Opportunities for Improvement

- Overall picture of the budget at the Committee level
- Earlier direction from the Board
- Greater input and transparency around decision making
- Increased understanding of evolving municipal challenges
Board Direction from June Workshop

Short-term Relief for Households
   Leverage supported tools to create a short-term action plan
   (1-3 years)

Maintain current goals and objectives
   Continue work on strategic and long-range plans

Realize New Opportunities
   Partner on projects to increase affordable housing
   Reduce GHGs
   Help drive economic recovery
Realizing New Opportunities

• Expanding affordable rental housing through strategic redevelopment and partnerships
  o 7-8 projects over 5 years (750-900 units)
• Waste-to-Energy District Energy
  o Up to 70,000 tonnes of GHG reductions per year
• Project delivery – maximizing local benefits
Toolbox

Continuous Improvement

Capital Plan Deferrals

Demand Side Management

Reduce Pay-as-you-go

Increase Debt Amortization Term

Asset Management Plans
- Minimize asset failure risks and impact to customers
- Optimize lifecycle value
- Meet asset performance targets

Financial Management Policy
- 15 Year Amortization Period
- Pay-as-you-go to ensure <40% debt servicing cost
Continuous Improvement

- Opportunities for continuous improvement
  - Find efficiencies
  - Improve service
- Annacis Cogen Expansion: $1.5M savings in 2020
- Identified 2021 opportunities:
  - Fraser Valley Gravel Pit Reclamation - $1.7M savings
  - Lulu Island Green Biomethane Sales Revenue - $860k in revenue
  - In-house Engineering and Design - $500k savings
  - COVID Claims Management on over 50 projects
Project Review

• Review of over 300 capital projects
  o Numerous adjustments to workplans and schedules

• Leveraging conservation efforts to defer growth-related infrastructure projects (demand side management)
Project Review

Capital Plan Deferrals

- Capital plan includes deferring key phases of the Coquitlam Water Supply project
- Unique opportunity to significantly increase water conservation efforts to achieve long-term per capita reductions
Capital Plan Requirements

Infrastructure Resilience

- Aging Infrastructure
- Climate Change Adaptation
Financial Tools

- Financial tools used to provide short-term relief:
  - Changing amortization period to 30 years for the next 2 years
  - Eased pay-as-you-go funding for next 3 years
## Budget Adjustments

<table>
<thead>
<tr>
<th>$967.5 M</th>
<th>Prior Projection for 2021 Budget</th>
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</thead>
<tbody>
<tr>
<td>$42</td>
<td>Increase for the average household in 2021 (Water: $7, Liquid Waste: $26, Solid Waste: $3, MVRD: $6)</td>
</tr>
<tr>
<td>$602</td>
<td>Average annual costs for all Metro Vancouver services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$939.5 M</th>
<th>Proposed 2021 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$17</td>
<td>Increase for the average household in 2021 (Water: $2, Liquid Waste: $8, Solid Waste: $0, MVRD: $7)</td>
</tr>
<tr>
<td>$577</td>
<td>Average annual costs for all Metro Vancouver services</td>
</tr>
</tbody>
</table>

Housing Committee
### Overall Household Impact 2021-2025

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water District</strong></td>
<td>$172</td>
<td>$174</td>
<td>$178</td>
<td>$182</td>
<td>$197</td>
<td>$217</td>
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<tr>
<td><strong>Liquid Waste</strong></td>
<td>$264</td>
<td>$272</td>
<td>$289</td>
<td>$310</td>
<td>$344</td>
<td>$385</td>
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<tr>
<td><strong>Solid Waste</strong></td>
<td>$61</td>
<td>$61</td>
<td>$63</td>
<td>$65</td>
<td>$67</td>
<td>$70</td>
</tr>
<tr>
<td><strong>Regional District</strong></td>
<td>$63</td>
<td>$70</td>
<td>$73</td>
<td>$77</td>
<td>$81</td>
<td>$82</td>
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<tr>
<td><strong>Total Household Impact</strong></td>
<td>$560</td>
<td>$577</td>
<td>$603</td>
<td>$634</td>
<td>$689</td>
<td>$754</td>
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<tr>
<td><strong>% Change</strong></td>
<td>3.2%</td>
<td>4.2%</td>
<td>5.2%</td>
<td>8.8%</td>
<td>9.4%</td>
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</tr>
<tr>
<td><strong>Prior Year Forecast</strong></td>
<td>$602</td>
<td>$655</td>
<td>$708</td>
<td>$755</td>
<td></td>
<td></td>
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<tr>
<td><strong>Prior Year % Change</strong></td>
<td>7.4%</td>
<td>9.0%</td>
<td>8.0%</td>
<td>6.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Housing Committee
Long-term Impact

