

GIGNUL NON PROFIT HOUSING CORPORATION

ANNUAL REPORT 2007

“CHANGING TIMES”

Over its years of operation, Gignul Non Profit Housing Corporation has remained committed to responding to the need for adequate and affordable housing for Aboriginal families and individuals who have made Ottawa their choice of residence. It was more than fate that brought the Aboriginal community together to establish Gignul Non Profit Housing Corporation in 1985. Within a radius of 100 miles rests six First Nations reserves representing a population of 30,000 to 35,000 people who look to Ottawa to access advanced education and health services not available in their communities. Further, the national capital region is a drawing card for employment opportunities within the civil service and national Aboriginal organizations.

From 1985 through to 1993, Gignul’s Board of Directors purchased 72 properties spread across five municipalities which have since amalgamated to make up the city of Ottawa. These properties provide 162 units of subsidized housing for Aboriginal families and individuals. The Urban Native Housing Program, then administered by Canada Mortgage and Housing Corporation provided support for the acquisition of these homes, and provided an operating subsidy to engage a work force to manage the properties, house families and individuals in need, maintain the properties and buildings, and take ownership of these corporate assets . Today, this program is administered by the city of Ottawa under the Ottawa Housing Branch.

In 1993, CMHC halted the growth of the Urban Native Housing Program. While it continued to provide subsidy for existing housing portfolios, no additional units could be purchased. This has proven to be an ill conceived move on the part of the federal Government, as the movement of Aboriginal people to urban centres continued to accelerate over the next fifteen years increasing the demand for housing with no source of additional supply and a municipality without the means to respond. Long waiting lists for affordable housing and an over representation of Aboriginal people among the ranks of the homeless are the result.

In Ontario, off reserve urban and rural areas, the Aboriginal identity population increased by 35% between 1996 and 2000. In Ottawa-Gatineau there was an increase of 23% over the same period. Ontario will continue to have the highest absolute number of Aboriginal peoples of any province in Canada, a population that will reach 267,700 by 2017¹.

¹ Profiles of Aboriginal People of Canada, May 2007 Ekos Survey of First Nations, Métis and Inuit Living Off-Reserve

From its inception, Gignul's approach is to accept the responsibility to respond to Ottawa's Aboriginal housing need. Its extended mandate addresses the need for shelter, from the emergency street level through to homeownership, an approach that is in sync with the management practice of its long established social housing portfolio. We continue to work closely with all Aboriginal and mainstream service providers to address this challenge. In the past, we've done this with the support of CMHC, and we have continued our efforts with our relatively new partners at the OHB. Unfortunately, it appears that the OHB is not anxious to accept responsibilities that extend beyond the administration of the 17 operating agreements and fail to recognize the advantages of the broader approach of supporting families, and building homes, neighbourhoods, and communities. Gignul believes these are responsibilities that rest with it and with municipal governments on behalf of its citizens. Municipalities in Ontario now hold the responsibility for social housing and in doing so must respond to the challenge of making Ottawa a better place to live for all of its citizens. Adequate shelter is the cornerstone of city living. It provides protection from the elements, potential for improved health, educational opportunities, a base from which to acquire employment and a neighbourhood in which to improve one's life prospects. This all leads to a reasonable quality of life and a sustainable community. Clearly, the extra mile that the Gignul Board and Staff go, on a voluntary basis is "*added benefit*" and is done with no added expense to the program sponsor. In the five years of our relationship with OHB program officials we have been called on repetitiously to provide an accounting for activities which often fall outside of our funding relationship. Program officials fail to recognize the value of our efforts and the efficiencies of scale that are realized through the added commitment of serving one's own community.

All of that said, unlike previous years, this annual report is limited to the parameters of the 17 operating agreements and the activities supported by funds that we gratefully receive from the Ottawa Housing Branch.

J.J. Lanigan

MANAGING THE PORTFOLIO - ACHIEVEMENTS

Key Achievements for the year included:

Operating Surplus

Maintaining the integrity of the 17 urban native housing operating agreements through the management of tenant leases, maintenance of units and properties, provision of tenant counselling services and involvement in community governance. Regular and accurate reporting was prepared throughout the year to support the monitoring of progress and to measure corporate performance. A modest operational surplus is projected to year end.

