Board Members:	PUBLIC AGENDA
Phil Squire- Chair Mayor Grantham- Vice Chair Gary Bezaire Shawn Lewis Hadleigh McAlister Cara Awcock Kathleen Savoy Gregory Thompson Sara Piñeros Castaño LMCH Leadership Paul Chisholm, CEO John Krill, Director, Asset Renewal Director of Finance, Robert Cunnington Christine Poirier, Senior Manager, Property Services Dirk Volschenk, Manager of Human Resources Olesya Gryn, Interim Director of Tenant Services	LONDON & MIDDLESEX COMMUNITY HOUSING (LMCH) Board of Directors Meeting Corporate Boardroom 1299 Oxford Street East, Unit 5C5 London, Ontario, N5Y 4W5 Thursday, May 22, 2025 5:30 PM – 8:00 PM

Item	Lead	Time
1. Call to Order	P. Squire	5:30
2. Recognition of Indigenous Peoples and Lands Statement	P. Squire	
3. Completion and Acceptance of Agenda	P. Squire	
4. Disclosure of Interest	P. Squire	
5. Approval of Minutes of Previous Meetings a. April 17. 2025, Public Minutes	P. Squire	
6. Communications: Council Resolutions;2025-05-01 Resolet 4.1-6-SPPC & AGM - 2025 LMCH	P. Squire	
7. Delegations None		
8. Consent Agenda Items: None		
9. Reports and Business <u>Finance Reports for Approval</u> a) Staff Report 2025- 19 2024 Audited Financials b) Staff Report 2025- 20 2025 Operating Budget – Reforecast c) Staff Report 2025- 21 Director of Asset Renewal Q1 Update d) Staff Report 2025- 22 Q1 2025 Capital Project Update Report <u>FAR Committee Reports for Information</u> I. FAR- 2025- 16 Director of Finance and Corporate Services Update II. FAR- 2025- 17 Q1 2025 Key Performance Indicators III. FAR-2025- 19 2026 Budget Discussions IV. FAR- 2025- 20 Q1 2025 Financial Results V. FAR- 2025- 22 Reimagine Q1 2025 Report VI. FAR- 2025- 23 CMHC Q1 2025 Update	R. Cunnington R. Cunnington J. Krill J. Krill G. Thompson	

10) Presentations: None		
11) In-Camera: None		
12) New Business/ Enquiries: None	P. Squire	
13) Meeting Adjournment	P. Squire	8:00pm

Recognition of Indigenous Peoples and Lands Statement

London & Middlesex Community Housing provides housing on the traditional lands of the Anishinaabek (AUh-nish-in-ah-bek), Haudenosaunee (Ho-den-no-show-nee), Lūnaapéewak (Len-ah-pay-wuk) and Attawandaron (Adda-won-da-run).

We acknowledge the local First Nations communities in this area, the territory of the Chippewa (CHIP-I-WAA) of the Thames, the Oneida (OH-NY-DUH) of the Thames, and the Muncey (m-UH-n-s-ee) Delaware Nation.

We honour and respect the history, languages and culture of the diverse Indigenous people who call this territory home. Today, the City of London & Middlesex County is home to many First Nations, Métis and Inuit people. We are grateful to have the opportunity to work and live in this territory.

BOARD OF DIRECTORS PUBLIC MEETING MINUTES

April 17, 2025, at 5:30 p.m.
London & Middlesex Community Housing
Boardroom, 1299 Oxford Street East, Unit 5C5, London, Ontario, Canada

Board Members in Attendance:

Mayor Grantham, Vice Chair

Gary Bezaire

Hadleigh McAlister

Kathleen Savoy

Sara Piñeros Castaño

Gregory Thompson

Cara Awcock

Regrets

Phil Squire, Board Chair
Shawn Lewis

Senior Leadership in Attendance:

Paul Chisholm, CEO

Rob Cunnington, Director, Finance and Corporate Services

Christine Poirier, Senior Manager Property Services

Dirk Volschenk, Manager of Human Resources

Olesya Gryn, Interim Director Tenant Services

** Virtual Attendance via Zoom*

1. Call to Order	Mayor Grantham called the meeting to order at 5:30 p.m.
2. Recognition of Indigenous Peoples and Lands	Mayor Grantham provided the recognition address at 5:31 p.m. *We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty know as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Lenni-Lenape Nations.*
3. Completion and Acceptance of the Agenda	Regarding the completion and acceptance of the agenda, **MOVED** by G. Bezaire, seconded by H. McAlister, **PASSED** at 5:31 pm.

4. Disclosures of Interest	P. Squire called for conflict-of-interest declarations with respect to the agenda. 5:36 p.m. G. Thompson declared a conflict of interest, as his employer is a bidder for the Project 2024-0036 – Wharncliffe Office Renovations Construction Contract Award, so G. Thompson will abstain from voting.
5. Approval of Board Meeting Minutes	Regarding the Board Meeting Minutes of March 20, 2025 **MOVED** by G. Bezaire, seconded by S. Piñeros Castaño, that the Minutes **BE ACCEPTED** and **APPROVED,** item **CARRIED** at 5:32 p.m.
6. Communications	Mayor Morgan & E. Peloza, Budget Chair, City of London • City of London Budget Chair, Mayor Morgan, and Council are trying to reduce the tax rate by reviewing all ABC's, the budget, and assessing the needs of LMCH. • Mayor Morgan, Civic Administration, announced that $13 million in savings needs to be found across all Boards, the annual services review program can be used to find savings of around $8 million. This leaves over 5miilion from all boards and commissions to find savings. It was noted that not every board needs to contribute. The City is making a soft ask of LMCH • If there is upward pressure, from trade and tariffs, the City of London would like to be advocacy partners if LMCH feels operational goals would be at risk. Mayor Morgan would like this communication on how the City can help to advocate. • If the City needs to advocate for federal support, they would like to partner with LMCH to support items that may be tariffed. This is meant to be a collaborative approach on what LMCH can do and what LMCH needs from the City of London in terms of support. • Councillor Peloza discussed the timeline for the budget; this would be Fall deliberations for the 2026 timeline. • Some Boards have also asked for advocacy help, some are asking, and highlight how their ask ties into the City of

London Strategic Plan. Some will highlight if they are at a low mark and remind the City of London that they already received a lower-than-requested budget amount in the last Multi-Year Budget ask.

- The City of London went to all ABC's, with this ask.

For Consideration, That Staff be directed to report back to the board on potential opportunities and impacts to LMCH with a first report at the next Board meeting.

Board Discussion

- Are Capital asks part of the City's ask in the 1.5% reductions.
  - We are looking for tax-based savings. Looking to lower the operating budget. A lot of capital pieces are debt-financed.

- Discussion around support for grants in the County. Or the housing accelerated fund could be a potential option.

  The Federal Government has a tariff remission program; the standard to demonstrate that something is in the public interest in order to qualify. This is an area the City of London could support an application.

  H. McAlister- Council to remember that the LMCH has undertaken a large regeneration project. Recognizing Housing is a major area of the City's strategic plan, and LMCH regeneration project plays a key role in helping the City reach its unit goals for housing.

- Mayor Morgan, Housing is a critical priority in the City of London Strategic Plan. Projects should not be jeopardized; this is why this communication was an invitation to participate, in the 1.5% reduction.
  City of London continues to carve out a significant amount for housing as a priority. Reserve amounts could be reduced, or review in flows on items, and could have a potential surplus. We want to find as many savings as possible that will not cause significant impacts.

- Revenue to be highlighted in the report back to the City of London.

LONDON & MIDDLESEX COMMUNITY HOUSING

	MOTION, that LMCH staff report back to the FAR committee, H. McAlister, seconded by G. Thompson, direct staff to identify opportunities for reductions, current cost pressure to be considered, and identify opportunities to collaborate on advocacy, to improve the financial positions. **ALL IN FAVOUR** 5:51 pm.
7. Delegations	None
8. Consent Items	None
9. Reports and Business	
a) **Staff Report 2025- 13** Project 2024-0036 – Wharncliffe Office Renovations Construction Contract Award	Report overview given by P. Chisholm, • Recommendation from staff that was approved by the FAR committee reviewed. • LMCH has committed to increasing site presences, and this is a step towards this commitment, the are higher needs communities with not a lot of site presence. • This is a Capital item funded through Business Case 22 **MOTION** to **APPROVE** the report for, **MOVED** by G. Bezaire, seconded by K. Savoy, **ALL in Favour PASSED** 5:54pm
b) **Staff Report 2025- 14** Landscaping Contract Award	**MOTION** to **APPROVE** the report and recommendation, **MOVED** by C. Awcock, seconded by G. Bezaire, **PASSED** 5:56pm • 3-year contract 2% annual increase • Tender was posted in February, 14 vendors registered to bid, 2 bids were submitted • The vendor selected, did not submit the lowest bid, but the values of the service to enhance the property was the reason for this decision. Discussion: Summer months service was not good, but Winter months the services has been better. This will be the new vendor.