Long-term Household Impacts of Financial Levers

- **No Financial Levers**
- **With Financial Levers**

Housing Committee
2021 Budget Approval (Oct)  

Strategic Plan Update (Feb 2021)  

Board Budget Workshop (Spring 2021)

- 2022 Budget Cycle will continue to prioritize:
  - Continuous improvement to realize cost savings and efficiency gains, including delivery mechanisms for capital projects
  - Exploring alternatives to building new infrastructure i.e. demand side management strategies
  - Sound fiscal management
  - Understanding of municipal challenges
  - Early direction from Boards and Committees
Overview:
- 2020 Operating Budget: $894.3M
- 2021 Operating Budget: $939.5M (5.1%)
- $28M less than previously projected for 2021

Drivers:
- Increase in Operations averages 2.2% over 5 years
- Debt servicing reflective of the capital program, but favorable rates and 30 year amortization in 2021/22
- Easing Contribution to Capital in 2021/22/23 - Refocusing in 2024/25
Overview:
- Primary funding sources - water sales, sewer levy, tipping fees, rents, MVRD requisition
- Expecting relative stability for primary sources
- Continued focus on alternate sources

Drivers:
- Assumed Water DCC revenue received and applied starting in 2023
- Assumed partner funding for upcoming major capital projects, reduces pressure on levies/rates
- Assume return to the Financial Management Policy in 2024/25
METRO VANCOUVER CAPITAL BUDGET

Overview:
- 2020 Capital Budget: $1.41B
- 2021 Capital Budget: $1.52B
- Increase: $110.0M (7.8%)

Drivers:
- Capital project in progress carried forward
- Reviewed for deferrals and savings
- Project risks and scope provisions

Housing Committee
Questions
Support MVHC and deliver on the 10-Year Plan

• Assess opportunities for redevelopment and new sites
• Manage development projects through pre-construction
• Seek funding and other partnerships
• Create policies to streamline and align operations

Build capacity for affordable rental housing in the region

• Convene members and others on housing issues
• Provide data, best practice research and advocacy
### PERFORMANCE METRICS

<table>
<thead>
<tr>
<th>Key Performance</th>
<th>Past Performance (Average)</th>
<th>Expected Performance 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval for 1,350 homes into development (10 Year Target)</td>
<td>304 units approved through 2020</td>
<td>805 units approved</td>
</tr>
<tr>
<td>Pursue funding partnerships to support development projects</td>
<td>2 projects funded</td>
<td>5 projects funded</td>
</tr>
<tr>
<td>MVHC policy updates</td>
<td>25% complete</td>
<td>80% complete</td>
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</table>
## Initiative Outcomes

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Implement 10-Year Plan</strong> – e.g. Redevelopment priorities and new sites</td>
<td>Progress towards providing, preserving and expanding the housing portfolio on several fronts including endorsement of priority sites for new &amp; redevelopment</td>
</tr>
<tr>
<td><strong>Sustainability</strong> – e.g. feasibility studies / grants - Net Zero Energy in new buildings</td>
<td>Reduced GHG emissions and energy consumption to support regional objectives</td>
</tr>
<tr>
<td><strong>Best practice guides and research</strong> e.g. What Works Guide: Housing Agreements</td>
<td>Coordinating and convening municipal stakeholders to research and develop best practices that benefit all regional members</td>
</tr>
</tbody>
</table>
BUDGET OVERVIEW