Improved Vacancy Rates

Maintaining maximum occupancy rates of 162 units of rent-geared-to-income housing for low and moderate income families and individuals with a 3% target vacancy rate. A vacancy rate of 6% was achieved in 2007. This represents a modest improvement over the 7% rating of 2006. While the desired vacancy rate has not been achieved, down time has been reduced progressively over the past 3 years.

Increased Revenue

The budget estimates rent revenue of \$775,930 for 2007. Rent revenues in 2007 will exceed the 2007 forecast and is projected to reach the highest level in the history of GNPHC. Revenues have been maximized respecting the conditions of the operating agreements.

Reduced Unit Down Time

The amount of unit down time (periods of time in which units remain unoccupied) created by terminations, abandonments and evictions was 117 months or 6% in comparison to 135 months or 7% in 2006. Success can be attributed to increased coordination in the restoration of vacant units and the timely work of the Community Relations Committee in selecting tenants and generating new leases.

Tenant Mobility

Tenant mobility impacts directly on performance standards such as vacancy rates, rent revenue and maintenance restoration costs. In 2007, 67% of Gignul's tenant population remained stable while 33% relocated. The reasons for relocations included transfers (16%) due to changes in family size; 1% of tenants abandoned their units without notice; 10% of tenants left of their own accord – 5% giving the required 60 day notice and 5% providing a notice of less than 60 days; and 3% of tenants were evicted for breach of lease conditions. It is Gignul's policy to give tenants every opportunity to meet the

conditions of their lease agreements, eviction is clearly a last resort. (*appendix- Tenant Activity chart*)

Reduced Rent Default

Throughout the year Tenant Relations Officers have done a commendable job of controlling the level of default rent experienced by Gignul. In 2007, the forecast average monthly default rate was \$ 29,544, which represents an improvement of 4% over 2007.

Tenant Services

Tenant counselling services in home care, budgeting, access to services, rent recovery, community relations, evictions, communications, tenant events, interventions with the Ontario Landlord and Tenant Board, social assistance agencies and local service institutions is provided by Gignul's two Tenant Relations Officers. The Tenant Relations Officers also provide administrative support to the Community Relations Committee.

Controlled Maintenance Costs

The lands and buildings on the 72 properties owned and managed by GNPHC have been maintained throughout the year within the approved budget. Maintenance staff responded to in excess of 600 service calls from tenants; 31 units were subject to various levels of restoration following the relocation of tenants, unanticipated fire code retrofits requested by the city represented a cost of \$21,642 and the remaining budget was dedicated to general/preventative maintenance. Maintenance expenditure by project operating agreement will be identified in the 2007 audit report.

Accountability

During the year Gignul's finance unit produced monthly financial reports and provided financial advice to the Executive Director and Board in order to monitor and maintain the efficient fiscal management of GNPHC. Financial controls are in place and the fiscal records of the Corporation are maintained with proficiency and due diligence. Reports provided to the City officials include: project data reports, rent rolls reports, capital repair reports, the annual AGM report with its series of graphs on tenant and corporate performance, unaudited monthly financial reports and the annual audit report completed by Gignul's auditors.

Positive Relationships

Gignul would like to welcome Mr. Steve Arbuckle, the new Manager of Housing Programs at OHB. We look forward to working with Mr. Arbuckle in the coming months and maintaining the strong relationship that has been established between Gignul and the Ottawa Housing Branch.

The relationship with the Branch is maintained at a professional level. Last year the Branch caught up with a backlog of reviews of Gignul's audit reports dating back to 2001. Unfortunately, this resulted in a request for dated historical information that placed a substantial workload on the Gignul staff and was not without added costs. Additional requests for information on the 2005 audit are before us. We have had several meetings with OHB officials and continue to make efforts to provide the requested information. In most cases this detail will not improve OHB's administration of the program, and further, dated information such as requested has little or no value added in the current day to day operations of Gignul.