c) EXC- 2025-03 CEO Report	Report overview given by P. Chisholm • Reviewed CEO workplan • Changed objective for 2025,to include expanding impact, implantation, Org review recommendations, increase profile and financial sustainability. • COO has been posted for and interviews will being next week • 85 Walnut, we have communicated back to ACORN and all tenants at 85 Walnut. Our focus is on communication and customer service needs. • Town Hall at Walnut will take place in May or June. **MOTION** to **RECEIVE** the report, MOVED by H. McAlister, seconded by K. Savoy, **PASSED** 6:00 pm
d) PSH Reports for Information	<u>Reports overview given by Mayor Grantham</u> • Community Safety Report, ACRON highlighted security. - Review of CSU, their role, duties discussed, and Incidents that the CSU responds to. • T. Rudow discussed the role of the CSU. Gear that the team wears, training on who the tenants are, programs LMCH uses, etc. Mandate is for the safety and wellness of our tenants, community safety needs, and emergency response responsibilities. To keep buildings and properties safe and connect tenants with the right LMCH supports or partners. • Firearm incident. This was a joint initiative with LPS and our after-hours security team. • Through the Multi-Year Budget, we were able to secure 3 new CSS. This allowed for the expansion of hours for the community safety team to move to 8 am-8 pm Monday-Friday, which has enhanced the team's ability to respond to the LMCH community better. • We would not want to pull this back due to budget, as we are just starting to make good headway on the tenants feeling safe and supported. **MOTION** to **RECEIVE** the reports for Information, **MOVED** by C. Awcock, seconded by G. Thompson, **PASSED** at 6:10 pm

e) Staff Report 2025- 15 Annual Update of Occupational Health and Safety Policies	Report overview given by D. Volschenk, • Obligation to do an annual review of the polices. The reflected updates are set out by the Occupational H&S Act. **MOTION** to **APPROVE** the Report and Policies, **MOVED by** K. Savoy ,seconded by G. Bezaire **PASSED** 6:13pm.
f) Staff Report 2025- 16 LMCH Visitor and Guest Policy	Report overview given by Interim Tenant Services Director • Main change is that previously tenants could only host guests for up to 5 days, this policy now allows for guests to stay 30 days consecutively. **Discussion**: Increase in days, what happens if a visitor breaks the rules, would the 30-day pass be revoked. The policy states that the responsibility of the tenants is for their guests. If there is misconduct from a guest, the tenant would be responsible. - Review of how to enforce this policy. **MOTION** to **APPROVE** the Report and Recommendation, **MOVED** by H. McAlister, seconded by C. Awcock, ALL in Favour **PASSED** at 6:16 pm.
g) Staff Report 2025- 17 LMCH Minimum Age Requirements for LMCH Seniors Housing	**MOTION** to **APPROVE** the report and recommendations, **MOVED** by C. Awcock, seconded by G. Thompson, **PASSED** 6:19 pm. • Several LMCH sites have different age requirements; some are 50+ as SR, building, and residence have noted that when tenants who are in their 50s move into a Seniors building, their activities are very different then Seniors who are 60+, and this is causing an impact to the seniors building living and environment.

	New Bury is a 50+ building. is there a waiting list for the Newbury building? looking at the numbers, this site does not have a high turnover.
h) Staff Report 2025- 18 Eviction Prevention Policies for Non-payment of Rent and for Cause	These are new policies to LMCH, support agencies come into the process sometimes at a late stage, so this policy shows the steps LMCH will take before an eviction takes place. **MOTION** to **APPROVE** the report, **MOVED** by G. Thompson, G. Bezaire, P**ASSED** 6:21 PM
11. IN CAMERA	None
12. New Business	Councillor McAlister, addressed the City Councillor Q&A session with LMCH.
13. MEETING ADJOURNMENT	**MOTION** to **ADJOURNED,** ALL in Favour **PASSED** at 6:24 pm.

Phil Squire, Chair

Paul Chisholm, CEO

P.O. Box 5035
300 Dufferin Avenue
London, ON
N6A 4L9

May 14, 2025

P. Chisholm, CEO
London & Middlesex Community Housing

I hereby certify that the Municipal Council, at its meeting held on May 13, 2025 resolved:

That the following actions be taken with respect to the London & Middlesex Community Housing Board of Directors:

a) the term for Phil Squire, Chair, London & Middlesex Community Housing Board of Directors BE EXTENDED from December 31, 2024 to September 30, 2027;

b) the term for Greg Thompson, London & Middlesex Community Housing Board of Directors BE EXTENDED from December 31, 2024 to September 30, 2027; and

c) the term for Kathleen Savoy, Tenant, London & Middlesex Community Housing Board of Directors BE EXTENDED from December 31, 2026 to September 30, 2027;

it being noted that the Strategic Priorities and Policy Committee received a communication dated April 7, 2025 from P. Chisholm, CEO, London & Middlesex Community Housing with respect to this matter. (4.1/6/SPPC)

M. Schulthess
City Clerk
/hw

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www.london.ca

London
CANADA

P.O. Box 5035
300 Dufferin Avenue
London, ON
N6A 4L9

May 14, 2025

Chair and Members
Board of Directors
c/o P. Chisholm, Chief Executive Officer
London & Middlesex Community Housing

Dear Chair and Members:

Re: 2024 Annual General Meeting of the Shareholder for the London & Middlesex Community Housing – June 17, 2025 at 1:05 PM, Council Chambers, City Hall

This is to provide you with notice that the 2024 Annual General Meeting of the Shareholder for the London & Middlesex Community Housing will be held at a meeting of the Strategic Priorities and Policy Committee on June 17, 2025. The 2024 Annual General Meeting is scheduled to be heard not before 1:05 PM in the Council Chambers of City Hall, for the purpose of receiving the report from the Board of London & Middlesex Community Housing in accordance with the Shareholder Declaration and the *Business Corporations Act, R.S.O., 1990, c.B.16*.

I wish to extend an invitation to the Chair of the Board of Directors to attend the Annual Meeting and present the report of the Board in accordance with Article 7.1 of the Shareholder Declaration. I would kindly request that you provide me with an electronic copy of any documentation that you will be presenting, in addition to the Annual Report, by **9:00 AM, Monday, June 9, 2025,** for inclusion on the Agenda for the June 17, 2025 meeting. Please email all of your documents to sppc@london.ca A reminder that in accordance with the Council Procedure By-law, delegations are limited to 5 minutes.

If you have any questions or require clarification, please do not hesitate to contact me.

Sincerely,

M. Schulthess
City Clerk
/hw

cc: Mayor J. Morgan
S. Datars Bere, City Manager
A. L. Barbon, Deputy City Manager, Finance Supports
T. Pollitt, Deputy City Manager, Legal Services
S. Corman, Deputy City Clerk
E. Skalski, Deputy City Clerk
M. Ofori, mofori@lmch.ca

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2024 Audited Financial Statements
Staff Report 2025- 19

TO: LMCH Board of Directors

FROM: Rob Cunnington, Director of Finance and Corporate Services

SUBJECT: 2024 Audited Financial Statements

DATE: May 21, 2025

PURPOSE:

To present the Draft Audited 2024 Financial Statements and Audit Findings Report to the LMCH Board of Directors, and to receive approval of these statements.

RECOMMENDATION:

That the Board of Directors:

1. **RECEIVE** and **APPROVE** the attached 2024 Audited Financial Statements.
2. **AMENDED RECOMMENDATION f**rom the FAR Committee:
   RECOMMNEDATION that the LMCH Finance team, have a note or schedule added to future audit statements to clarify items included in the Revenue line.

BACKGROUND:

LMCH is subject to an annual external financial audit, in accordance with Canadian Public Sector Accounting Standards (PSAS), which KPMG undertakes as part of the City of London's annual financial audit. As the City of London is the sole shareholder of LMCH, the audited results are consolidated into the City of London's financial results for the year. With assistance from the Finance group here at LMCH, KPMG completed the audit of 2024 results in early May 2025 without any complications or concerns.

AUDIT FINDINGS:

All audit procedures were completed as planned, with only a few misstatements and a few recommendations for improvements to internal controls, with no other significant findings identified during the audit. In the opinion of KPMG, the financial statements are in accordance with Canadian PSAS and present fairly the financial position of LMCH as of December 31, 2024, in all material respects (Appendix A - Draft AFR 2024).

There are presentation differences between the external financial statements and LMCH's internal financial statements that are used to determine our surplus or deficit reported to the City of London. Per the audited financial statements, LMCH reported an annual surplus of $16,283,874 for 2024 compared to the previously reported surplus of $6,851,951 in 2023. Refer to Appendix B, 2024 Financial Statements Comparison with Operations Statement, and Appendix C, 2024 Draft Audited Financial Statements.

The major difference between the external and internal financial statements is the treatment of capital assets. Internally, capital assets are defined as spending incurred on approved capital projects that are funded through the City of London's capital project allotment, or alternative sources of capital funding such as Public Housing Major Upgrades, Infrastructure Gap, CMHC, and CMHC Co-Investment. Externally, capital assets are determined based on specific criteria set out by the Canadian Public Sector Accounting Board (PSAB) that are assessed on an asset-by-asset basis. LMCH internally reports operating spending and capital spending separately, whereas the external financial statements include both capital spending and amortization on the assets within the statement of operations.