2021 Operating Budget Breakdown - Housing Planning and Policy

- Housing Planning and Policy
- Contribution to Affordable Housing Re-development Reserve
- Contribution to Affordable Housing Development Reserve
- Communications Program
- Allocation of Centralized Support

2021 MV Budget, $939.5M
Housing Planning and Policy, $6.2M
Overview:
2020 Operating Budget: $6.1M
2021 Operating Budget: $6.2M
2.1% increase

Drivers for Change:
Reallocation of staff between Regional Planning and Housing

2021 – 2025 Housing Planning & Policy Financial Plan

Operations
Household Impact

Housing Committee
Overview:
2020 Operating Budget: $6.1M
2021 Operating Budget: $6.2M
2.1% increase

Drivers for Change:
• $5M supports MVHC expansion & redevelopment

2021 – 2025 Housing Planning & Policy Financial Plan
### OPERATING HIGHLIGHTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiative</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Initiation of two-to-four new &amp; redevelopment projects</td>
<td>Continue work to advance projects</td>
</tr>
<tr>
<td>2021</td>
<td>Seek funding partnerships</td>
<td>Target funding opportunities to support the development of affordable housing</td>
</tr>
<tr>
<td>2021</td>
<td>Support regional planning &amp; policy on housing related issues</td>
<td>Undertake best practice research to support regionally developed objectives; Metro 2050 Policy</td>
</tr>
<tr>
<td>2022</td>
<td>Continue to support 10 Year Plan implementation</td>
<td>Potential additional EOI, partnerships for higher density sites</td>
</tr>
<tr>
<td>2023</td>
<td>Develop project concepts and funding partnerships</td>
<td>Explore opportunities for new developments through concept development and funding partnerships</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Total Expenditures ($ Millions)</strong></td>
<td>$6.1</td>
<td>$6.2</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td>2.1%</td>
<td>(2.5%)</td>
</tr>
<tr>
<td><strong>MVRD Requisitions ($ Millions)</strong></td>
<td>$5.8</td>
<td>$6.0</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td>3.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Household Impact ($)</strong></td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td>1.5%</td>
<td>(1.2%)</td>
</tr>
<tr>
<td><strong>Prior Cycle Household Impact Change (%)</strong></td>
<td>(1.5%)</td>
<td>(1.5%)</td>
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2021 – 2025 FINANCIAL PLAN

METRO VANCOUVER HOUSING CORPORATION

Heather McNeill
GENERAL MANAGER, REGIONAL PLANNING AND HOUSING SERVICES

Housing Committee – October 7, 2020

41509780
MVHC OVERVIEW

Vision
Be a leader in providing safe, affordable housing to support healthy, engaged communities across the region

Guiding Principles
- **Social**: support tenant well-being through quality housing & community building
- **Financial**: ensure long-term affordability through financial sustainability
- **Environmental**: strive to enhance environmental and energy sustainability

Goals
- Provide (affordable rental housing for families, seniors and others)
- Preserve (housing on 49 sites for 9,400 residents)
- Expand (through strategic redevelopment and partnerships)
FINANCIAL CONTEXT

Household Impact
• MVHC operations have no financial impact ($0) on the region; operations are supported by its own revenue sources

Revenue Sources for Operations
• Tenant Rents – 93%
• BC Housing Subsidies – 5%
• Site services – 2%
### PERFORMANCE METRICS

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<thead>
<tr>
<th>Key Performance</th>
<th>Past Performance (Average)</th>
<th>Expected Performance 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of units rented at Rent-Geared-to-Income</td>
<td>35% of portfolio</td>
<td>34% of portfolio</td>
</tr>
<tr>
<td>Communities supported by tenant associations</td>
<td>28 sites (58%)</td>
<td>31 sites (63%)</td>
</tr>
<tr>
<td>Reduce greenhouse gas emissions</td>
<td>10.2 grams CO2 emissions / sq. meter</td>
<td>7.45 grams CO2 emissions / sq. meter</td>
</tr>
<tr>
<td>Initiative</td>
<td>Outcomes</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Develop and deliver a wide range of tenant programs</td>
<td>Support healthy engaged communities through the delivery of tenant programs and public initiatives e.g. free food program</td>
<td></td>
</tr>
<tr>
<td>Improve building energy efficiency and reduce consumption</td>
<td>Full building rehabilitations will preserve affordable housing while improving energy efficiency and improving tenant comfort</td>
<td></td>
</tr>
<tr>
<td>Explore and incorporate new technologies</td>
<td>Embrace new technologies that will support effective and efficient building operations and maintenance</td>
<td></td>
</tr>
</tbody>
</table>
BUDGET OVERVIEW