While we have no objection to providing additional information/reports to those already provided, if such reports have a proven usefulness, the idea of providing a backlog of reports extending over the past five years is not necessarily a good and productive use of time and finite resources. OHB officials must bear in mind that its role is to administer the program and the role of the Board and Staff is to achieve positive outcomes in the ownership, management and control of the Corporation. Gignul, is not a new corporate entity it has existed for the past twenty-two years and has gained maturity, experience and a strong sense of corporate pride.

COMMUNICATIONS

As a provider of housing services to the Aboriginal community it is necessary for GNPHC to communicate effectively with the community it serves. To accomplish this, the organization publishes a monthly newsletter "*Maseyngun*". The newsletter is prepared by Gignul staff (Administrative Assistant/Tenant Relations Officers), with additional input from other staff and Board members from time to time. The newsletter provides a window into Aboriginal community events, home maintenance, fire prevention, promotions, homemaking, home safety, recipes, public interest stories, tenant/corporate responsibilities etc. To date, eleven editions of the newsletter have been published and distributed

Gignulhousing.org is the URL for the Gignul website . The Website provides information on the services offered by Gignul, the office location, application forms that can be downloaded, and a tenant handbook. It also provides information on the Directors of the Corporation, copies of the monthly news letters and a calendar of community events. It provides a link to most Aboriginal services and organizations in the City of Ottawa for tenants and newcomers. As of November 1, 2007 the site has experienced almost 3,600 hits.

In responding to community housing needs Gignul's staff and Board maintains an active and open line of communication with Ottawa's Aboriginal service providers and community members.

TENANT RELATIONS

Tenant Profile

In 2007 the tenant register included:

- Families represent 69.2% of the tenant population of Gignul. - Traditional two parent families represent 16.9 % while single parent families headed by women represent 33.1% and single parents headed by men make up 7.8%;
- Tenants who are single and living alone make up 24.7% of the tenant population - among this number male tenants comprise of 13.3% and female tenants 11.4%;
- Couples without children represent 4.8% of the tenant population; and,
- Seniors make up the remaining 12.7% of Gignul's tenants. (*appendix Tenant Composition 2007*)

Levels of Income

The income of Gignul tenants covers a range of under \$10,000 to over \$40,000 annually.

- under \$20,000 - 80.2%
- \$20,000 to \$40,000 - 13.2%
- Over \$40,000 - 6.6%

(*Appendix Tenant Income 2007*)

Sources of Income

- 64.8% of Gignul tenants receive income from wage and self employment. The remaining 35.2% of tenants receive income from transfer payments including: employment insurance, student allowances, age and disability pensions Ontario Disabilities Support Program and Ontario Works.
(*Appendix- Source of Income*)

Aboriginal Ancestry

Gignul is an Aboriginal specific organization established to provide housing services to First Nations, Métis and Inuit families and individuals. In 2007 Gignul's tenant population was made up of:

- First Nations - 94.6% NSI -1.2% Metis - 2.4% Inuit – 1.8%

(*Appendix Native Ancestry 2007*)

MAINTENANCE

The maintenance portion of the Gignul budget normally represents 26% of our annual manageable cost expenditure budget. As such, it is incumbent on the Board, Staff and membership to be aware of the scope and extent of maintenance expenditures and the on-going challenges.

Maintenance Review Committee

The Maintenance Review Committee is currently made up of the President and Vice President of Gignul, the Executive Director and the Maintenance Supervisor. The committee's terms of reference include the review of all maintenance activities and the review and authorization of maintenance activities in excess of \$3,000 per unit. The MRC is involved in the review of tender calls and the selection of Contractors who submit tenders. The Committee meets on an "*as required*" basis throughout the year.