The external financial audit completed by KPMG resulted in the following audit opinion as per the Independent Auditors' Report and will be forwarded to the City of London for consolidation purposes:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2024 and its results of operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ATTACHMENTS:
Appendix A: Draft AFR 2024
Appendix B: 2024 Financial Statements Comparison with Q4 Statement of Operations
Appendix C: 2024 Draft Audited Financial Statements

SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
ROB CUNNINGTON, CPA CA DIRECTOR OF FINANCE & CORPORATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

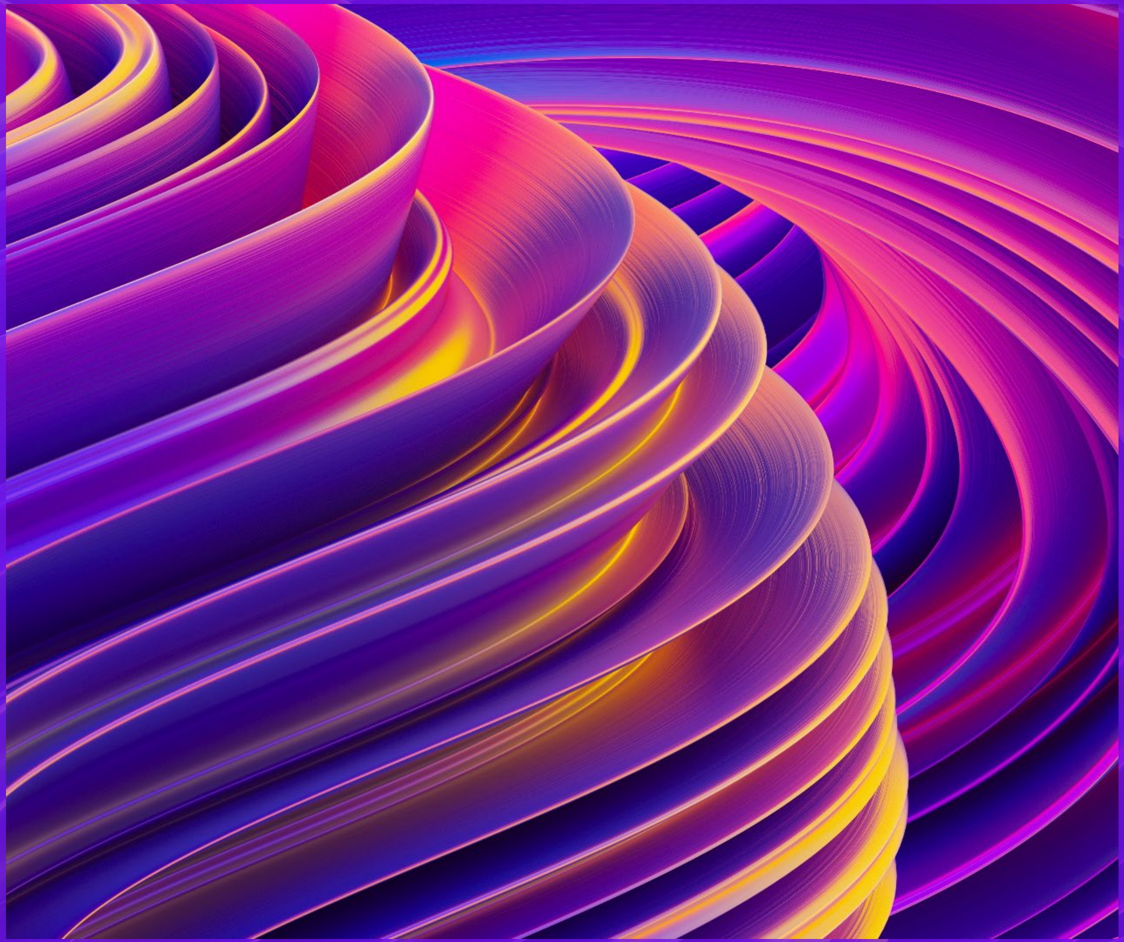
London & Middlesex Community Housing Inc.

Audit Findings Report for the December 31, 2024

KPMG LLP

Prepared as of May 5, 2025 for presentation to the Finance, Audit and Risk Management Committee on May 13, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

Audit highlights

No matters to report

Matters to report – see link for details

Status

We have completed the audit of the financial statements ("financial statements"), with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Risks and results & Significant unusual transactions

Significant risks

- Risk of material misstatement due to fraud resulting from management override of controls

Other risks of material misstatement

Going concern matters

Significant unusual transactions

Policies and practices

Accounting policies and practices

Other financial reporting matters

Materiality

Materiality has been based on total current year expenses ($37,300,000)

Materiality	$900,000
Performance Materiality	$675,000
Audit Misstatement Posting Threshold	$45,000

Misstatements - uncorrected

Uncorrected misstatements

Misstatements - Corrected

Corrected misstatements

Control deficiencies

Control deficiencies

Audit Quality

Learn more about how we deliver audit quality.

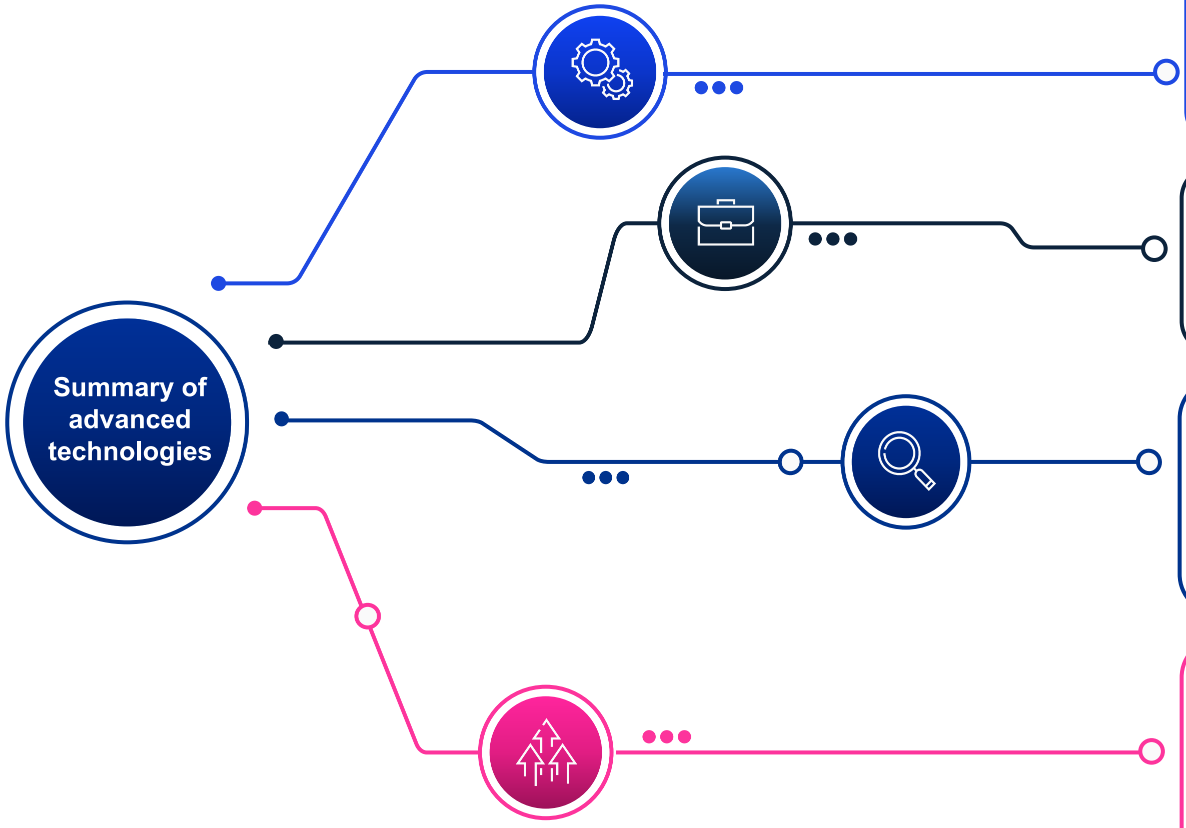
Independence

Annual Statement of Compliance

KPMG

Technology highlights

We have utilized technology to enhance the quality and effectiveness of the audit.



KPMG Clara Workflow (KCw)

A modern, intuitively written, highly applicable audit methodology that allows us to deliver globally consistent engagements. The tool allows us to identify and respond to relevant risks, document our audit procedures, conclusions, and reporting.

DataSnipper

An Excel based audit tool, which allows to extract, search, document and review PDF documents. The tool also provides automated document matching features allowing matching of Excel data with underlying source documents.

Offset Remover

Offset Remover is used to easily scrub subledger listings or breakdowns of aggregated sample populations and remove offsetting entries prior to sampling to avoid selecting sample items that are fully offset in the population, or to avoid a larger than necessary sample size due to an inflated gross population value was used in the audit.

Monetary Unit Sampling

Sampling tool embedded in our KCw application used by the engagement team to calculate the most efficient sample sizes based on the specific risk considerations of an account and assertion, select and extract items from a population, and evaluate our results after audit procedures have been performed over selected items.

KPMG's software audit tools are intended to be used as internal enablement tools in conjunction with the performance of audit services. Information resulting from use of software audit tools may not be used as a basis for management's conclusions as to the fairness of presentation of its financial statements or form a part of the internal control.

Status

As of May 5,2025, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Final Partner and manager review of audit file and documentation,
- Receipt and review of the related party confirmation from the City of London
- Receipt and review of legal inquiry letter
- Receipt and review of Management Inquires document
- Receipt and review of support for certain notes disclosures in the financial statements
- Receipt of management reconciliation of approved budget and amounts included in the statement of operations in the budget column.
- Receipt and testing of support for the unrecorded liabilities test sample
- Receipt of details on a sample for repairs and maintenance testing
- Completing our work over journal entry testing
- Completing our discussions with the Finance, Audit and Risk Management Committee
- Obtaining evidence of the Board of Director's approval of the financial statements
- Receipt of the signed management representation letter

We will update the Finance, Audit and Risk Management Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report will be dated upon completion of remaining procedures.