2021 Operating Budget Breakdown - Metro Vancouver Housing Corporation

- Property Operations
- Allocation of Centralized Support
- Debt Service
- Operational Administration
- Allocation of Project Delivery
- Contribution to Capital Replacement Reserve
- Site Administration
- Asset Maintenance and Replacement
- Contribution to Reserve

2021 MV Budget, $939.5M

MVHC, $53.7M
Overview:
2020 Operating Budget: $52.3M
2021 Operating Budget: $53.7M
2.7% increase

Drivers for Change:
• Annual inflation projected at 2.3%
• Onset of operations for 148 units in 2023

2021 – 2025 MVHC Financial Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Programs</th>
<th>Asset Maintenance and Replacement</th>
<th>Debt Service</th>
<th>Contribution to Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$40.0M</td>
<td>$15.0M</td>
<td>$5.0M</td>
<td>$4.0M</td>
</tr>
<tr>
<td>2021</td>
<td>$42.0M</td>
<td>$16.0M</td>
<td>$5.5M</td>
<td>$4.5M</td>
</tr>
<tr>
<td>2022</td>
<td>$44.0M</td>
<td>$17.0M</td>
<td>$6.0M</td>
<td>$5.0M</td>
</tr>
<tr>
<td>2023</td>
<td>$46.0M</td>
<td>$18.0M</td>
<td>$6.5M</td>
<td>$5.5M</td>
</tr>
<tr>
<td>2024</td>
<td>$48.0M</td>
<td>$19.0M</td>
<td>$7.0M</td>
<td>$6.0M</td>
</tr>
<tr>
<td>2025</td>
<td>$50.0M</td>
<td>$20.0M</td>
<td>$7.5M</td>
<td>$6.5M</td>
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</tbody>
</table>
Overview:
2020 Operating Budget: $52.3M
2021 Operating Budget: $53.7M
2.7% increase

Drivers for Change:
- Rent increases of 1.4% in 2021
- 148 new units rented in 2023
Overview:
2020 Capital Budget: $25.3M
2021 Capital Budget: $39.6M
56.3% increase

Drivers for Change:
7-8 projects over 5 years = 750-900 units
Welcher, Kingston Gardens, Heather Place B + 2-4 New and redeveloped sites

MVHC Capital Plan

2021 – 2025 MVHC Capital Plan

Housing Committee
Overview:
2020 Capital Budget: $25.3M
2021 Capital Budget: $39.6M
56.3% increase

Drivers for Change:
• Apply for BC Housing funding in January 2021
• Apply for CMHC construction financing
• Use MVH new and redevelopment reserves
• Leverage low interest debt/mortgages to support construction

2021 – 2025 MVHC Capital Plan

- Reserves
- Grant/Forgivable Loan
- Construction Financing and Mortgage Proceeds
## OPERATING AND CAPITAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Welcher Ave., Kingston Gardens</td>
<td>Tender &amp; Construction</td>
</tr>
<tr>
<td></td>
<td>Heather Place B</td>
<td>Continue design</td>
</tr>
<tr>
<td></td>
<td>New and Redevelopment Projects</td>
<td>Tender architectural services and begin design</td>
</tr>
<tr>
<td></td>
<td>Kelly Court &amp; Evergreen Downs</td>
<td>Construction of full building rehabilitations</td>
</tr>
<tr>
<td>2022</td>
<td>Heather Place B</td>
<td>Begin construction</td>
</tr>
<tr>
<td></td>
<td>New and Redevelopment Projects</td>
<td>Finalize design</td>
</tr>
<tr>
<td>2023</td>
<td>Welcher Ave. &amp; Kingston Gardens</td>
<td>Complete and hand over to Operations</td>
</tr>
<tr>
<td></td>
<td>New and Redevelopment Projects</td>
<td>Construction</td>
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<tr>
<td>2024</td>
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</table>
TENANT OPERATIONS AND COMMUNITY BUILDING