Requirements for Tender

Where renovations exceed \$3,000, the work must be advertised as a tender or proposal call. Tendering is a process of calling for prices and a commitment to undertake pre-determined work, under pre-determined conditions from contractors. In order for a potential contractor to prepare an accurate bid it is important that work be sufficiently defined in addition to preparing the necessary specifications which detail the nature, scope and quality of the work. Gignul must outline the manner of payment consistent with the stipulated sum method. Policies include:

- ▶ Contractors provide a fixed sum for work
- ▶ Contractors are not paid in advance for repairs or renovations.
- ▶ Contracts \$3,000 and over must have a minimum of 3 competitive invitational bids
- ▶ The MRC will approve all contracts or purchases over \$3,000
- ▶ Tenders are accepted up to the stipulated closing time and placed unopened, in safe keeping.
- ▶ Tendered amounts may be adjusted by telegram, telex or letter up to the closing time.

Reporting

Gignul continues to report on maintenance expenditures by each individual operating agreement. This information is contained in our annual audit report which upon completion is provided to the Ottawa Housing Branch along with other annual reports which are a condition of these of Agreements.

In the past CMHC found this level of detail sufficient to meet the requirements of operating agreements and to inform program administration. Currently, officials of the OHB are requesting more detailed expenditure reports that provide information on the

nature of the expenditures, detailed costs and the description of the work undertaken. Given the volume of work that occurs annually, the requested level of detail will add considerable time and cost. The added detail does little to improve the level of accountability of maintenance expenditures. Its perceived usefulness is to enable officials to constantly challenge the judgment of the day to day decision making of the GNPHC staff and Board who have the ultimate responsibility for maintaining the portfolio at a standard that is directly related to the available resources to do so. The volume of work overloads the maintenance staff and additional demands compound and aggravate an already sensitive situation. Bearing in mind that it is the responsibility of OHB officials to administer the program agreements and it is the responsibility of GNPHC to maintain the portfolio there is a need for both Gignul and the OHB to revisit the operating agreements and come to a mutual understanding of the reporting requirements necessary to satisfy these agreements.

Cost Considerations

There are a number of considerations that impact on the cost of maintaining Gignul's portfolio at an acceptable standard.

- The average age of the buildings owned by Gignul is 52 years. Often it is difficult to estimate the costs of completing work as maintenance activity uncovers problems that were not initially visible, timelines have to be extended creating additional unit down time, and with a busy renovations market, it is difficult to interest even small contractors to bid on or accept work on old buildings or in the social housing market.
- Prior to the amalgamation of the City of Ottawa, Gignul's portfolio was spread across five municipalities. The amount of travel required between active work sites is excessive and time consuming. Another characteristic of the portfolio that adds to travel is that most buildings are single units and duplexes with very few multi unit buildings so at most times there are numerous active maintenance sites.
- Stresses on the maintenance costs of the portfolio include overcrowding, animals (domestic and non domestic), TV satellite dishes, illegal activities, malicious damage, domestic situations.
- Due to the nature and characteristics of Gignul's housing stock, the human and financial resources available to maintain the Gignul portfolio is limited. The volume of work is excessive and there is little time left over for the planning, data collection and office bound responsibilities. As the need for detailed reporting of maintenance costs prevail, it is recommended that the maintenance budget be increased to accommodate the hiring of an assistant to the Maintenance Supervisor to support office demands in data collection, planning, analysis, and reporting and to assist in additional maintenance requirements and workloads.

- Gignul makes efforts to utilize Aboriginal contractors where possible. There is a limited number of Aboriginal contractors and most are small and unsophisticated. This may impact on costs and duration of maintenance projects. While there may be some question about the efficiency of our approach, the social and economic impact to the industry, the contractors, and the community far outweigh the minor cost factor.
- From time to time City/Provincial ordinances including new fire and electrical codes are announced with some surprise and unanticipated costs. This brings extra challenges to cost control. In 2007 Gignul responded to the City's request to upgrade buildings consistent with fire safety regulations at an unanticipated expense of \$21,642 to date.

Maintenance Expenditure Tracking System

The introduction of improved maintenance reporting, cost control and decision-making remains a number one priority of GNPHC. Gignul is working on the creation of a maintenance expenditure tracking system to assist in more accurately determining the nature of costs incurred in maintaining its portfolio. This program is expected to be functional at the beginning of 2008. A new computer has been purchased along with the HM Worx Software Program to support data collection. The challenge is to ensure work orders are detailed sufficiently to segregate costs items. To protect the quality of the data, the interpretation of cost centre and item expenditure must be consistent. Data input must be done on a regular basis.