KPMG

Significant risks and results

We highlight our significant findings in respect of **significant risks.**

Risk of material misstatement due to fraud resulting from management override of controls

RISK OF FRAUD

Significant risk	Estimate?
The risk of material misstatement due to fraud resulting from management override of controls is a presumed risk for all entities under Canadian Auditing Standards ("CAS"). We have not identified any specific areas which highlight this risk over the course of our audit.	No

Our response

- The risk resides with management's ability to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We performed procedures, including testing of journal entries and other adjustments, performed a retrospective review of estimates and evaluated the business rationale of significant unusual transactions, if any.

Significant qualitative aspects of the Corporation's accounting practices

No significant issues have been identified as a result of the procedures performed up to the date of this report. Significant findings upon completion of the remaining procedures, if any, will be communicated to the Finance, Audit and Risk Management Committee and not solely the Chair.

Accounting policies and practices

Initial selection

The following new significant accounting policies and practices were selected and applied during the period.

PS 3400, Revenue became effective for the LMHC's fiscal 2024 year end. The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. It notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Through our assessment over management's considerations on the impact of the standard, it was noted that, for revenue streams considered to be in-scope of the standard, the current treatment is considered to be appropriate and no additional adjustments were required. Please refer to *Note 1 Significant accounting policies* in the financial statements for discussion over "Other Revenues" and *Note 2 Change in Accounting Policy – Adoption of New Accounting Standards.*

PS 3160, Public private partnership (PPP) became effective for the Corporation's fiscal 2024 year end. The new standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. No arrangements of this nature were noted.

PSG 8, Purchased intangibles became effective for the LMHC's fiscal 2024 year end. The new standard allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. The Corporation does not have any purchased intangibles and therefore there is no impact on the financial statements.

Revised

No changes to significant accounting policies and practices in the current year.

Significant qualitative aspects

The required disclosures relating to the new accounting policies have been included in the draft financial statements.

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	The presentation and disclosure included in the financial statements is in accordance with the required standards as disclosed in the notes to the financial statements.
Concerns regarding application of new accounting pronouncements	The financial statements include note disclosure relating to the application of the new accounting standard for revenue. Please refer to *Note 3 Change in Accounting Policy – Adoption of New Accounting Standards*.
Significant qualitative aspects of financial statement presentation and disclosure	No additional matters relating to the Corporation's financial statement presentation and disclosure have been identified.

Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements. This includes misstatements identified in opening balances that have been corrected.

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Impact of corrected misstatements

The management representation letter includes a summary of all corrected misstatements.

- As part of the management's annual re-assessment of the asset retirement obligation, we noted that they were in the process of assessing the inflationary impact to the estimated retirement costs for the current year, and updating the liability for remediations completed. However, they had not yet recorded them when we were performing our audit procedures. As a result, the asset retirement obligation was understated for that impact. Management has completed their assessment and updated their assumptions, determining the inflation impacting the liability at 3.8%. As assets associated with the asset retirement obligation were fully depreciated in prior years, the inflationary impact has been expensed in the Statement of Operations in the current year.
- KPMG noted that costs related to constructing the Southdale building were not capitalized and instead were all included under expenses in the Statement of Operations. These costs are considered tangible capital assets in nature, and as a result of the adjustment proposed, were reclassified to be recorded under Tangible Capital Assets, Construction in progress.
- KPMG also noted that there were transactions included under Prepaid expenses that did not meet that definition. These transactions included some that were related to the TCA- construction in progress and some that were repairs and maintenance expenses. The Statement of Financial Position and Statement of Operations are now updated to reflect the correct classification of the identified transactions.
- Through procedures completed over Cash, we noted that there were three separate bank accounts under LCMH's control that were not recorded in the main general ledger, of which LMHC now has four, including three for other managed properties. These separate bank accounts are restricted for the three properties that LMHC is managing on behalf of others. The Statement of Financial Position is now updated to include the restricted cash and the corresponding liability for the funds held on behalf of others.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

Control deficiencies – Significant deficiencies

Significant deficiencies in internal control over financial reporting

Description	Description	Potential effects
Review of manual journal entries	Journal entries below $10,000 are not subject to review, in addition Journal entries processed by the finance manager are not subject to a second level review.	Management override of controls.

Control deficiencies in internal control over financial reporting

Description	Description	Potential effects
Review of appropriateness financial statements	Lack of management review of appropriateness of transactions recorded under PSAS which led to identifying multiple misstatements in different financial statements captions, for example the treatment of Southdale building construction costs.	Audit misstatements.

Performance improvement points

Management to document review of manual journal entries. This can be done weekly, monthly or at the time of the journal entries.

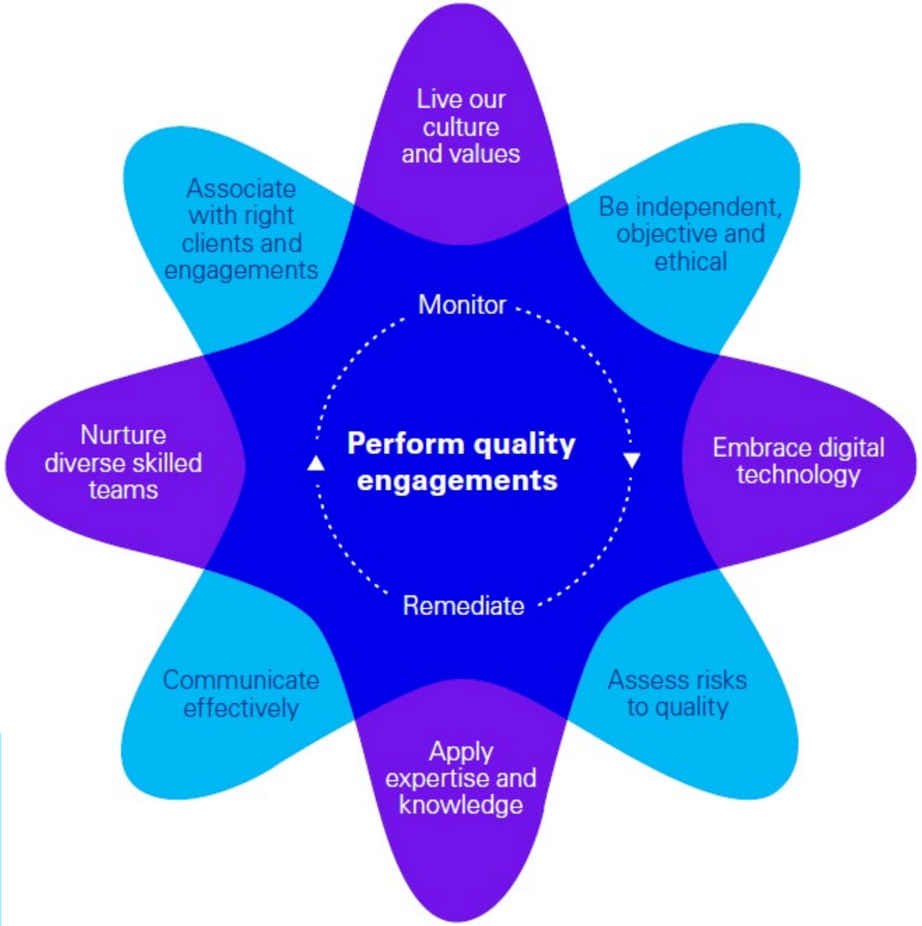
Routine management review of supporting schedules to general ledger (e.g. tangible capital asset schedule, accounts payable subledger, Prepaid expense accounts etc.) to ensure they are in line with PSAS

Audit quality - How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

KPMG Canada Transparency Report



Doing the right thing. Always.

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management;** and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity.**

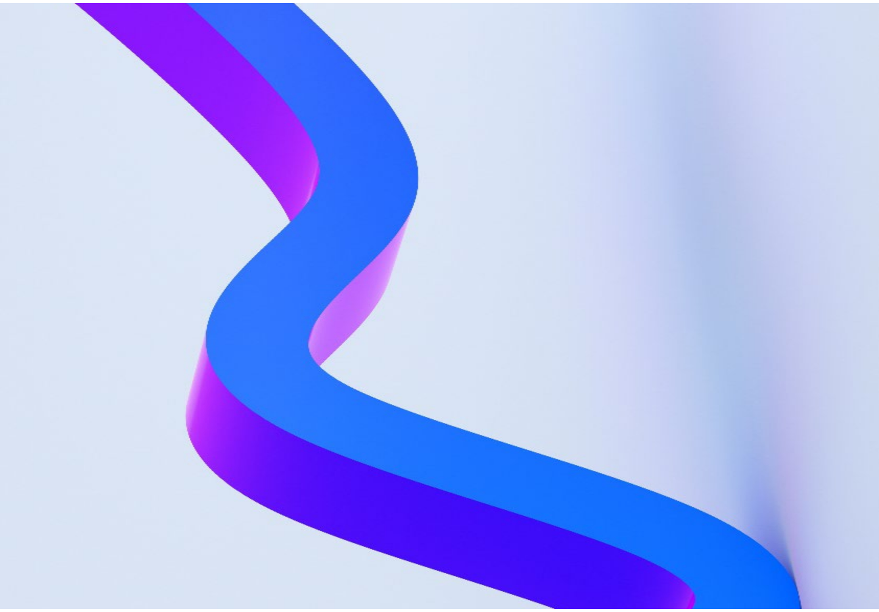
Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code[1] and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:

- Dedicated ethics & independence partners
- Process for reporting breaches of professional standards and policy, and documented disciplinary policy
- Ethics, independence and integrity training for all staff
- International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest
- Operating polices, procedures and guidance contained in our quality & risk management manual
- Mandated procedures for evaluating independence of prospective audit clients
- Restricted investments and relationships
- Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



1 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

A Required communications

B Draft Audit Report

C Management Rep Letter

D New accounting standards

E New Auditing standards

F Insights

G Technology

Appendix A: Other required communications

Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Finance Committee.

CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2022 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2023 Interim Inspections Results
- CPAB Regulatory Oversight Report: 2023 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2024 Interim Inspections Results

Appendix B: Draft auditor's report

Financial Statements of

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London & Middlesex Community Housing Inc.

Opinion

We have audited the financial statements of London & Middlesex Community Housing Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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.

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 Canadian public sector accounting standards 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

(date)

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Financial Position

December 31, 2024, with comparative information for 2023

		2024		2023
Financial Assets				
Cash	$	4,200,161	$	513,297
Restricted cash		810,510		544,235
Accounts receivable (note 4)		4,120,264		4,246,100
Due from The Corporation of the City of London		2,427,477		2,796,240
		11,558,412		8,099,872
Financial Liabilities				
Accounts payable and accrued liabilities		11,372,486		7,331,461
Cash held in trust		810,510		544,235
Tenant advances		1,006,808		956,834
Unearned miscellaneous revenue		81,454		84,536
Asset retirement obligation (note 13)		37,450,756		36,316,420
CMHC loan (note 9)		7,608,304		2,894,602
		58,330,318		48,128,088
Net debt		(46,771,904)		(40,028,216)
Non-Financial Assets				
Tangible capital assets (note 8)		96,655,166		73,611,712
Prepaid expenses		1,250,744		1,266,636
		97,905,910		74,878,348
Commitments (note 6)				
Accumulated surplus (note 11)	$	51,134,006	$	34,850,132

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Revenue:			
Rental revenue	$ 14,162,402	$ 14,335,923	$ 13,563,029
The Corporation of the City of London:			
Capital funding	–	18,814,122	10,632,740
Rental subsidy (note 9)	14,220,288	14,220,288	12,630,651
CMHC revenue	–	3,053,910	1,359,403
Business Case 19	2,046,000	2,046,000	2,046,000
Business Case 22	–	515,000	–
Other	414,154	645,811	663,435
	30,842,844	53,631,054	40,895,258
Expenses:			
Salaries, wages and employee benefits	8,637,175	8,888,768	7,948,931
Maintenance, materials and services:			
Building, general	5,480,242	6,985,619	7,770,696
Grounds	1,380,713	1,402,912	1,443,300
Painting	387,106	503,699	553,831
Other	248,389	205,513	189,368
	7,496,450	9,097,743	9,957,195
Utilities:			
Electricity	1,926,327	2,024,131	1,973,032
Water	1,692,861	1,682,376	1,639,400
Natural gas	1,380,000	1,262,861	1,125,786
Energy saving project rebates	–	–	(39,328)
	4,999,188	4,969,368	4,698,890
Amortization	–	3,097,816	2,745,193
Asset retirement obligation expense	–	1,371,029	–
Property:			
Municipal taxes	5,545,285	5,842,854	5,434,420
Insurance	1,238,000	1,314,852	1,061,607
	6,783,285	7,157,706	6,496,027
Administration	2,926,746	2,764,750	2,197,071
Total expenses	30,842,844	37,347,180	34,043,307
Annual surplus	–	16,283,874	6,851,951
Accumulated surplus, beginning of year	34,850,132	34,850,132	27,998,181
Accumulated surplus, end of year	$ 34,850,132	$ 51,134,006	$ 34,850,132

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Changes in Net Debt

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Annual surplus	$ –	$ 16,283,874	$ 6,851,951
Acquisition of tangible capital assets	–	(26,141,270)	(11,720,746)
Amortization of tangible capital assets	–	3,097,816	2,745,193
	–	(23,043,454)	(8,975,553)
Acquisition of prepaid expenses	–	(1,250,744)	(1,266,635)
Use of prepaid expenses	–	1,266,634	966,537
	–	15,892	(300,097)
Change in net debt	–	(6,743,688)	(2,423,699)
Net debt, beginning of year	(40,028,216)	(40,028,216)	(37,604,517)
Net debt, end of year	$ (40,028,216)	$ (46,771,904)	$ (40,028,216)

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 16,283,874	$ 6,851,951
Items not involving cash:		
Amortization	3,097,816	2,745,193
Asset retirement obligation expense	1,371,029	–
Changes in non-cash items:		
Accounts receivable	125,836	(1,895,322)
Prepaid expenses	15,892	(300,098)
Due from The Corporation of the City of London	368,762	(1,447,050)
Accounts payable and accrued liabilities	4,041,024	2,760,599
Cash held in trust	266,275	544,235
Tenant advances	49,974	82,397
Unearned miscellaneous revenue	(3,082)	23,717
Asset retirement obligation	(236,693)	–
	25,380,707	9,365,622
Capital activities:		
Acquisition of tangible capital assets	(26,141,270)	(11,720,746)
Financing activities:		
Issuance of CMHC loan	4,713,702	2,123,602
Net increase (decrease) in cash	3,953,139	(231,522)
Cash, beginning of year	1,057,532	1,289,054
Cash, end of year	$ 5,010,671	$ 1,057,532
Cash consists of:		
Cash	$ 4,200,161	$ 513,297
Restricted cash	810,510	544,235
	$ 5,010,671	$ 1,057,532

See accompanying notes to financial statements.

1. Incorporation:

London & Middlesex Community Housing Inc. (formerly London & Middlesex Housing Corporation) (the "Corporation") operates housing accommodation primarily for persons of low and moderate income. The Corporation operates 3,282 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

2. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Tangible capital assets:

(i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

One half-year's amortization is charged in the year of acquisition.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

2. Significant accounting policies (continued):

(a) Tangible capital assets (continued):

(i) (continued):

A liability for the removal of asbestos and other hazardous materials in the building owned by the Corporation has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note.

In addition, the Corporation's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(ii) Contributions of capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and the valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Significant accounting policies (continued):

(d) Budget data:

Budget Figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan in the period.

(f) Contaminated sites:

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organisms that exceeds the environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(g) Financial instruments:

PS 3450, *Financial Instruments*, establishes the standards on accounting for and reporting all types of financial instruments including derivatives.

Financial instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash, accounts receivable, CMHC loan, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

3. Change in accounting policy – adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

(a) PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. As a result of applying the Public Private Partnership accounting standard it was identified that this accounting standard did not affect the Corporation and therefore no adjusting entries occurred.

(b) PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

(c) PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. No such transactions were identified by the Corporation.

4. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2024	2023
Rent	$ 1,417,269	$ 1,747,410
Allowance for doubtful accounts	(614,269)	(782,979)
Harmonized Sales Tax	1,297,304	845,416
LMHC Accounts Receivable	1,860,354	2,274,066
Sundry	159,606	162,187
	$ 4,120,264	$ 4,246,100

5. Income producing properties:

The income producing properties held by London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership the Province did not transfer the responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

6. Commitments:

(a) Contractual obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment

2025	$ 615,699
2026	609,397
2027	158,531

7. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2024 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter. Employee contributions match these rates.

Contributions to OMERS by the Corporation are recognized as an expense in the period they are incurred. A total of $633,708 was incurred as pension expense in 2024 (2023 - $564,779).

The last available report for the OMERS plan was on December 31, 2024. At that time, the plan reported a $2.9 billion actuarial deficit (2023 - $4.2 billion), based on actuarial liabilities for $142.5 billion (2023 - $136.2 billion) and actuarial assets for $139.6 billion (2023 - $131.9 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

8. Tangible capital assets:

Cost	Balance at December 31, 2023	2024 Additions	2024 Disposals	Balance at December 31, 2024
Land	$ 24,605,751	$ –	$ –	$ 24,605,751
Site improvements	6,938,859	1,623,528	–	8,562,387
Buildings and improvements	148,152,545	9,040,569	–	157,193,114
Technology and communications	1,645,938	33,491	148,541	1,530,888
Vehicles	48,297	22,387	–	70,684
Furniture and fixtures	286,392	10,190	46,200	250,382
Machinery and equipment	5,252,357	432,097	–	5,684,454
Appliances	2,697,308	137,666	1,017	2,833,957
Construction in progress	–	14,841,342	–	14,841,342
Total	**$ 189,627,447**	**$ 26,141,270**	**$ 195,758**	**$ 215,572,959**

Accumulated amortization	Balance at December 31, 2023	2024 Disposals	2024 Amortization	Balance at December 31, 2024
Land	$ –	$ –	$ –	$ –
Site improvements	2,208,579	–	227,399	2,435,978
Buildings and improvements	107,811,125	–	2,482,456	110,293,581
Technology and communications	1,536,932	148,541	88,215	1,476,606
Vehicles	48,297	–	1,119	49,416
Furniture and fixtures	183,284	46,200	14,603	151,687
Machinery and equipment	2,186,685	–	187,705	2,374,390
Appliances	2,040,831	1,017	96,319	2,136,133
Construction in progress	–	–	–	–
Total	**$ 116,015,733**	**$ 195,758**	**$ 3,097,816**	**$ 118,917,791**

8. Tangible capital assets (continued):

	Net book value December 31, 2023	Net book value December 31, 2024
Land	$ 24,605,751	$ 24,605,751
Site improvements	4,730,279	6,126,409
Buildings and improvements	40,341,421	46,899,533
Technology and communications	109,006	54,282
Vehicles	–	21,268
Furniture and fixtures	103,108	98,695
Machinery and equipment	3,065,672	3,310,064
Appliances	656,475	697,824
Construction in progress	–	14,481,342
Total	**$ 73,611,712**	**$ 96,655,166**

9. CMHC credit agreement:

On November 25, 2021, together with the City of London as a guarantor, LMCH entered into a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) to finance repairs and renewal of designated housing units at thirteen sites owned and operated by LMCH. Under the agreement, LMCH will make quarterly drawdowns up to a maximum of $40,136,090. LMCH plans to draw the full amount by the end of 2027, and 39% of the loan will be forgivable. LMCH will be receiving funds in seven tranches each with its specific interest rate. The first tranche was received on December 9, 2021 with the applicable interest rate of 1.84%, second tranche was received in 2023 and bears interest of 3.01%, third tranche was received in 2024 and bears interest at 3.44%. CMHC funding is allocated to three areas: Energy efficiency, Accessibility and Property Repairs & Renewals. LMCH has an option to extend the term of any of the repayable loans for an additional ten years. At this time the intention is to pay each tranche back to CMHC after the first ten years and waive the option to extend.