Community Building
• Tenant Associations
• Events and Programs
• Tenant newsletters and information
• Crime Prevention
• Emergency Preparedness
• Community Gardens
• Healthy Living Programs
• Reducing Energy Use

Tenant Operations
• Tenant Placement
• Tenant Support Services and Partnerships
# MVHC FINANCIAL PLAN SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
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<tbody>
<tr>
<td>Total Expenditures ($ Millions)</td>
<td>$52.3</td>
<td>$53.7</td>
<td>$54.7</td>
<td>$57.6</td>
<td>$58.4</td>
<td>$62.1</td>
</tr>
<tr>
<td>% Change</td>
<td></td>
<td>2.7%</td>
<td>1.8%</td>
<td>5.3%</td>
<td>1.5%</td>
<td>6.4%</td>
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<tr>
<td>Housing Rents</td>
<td>$40.4</td>
<td>$41.3</td>
<td>$41.8</td>
<td>$44.4</td>
<td>$44.8</td>
<td>$47.4</td>
</tr>
<tr>
<td>% Change</td>
<td></td>
<td>2.3%</td>
<td>1.2%</td>
<td>6.1%</td>
<td>0.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Total Capital Expenditures ($ Millions)</td>
<td>$25.3</td>
<td>$39.6</td>
<td>$61.3</td>
<td>$109.3</td>
<td>$96.1</td>
<td>$48.2</td>
</tr>
</tbody>
</table>
Update: New Programs to Support Affordable Housing

Laurel Cowan
PROGRAM MANAGER, HOUSING PLANNING AND POLICY, METRO VANCOUVER HOUSING

Housing Committee, October 7, 2020
FCM urges a federal housing acquisition initiative as a first step towards more comprehensive housing solutions to support Canada’s post-COVID recovery.

• Goal 1: rapidly house our most vulnerable
• Goal 2: acquire and protect modest-rent market housing
Federal Investment in Homelessness

- Announced September 21
- $1B to support acquisition/conversion of 3,000 units
- Focus on supportive housing for vulnerable groups
- All funds to be committed over next 6 months
Policy recommendations for Province around housing and food security:

1. Basic universal income
2. Require/Fund municipal Poverty Reduction Strategies
3. Increase the supply of permanently affordable and supportive housing for homeless and at-risk populations
4. Increase and protect rental housing and strengthen renter protection
5. Expand access to mental health & addictions support
6. Review mental health/addiction framework with local governments
7. Secure funding for food security
8. Build resilient local food systems
9. Apply an equity lens to all future policy and interventions
Metro Vancouver Housing 10-Year Plan

- **Goal 1**: Support healthy, engaged communities
- **Goal 2**: Preserve and renew our existing housing
- **Goal 3**: Grow strategically through redevelopment and expansion
- **Goal 4**: Develop partnerships to expand affordable rental housing across the region
Thank You
Metro Vancouver Housing Operations

COVID 19 UPDATE

Ulryke Weissgerber
DIVISION MANAGER AREA OPERATIONS, METRO VANCOUVER HOUSING

Housing Committee | October 7, 2020

41319300
COVID-19 Protocols

- Site and Area Offices continue to be closed; tenants asked to communicate via phone, text or email
- Resumption of prioritized routine repairs
- Safe distancing employed when showing vacant units and signing new Tenancy Agreements
- Touch points cleaned daily
- PPE ordered weekly to ensure staff and tenant safety
Signing Tenancy Agreements
Safe Distancing Reminders

Housing Committee
Community – Free Food Programs
Community – Play Spaces
Community – Play Spaces