The new program will comprise the collection of data covering four cost centres: Service Calls, Restoration of Units, General Maintenance and Capital Replacement. Additionally, the program will detail 12 key cost items mainly: Plumbing, Heating, Electricity, Drywall/Painting, Floors, Cabinets, Windows/Doors, Roofs, Steps/Foundations, Landscaping, Waste Removal/Pest Control, Other

Replacement Reserve Fund/Capital Repairs

Annually, the budget identifies a replacement reserve allotment of \$72,700. Capital replacements include such expenditures as fridges, stoves, furnaces, windows, doors, roofing and generally time worn repair that necessitate replacement products. Should these funds not be expended during the course of a fiscal year they are retained and held in the Replacement Reserve Fund to address future replacement needs. In 2007, the capital repairs exceeded the annual allotment. In 2007 the RRF expenditures totalled \$139,310. Gignul prepares an annual cost expenditure report detailing the nature of the capital repairs and the associated costs. The RRF fund balance as of December 31, 2006 is \$547,460. Efforts will be made to develop an annual Capital Replacement Plan that will be submitted following the approval of the 2008 Budget.

Fire Safety and Prevention

As we are all too aware, the effects of a fire and the consequences is a devastating to not only tenants and neighbours but also to the Board and staff and the operations to Gignul. We have experiences several fires in recent years and certainly the need to be ever mindful for fire safety and prevention is paramount in our day-to-day activities and in our on-going communications with our tenants. The direct consequences on the operations relate to increased maintenance expenditures and higher insurance costs and the possibility of liability if the risks of fire and safety are not properly managed.

Recent revisions to the Ontario Fire Code have resulted in tighter fire regulations and as a result, multi-unit inspections in many of our units. As can be expected, with an older portfolio of housing, additional fire safety upgrades and retrofits have been required and Gignul continues to respond to these new requirements on an on-going basis.

With new fire and safety requirements it is incumbent on Gignul Board and staff to undertake due diligence in managing our portfolio under these new standards and to communicate more specifically with our tenants regarding fire and safety issues, education and preventions as well as on-going risk assessment throughout our portfolio including our policies and procedures.

We conduct annual unit inspections, smoke detector inspections with a sign-off by tenants, maintaining accurate records of inspections and any work undertaken associated with fire and safety, regular articles in our monthly newsletter related to fire and safety.

FINANCIAL HIGHLIGHTS 2007

Line Item	2003 actual	2004 actual	2005 actual	2006 actual	2007 Budget
Rent Revenue	764,621	740,271	752,970	807,775	775,930
Subsidy	1,761,427	1,755,356	1,789,392	1,757,326	1,782,417
Maintenance	350,190	354,139	440,473	299,129	300,132
Tenant Relations	94,224	108,664	112,286	116,417	125,696
Administration	233,673	245,595	245,016	246,922	268,647
Surplus/Deficit	11,332	20,063	(57,479)	91,652	000

- Rental revenue for 2007 will exceed the budget forecast by approximately \$30,000.

- Maintenance costs are expected to fall within the budget limits.
- Utility costs (gas/oil/hydro) are forecast to be \$27,000 under budget.
- Janitorial costs are expected to be \$20,000 under budget
- Given the above revenue and expenditure outlook GNPHC will finish the 2007 fiscal with a projected surplus of \$90,000 similar to 2006².
- The mean annual subsidy over the past five years is \$1,769,184