	2024	2023
Repayable Loan Tranche 1	$ 56,255	$ 57,305
Repayable Loan Tranche 2	4,330,084	2,837,297
Repayable Loan Tranche 3	3,221,965	–
	$ 7,608,304	$ 2,894,602

Forgivable loans in the amount of $3,029,369 (2023 - $1,359,403) were received during the year and were reflected as CMHC revenue on the statement of operations. Should the Corporation not meet certain requirements throughout the term of the loans they may be required to repay these amounts.

10. Capital allotment:

An approved capital allotment is managed by the City of London to finance future capital expenditures. The allotment has not been recognized in these financial statements and will be accounted for as the funds are received and expensed.

	2024	2023
Opening balance	$ 10,493,245	$ 9,407,277
Contributions during the year	8,880,000	8,350,000
Capital expenditures	(4,828,571)	(7,264,032)
	$ 14,544,674	$ 10,493,245

11. Accumulated surplus:

	2024	2023
Surplus:		
Business Case 18 Co-investment Funding	$ 449,442	$ 449,442
CHMC loan	(7,608,304)	(2,894,602)
Invested in tangible capital assets	96,655,166	73,611,712
Asset retirement obligation	(37,450,756)	(36,316,420)
Other	(911,542)	-
	$ 51,134,006	$ 34,850,132

12. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims is not determinable at this point and as such no amount has been included in these financial statements.

13. Asset retirement obligations:

As at December 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	$ 36,316,420	$ 36,316,420
Additions - inflation remediations	1,371,029	–
Remediations	(236,693)	–
Liabilities for asset retirement obligations, end of year	$ 37,450,756	$ 36,316,420

14. Financial risks and concentration risk:

Risks arising from financial instruments and risk management:

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk, these risks have not changed significantly from the previous year. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within twelve (12) months.

(c) Market risk:

The Corporation's financial instruments consist of cash, accounts receivable, loans payable and accounts payable and accrued liabilities. It is Corporation's opinion that it is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

15. Comparative information:

Certain 2023 comparative information has been reclassified to conform with the financial statement presentation adopted for the current period.

Appendix C: Management representation letter

[Letterhead of Client]

KPMG LLP
1400-140 Fullarton Street
London, ON N6A 5P2
Canada

Date

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of London & Middlesex Community Housing Inc. ("the Entity") as at and for the period ended December 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in Attachment I to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 1, 2023, including for:
  - the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
  - providing you with unrestricted access to such relevant information.
  - providing you with complete responses to all enquiries made by you during the engagement.

- providing you with additional information that you may request from us for the purpose of the engagement.
- providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the Entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- We have disclosed to you:
    - the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
    - all information in relation to fraud or suspected fraud that we are aware of that involves:
        - management;
        - employees who have significant roles in internal control over financial reporting; or
        - others
    - where such fraud or suspected fraud could have a material effect on the financial statements.
    - all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
    - all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
    - all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

- We have disclosed to you the identity of the Entity's related parties.
- We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

We approve the corrected misstatements identified by you during the audit described in Attachment II.

Non-SEC registrants or non-reporting issuers:

- We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Other:

We confirm that we have provided you with a complete list of service organizations (SO) and sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented. For the purpose of this representation, a service organization is one as defined in CAS 402.

Yours very truly,

____
Rob Cunnington, Director of Finance and corporate Services

____
Paul Chisholm, Chief Executive Officer

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule

Summary of Corrected Audit Misstatements

	Income effect	Financial position		
Description	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Equity (Decrease) Increase**
To adjust for the asset retirement obligation for the current year inflation and remediation impact	(1,134,336)	-	1,134,336	-
To reclass the Southdale building construction costs from expenses to Tangible Capital Assets – Construction in progress	14,485,649	14,485,649	-	-
To reclass transactions inappropriately included under prepaid to their appropriate accounts under TCA- construction in progress, and expenses	(555,850)	(911,543) 355,693		
To record restricted cash and related liability to account for cash restricted for three properties managed by LMCH on behalf of other organizations		810,510	810,510	
Total corrected misstatements	**12,795,463**	**14,740,309**	**1,944,846**	**-**

Appendix D: Current developments

Accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	• The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted.
	• The proposed section includes the following:
	  • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
	  • Separating liabilities into financial liabilities and non-financial liabilities.
	  • Restructuring the statement of financial position to present total assets followed by total liabilities.
	  • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
	  • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
	  • A new provision whereby an entity can use an amended budget in certain circumstances.
	  • Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

Appendix D: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications
Employee Future Benefit Obligations	• The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. • The intention is to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. • The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.

Appendix E: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

Revised special considerations – Audits of group financial statements

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

Communications with those charged with governance

ISA 700/CAS 700

Forming an opinion and reporting on the financial statements

Appendix F: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

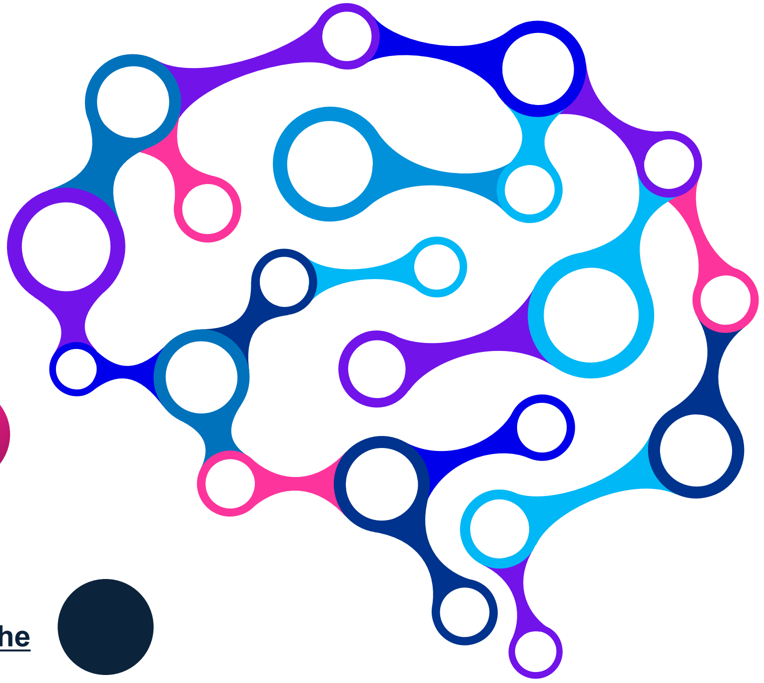
Curated research and insights for audit committees and boards.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities



Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Appendix F: Thought leadership and insights

2024 CEO Outlook	From the race to embrace artificial intelligence (AI) to ever-mounting geopolitical concerns, the challenges faced by the CEOs of today are vast and complex. Alongside these external pressures, internal challenges such as upskilling the workforce and hybrid working are pushing CEOs to be agile and adaptable in their stakeholder management while also keeping an eye on long-term growth. The KPMG CEO Outlook surveys more than 1,300 global business leaders who share their views on geopolitics, return-to-office, ESG and generative AI. Click here to access KPMG's portal.
Future of Risk	Enterprises are facing an array of reputational, environmental, regulatory and societal forces. To navigate this complex landscape, the C-suite should seek to embrace risk as an enabler of value and fundamentally transform their approach. KPMG's global survey of 400 executives reveals that their top priorities for the next few years are adapting to new risk types and adopting advanced analytics and AI. As organizations align risk management with strategic objectives, closer collaboration across the enterprise will be essential. Click here to access KPMG's portal.
Resilience Amid Complexity	In today's rapidly evolving and interconnected business landscape, organizations face unprecedented challenges and an increasingly complex and volatile risk landscape that can threaten their competitiveness and future survival. We share revealing real-world examples of how companies have overcome their challenges and emerged stronger as the rapid pace of change accelerates and look at the key components of KPMG's enterprise resilience framework and how it is helping these businesses build resilience and achieve their strategic objectives in an increasingly uncertain world. Click here to access KPMG's portal.
Future of Procurement	Procurement is at an exciting point where leaders have the opportunity to recast their functions as strategic powerhouses. In this global report we examine how these forces may affect procurement teams and discuss how procurement leaders can respond – and the capabilities they will need to thrive. Our insights are augmented by findings from the KPMG 2023 Global Procurement Survey, which captured the perspectives of 400 senior procurement professionals around the globe, representing a range of industries. Click here to access KPMG's portal.