AFFILIATIONS

National

Gignul affiliates with the **National Aboriginal Housing Association (NAHA)** In March 2007, Gignul representatives attended the *National Urban Aboriginal Housing Summit* held in Winnipeg Mb. The Summit was supported with funding provided by the provinces of BC, SK, MB and NB. The Summit showcased the relationships between Aboriginal housing providers and their respective provinces in relation to the Urban Aboriginal Housing Trusts. BC led the way with positive examples of progress with devolution of social housing to Aboriginal control, building provincial level capacity and in playing a major role in a call for proposals from BC communities for housing projects. SK in consultation with the province will utilize the trust funds designated to Métis for the environmental upgrade/retrofit of Métis housing in SK. MB and NB are involved in consultations with their respective provincial officials on the subject of a provincial delivery framework. Ontario's absence at the Summit was noted and disappointing. Little progress has been made by the province to develop a delivery mechanism for the \$80 million Urban Aboriginal Trust Fund and to develop an Ontario Urban Aboriginal Housing Plan. The Province is consulting with Aboriginal organizations at the exclusion of representation from Ontario's Aboriginal housing providers. Gignul, among other Corporations have a strong interest in being part of the consultation process to develop a framework and to facilitate a "*strong start*" to adding to the stock of affordable housing for urban Aboriginal families.

Gignul representatives attended the Conference and AGM of NAHA hosted by Métis Urban Housing Association in Saskatoon, SK in June 2007. The meeting entitled, "*Creating Homes through Partnerships*" focused on the need for affordable rental housing and the Aboriginal housing trusts, home ownership as a product of the Trusts, the need for national data and research, and provided a forum for discussion of a national Aboriginal housing strategy.

² Projections are based on the unaudited financial statements ending September 30, 2007

PRIORITIES FOR THE COMING YEAR

Gignul priorities for 2008 include but are not restricted to the following:

- Establish a maintenance expenditure data base to support planning, coordination, cost control, reporting and accountability of maintenance activities.
- To achieve a 3% vacancy rate and continue to reduce unit down time to maximize revenue potential
- To maintain an active tenant counselling unit hosting and supporting community events that help to create a sense of community belonging.
- To develop or acquire a home maintenance awareness program to encourage tenants to share responsibility in the care of their homes and to reduce the volume and cost of service calls
- To resolve any outstanding reasonable requests of the OHB related to audits/operations of past years and to seek mutual agreement on the nature and substance of reports that are required to meet the conditions of the 17 operating agreements.
- To host a team building workshop for Board and Staff to review policies and procedures and to formulate new creative ideas in the provision of homes and home services.
- To maintain efforts to create a greater awareness of fire safety and prevention in the home through the use of the newsletter, home sessions and tenant interventions.

ACKNOWLEDGEMENTS

Once again Gignul reached new milestones in its accomplishments. A strong performance brings positive results. In view of these achievements it is important to recognize the work and commitment of the Staff: Gord, Eve, Jerry, Dolores with her knowledge quest, Liz for feeding us and keeping us clean, and Marc and Terry for their endurance through times of personal crisis. The Board congratulates your efforts and commitment to making Gignul the credible organization that it is.

I want to also give the Board and its Committees recognition for the good work that they have performed throughout the year. I want to recognize the Executive Team, Charles

and Angela and Jim for the guidance and experience they lend to decision-making. The Community Relations Committee continues to do an excellent job keeping vacancy rates low, and controlling default rents and promoting community harmony. The work of this Committee is time consuming often encumbered with difficult decision making that requires great personal and community and sensitivities. The Maintenance Review Committee continues to wrestle with data collection to support reporting and cost controls that will enable it to analyze and coordinate maintenance demands. This effort will remain on the top of our priority list. I would also like to recognize the Chairs of these Committees: Angela and Claudette, co chairs for the Community Relations Committee, Jim and Charles the co chairs of the Maintenance Review Committee. I want to thank the co chairs for thier leadership.

I also want to recognize Andy Foreman of Raymond Grant Chabot and Thornton for the good work he does in providing financial advice, completing our annual audit and being the source of corporate memory of the financial history of Gignul. I do not hesitate in recommending that this relationship continue.

APPENDICES OF REPORTS

Tenant Population

- ▶ Tenant Activity Report 2007
- ▶ Tenant Composition 2007
- ▶ Tenant Incomes 2007
- ▶ Tenant Source of Income 2007
- ▶ Native Ancestry 2007-11-27
- ▶ Rent Default Rates 2007

Maintenance

- ▶ Capital Reserve Expenditure Report