Appendix F: Thought leadership and insights (continued)

Artificial Intelligence in Financial Reporting and Audit

Artificial intelligence (AI) is transforming the financial reporting and auditing landscape, and is set to dramatically grow across organizations and industries. In our new report, KPMG surveyed 1,800 senior executives across 10 countries, including Canada, confirming the importance of AI in financial reporting and auditing. This report highlights how organizations expect their auditors to lead the AI transformation and drive the transformation of financial reporting. They see a key role for auditors in supporting the safe and responsible rollout of AI, including assurance and attestation over the governance and controls in place to mitigate risks.

Click here to access KPMG's portal.

Control System Cybersecurity Annual Report 2024

Based on a survey of more than 630 industry members (13% from government organizations), this report reveals that while the increase in cyberattacks is concerning, organizations have become more proactive in their cybersecurity budgets, focused on prevention, and acknowledging the threat of supply chain attacks. Furthermore, the report highlights a pressing need for skilled cybersecurity professionals in the face of escalating cyber threats. Explore the full report to help gain a clearer understanding of the growing cyber threat landscape and learn how to overcome the roadblocks to progress.

Click here to access KPMG's portal.

Cybersecurity Considerations 2024: Government and Public Sector

In every industry, cybersecurity stands as a paramount concern for leaders. Yet, for government and public sector organizations, the game of digital defense takes on a whole new level of intensity. The reason? The sheer volume and sensitivity of data they manage, which can amplify the potential fallout from any breach. These agencies are the custodians of a vast array of personal and critical data, spanning from citizen welfare to public safety and national security. This article delves into the pivotal cybersecurity considerations for the government and public sector. It offers valuable perspectives on critical focus areas and provides actionable strategies for leaders and their security teams to fortify resilience, drive innovation, and uphold trust in an ever-changing environment.

Click here to access KPMG's portal.

Appendix F: Thought leadership and insights (continued)

Why the Public Sector Must Take the Lead in Sustainability Reporting

As the world prepares for the implementation of sustainability reporting standards from the International Sustainability Board (ISSB), the need for public sector leadership is pronounced. While governments around the world have collaborated on vital policy and regulatory solutions, they have yet to provide sustainability reporting for their own government reporting entities. This presents a major obstacle to global sustainability ambitions, particularly considering the vast physical infrastructure, non-renewable resources, rare earth elements, water and natural assets controlled by governments around the world. .

Click here to access KPMG's portal.

Fighting Modern Slavery in Canadian Supply Chain

The deadline for the first year of reporting under Canada's Fighting Forced Labour and Child Labour in Supply Chains Act (the Act) was May 31, 2024. Under the Act, eligible entities are required to publicly report on steps taken to reduce the risk of forced labour and child labour in their business and supply chain. KPMG in Canada reviewed 5,794 report submissions for the act to identify key takeaways.

Click here to access KPMG's portal.

ESG for Cities Webinar Series

Cities and municipalities play a crucial role to drive climate action and resilience measures, acting as stewards for the communities they serve – including their constituents, and public, private and non-profit organizations. With the physical impacts of climate changes – including floods, wildfires and droughts – accelerating in terms of both increased frequency and severity, city and municipal leaders are increasingly considering how they can tackle the multifaced challenge of achieving net zero greenhouse gas (GHG) emissions by 2050. KPMG in Canada's Public Sector and ESG practices completed a three-part national webinar series focusing on the journey to net zero – from strategic planning and stakeholder engagement to the implementation at the asset and operational level, and subsequent reporting obligations.

Click here to access KPMG's portal.

Building a Successful Transformation Program

Today's government and public sector organizations have a rapidly evolving customer service relationship with the populations they serve. Canadians are used to finding and accessing information and services easily and conveniently through digital channels. When digital interactions don't meet expectations or become obstacles to program access, service delivery innovation and other stakeholder objectives are not met.

Click here to read KPMG's article.

Appendix E: Thought leadership and insights (continued)

Unlocking Government's Technology Future

This article is based on data from the KPMG global tech report 2024 which includes the results of a survey of 118 senior government technology executives and decision-makers around the world. It shows that public sector organizations are building – and maintaining – change momentum, particularly in key capabilities such as cloud enablement, cyber security and data and analytics.

Click here to access KPMG's portal.

From Smart to Smarter Cities

Canadian cities are at a pivotal moment, evolving beyond basic "smart" solutions towards integrated, sustainable strategies that address challenges from resource efficiency to community engagement. KPMG's From Smart to Smarter Cities report highlights how Canadian leaders can embrace data-driven approaches and citizen-focused urban planning to reshape their cities.

Click here to access KPMG's portal.

Getting Nature into Financial Reporting

By integrating nature into financial reporting, local governments in Canada can plan for sustainable growth and get ahead of new accounting standards that are on the horizon. The new guide, Getting Nature into Financial Reporting, authored by the University of Waterloo's Intact Centre on Climate Adaptation, and supported by the Standards Council of Canada, KPMG LLP and Natural Assets Initiative, was developed with over 120 experts across the country. The guide outlines how local governments of all sizes can start integrating nature into their financial reports today.

Click here to access KPMG's portal.

AI in Finance

Artificial intelligence is rapidly transforming the finance landscape, moving beyond accounting and making significant inroads into financial reporting, management, planning and analytics. A report from KPMG International reveals that nearly three-quarters of finance teams across diverse industries and company sizes are already using AI to some degree to enhance their financial reporting processes, implementing AI across wider areas of finance, including financial planning, treasury management, risk management and tax operations.

Click here to read KPMG's article.

Appendix E: Thought leadership and insights (continued)

KPMG research shows that:

Eighty-seven percent of IT decision makers believe that technologies powered by AI should be subject to regulation.

— Of that group, 32 percent believe that regulation should come from a combination of both government and industry.

— Twenty-five percent believe that regulation should be the responsibility of an independent industry consortium.

Ninety-four percent of IT decision makers feel that firms need to focus more on corporate responsibility and ethics while developing AI solutions.

Source:

Per a study of 300 ITDMs from the UK and the US, conducted by Vanson Bourne on behalf of SnapLogic:

https://www.businesswire.com/news/home/20190326005362/en/AI-Ethics-Deficit-%E2%80%94-94-Leaders-Call

For AI solutions to be transformative, trust is imperative. This trust rests on four main anchors: integrity, explainability, fairness, and resilience. These four principles (enabled through governance) will help organizations drive greater trust, transparency, and accountability.

1. **Integrity** — algorithm integrity and data validity including lineage and appropriateness of how data is used
2. **Explainability** — transparency through understanding the algorithmic decision-making process in simple terms
3. **Fairness** — ensuring AI systems are ethical, free from bias, free from prejudice and that protected attributes are not being used
4. **Resilience** — technical robustness and compliance of your AI and its agility across platforms and resistance against bad actors

1. Develop AI principles, policies and design criteria and establish controls in an environment that fosters innovation, flexibility, and trust while identifying the unique risks associated with AI. In addition, understand the footprint of AI within the organization in order to inventory capabilities and use cases.
2. Design, implement, and operationalize an end-to-end AI governance and operating model across the entire AI development life cycle, including strategy, building, training, evaluating deploying, operating and monitoring AI. Consider the need to set up separate governance committees and councils to address the unique risks and complexities associated with AI and data.
3. Assess the current governance and risk framework and perform a gap analysis to identify opportunities and areas that need to be addressed
4. Design a cross-functional governance committee and framework that deliver AI solutions and innovation through guidelines, templates, tooling and accelerators to quickly yet responsibly deliver AI solutions.
5. Integrate a risk management framework to identify and prioritize business-critical algorithms and incorporate an agile risk mitigation strategy to address cybersecurity, integrity, fairness, and resiliency considerations during design and operation
6. Design and set up criteria to maintain continuous control over algorithms without stifling innovation and flexibility. Consider the need to invest in new capabilities to enable effective governance and risk management enabled through tooling for AI.

home.kpmg/ShapeofAIGovernance

Appendix E: Thought leadership and insights (continued)

Current trends in internal audit

Organizations continually face a wide spectrum of risks beyond the already complex financial and regulatory compliance risks. Many organizations are recognizing the impact and benefit of internal audit activity that is agile, properly resourced, effectively managed, and aligned with strategic priorities, which can improve risk management and control processes and drive better efficiencies.

Examples of internal audits are noted below.

Cost reduction / efficiency planning

Review the governance arrangements for the monitoring and efficiency delivery of programs / services as required. This includes considering how efficiency requirements have been apportioned and communicated to support planning.

Fraud risk management

Internal Audit assesses whether a fraud risk management framework exists and whether fraud risk assessment is performed at these levels. Internal Audit reviews the overall governance surrounding this process and review the communication and reporting protocols in place.

Staff inclusion and diversity

Assess the strategy and plan in place for inclusion and diversity amongst staff, the governance of them and the measures in place to measure achievement of the goals. Training and awareness programs are offered to staff and faculty to provide understanding of roles and responsibilities and material is updated on a regular basis.

Asset management / maintenance

Review the processes and controls in place to ensure assets are adequately managed based on an appropriate schedule.

Well being (staff)

Review processes in place to develop and promote employee wellness programs and mental health strategies for staff. Areas of focus include overall program framework, communication to faculty and staff, feedback mechanisms and management's approach to assessing the suitability of the current wellness offerings version faculty and staff needs.

Appendix G: Continuous evolution

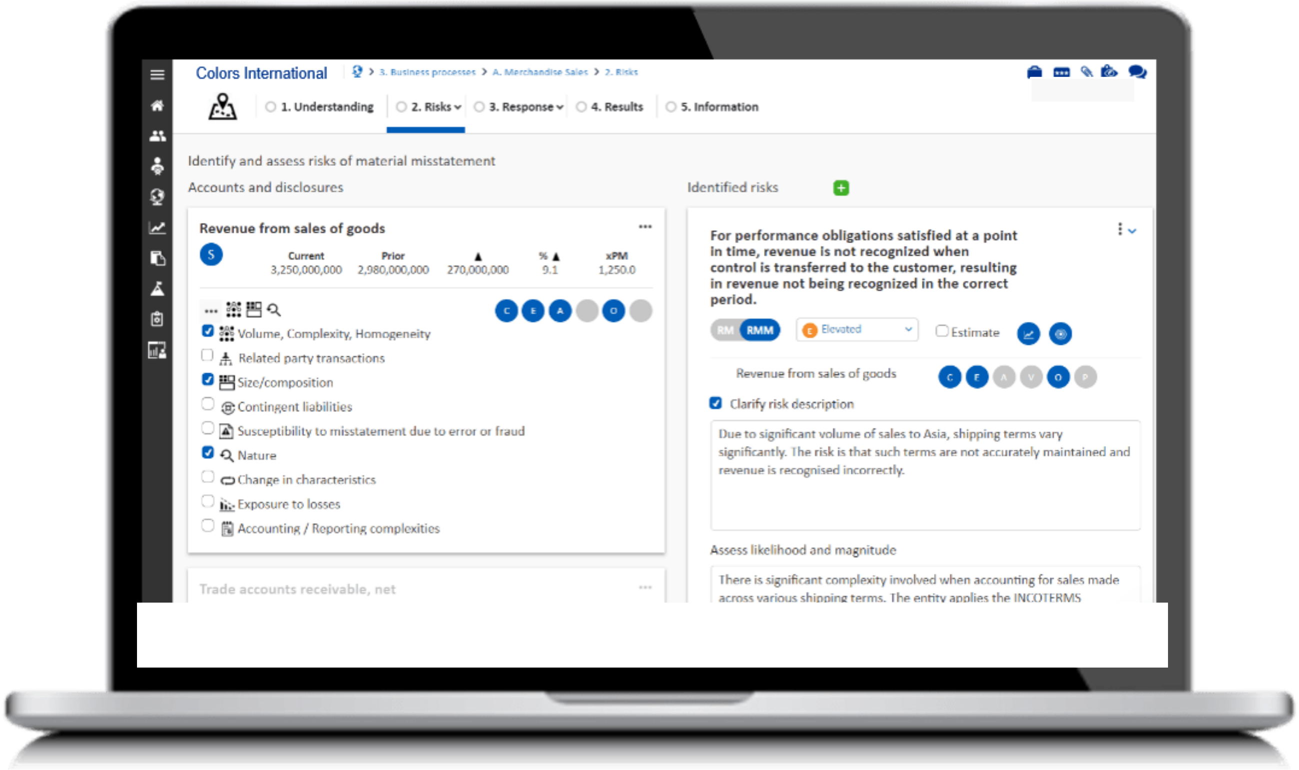
Our investment:
We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model
Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.

Appendix G: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.

Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.

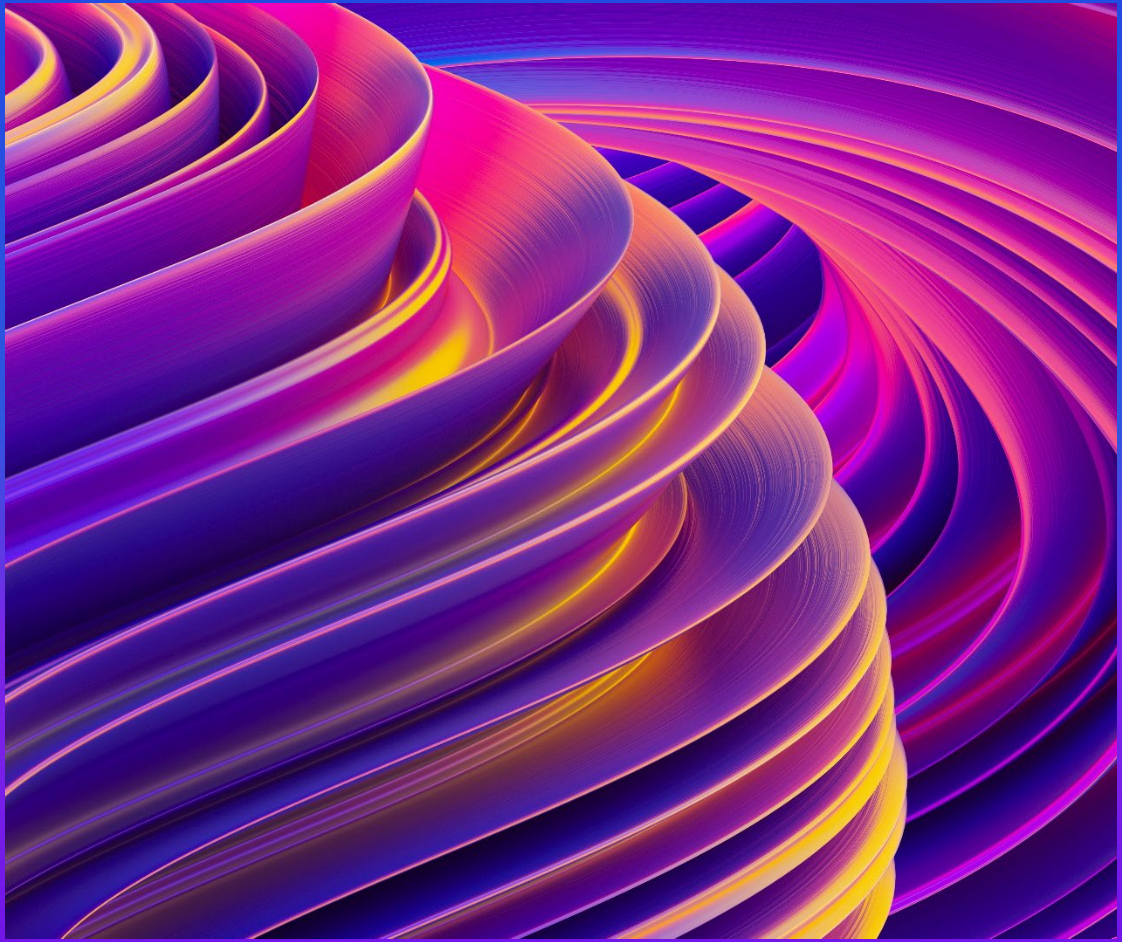
Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.

Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.

https://kpmg.com/ca/en/home.html



LONDON & MIDDLESEX COMMUNITY HOUSING

Appendix B: 2024 Audited Financial Statements vs. Q4 Statement of Operations

	Q4 Statement of Operations - March 6, 2025	Capital Funding & Amortization	PSAS vs. Internal Capitalization Policy	Asset Retirement Obligation	Adj. (Surplus)/ Deficit	Reclassifications: Reclassification for FS reporting	Reclassifications: Net Bad Debt	Reclassifications: Extraordinary Losses	Reclassifications: CMHC Capitalized Labour Cost	Audited Statements of Operations (KPMG)
	Notes:	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	
Revenue:										
Rental Revenue	**13,772,274**						563,648			**14,335,922**
The Corporation of City of London										
Rental Subsidy	**14,220,288**									**14,220,288**
Funding Adjustment (Surplus/Deficit)										**0**
Business Case 19	**2,046,000**									**2,046,000**
Business Case 22	**515,000**									**515,000**
Capital funding		18,814,122								**18,814,122**
CMHC revenue		3,053,910								**3,053,910**
Other	**671,995**				(26,184)					**645,811**
	31,225,557	21,868,032	0		(26,184)	0	563,648	0	0	**53,631,053**
Expenditures:										
Salaries	**8,614,607**								274,161	**8,888,768**
Tenant Services	**886,400**					(886,400)				**0**
Maintenance, materials and services	**7,035,169**		977,950			886,400		198,224		**9,097,743**
Utilities	**4,969,368**									**4,969,368**
Asset Retirement Obligation				1,371,029						**1,371,029**
Amortization		3,097,816								**3,097,816**
Property	**7,157,706**									**7,157,706**
Administration	**2,337,900**		426,850							**2,764,750**
	31,001,150	3,097,816	1,404,800	1,371,029	0	0	0	198,224	274,161	**37,347,180**
Extraordinary Losses	**198,224**							(198,224)		**0**
Net Surplus (Deficit)	**26,183**	18,770,216	(1,404,800)	(1,371,029)	(26,184)	0	563,648	0	(274,161)	**16,283,873**

Explanations for Changes:

1 - Added Capital Funding, and associated Amortization expenses; these adjustments are done prior to finalization of audited statements.

2 - Allocation of capital expenditures; these adjustments are done prior to finalization of audited statements.

3 - Changes to Asset Retirement Obligation (ARO) balance compared to prior year

4 - Adjustments for: (1) Surplus / Deficit funding receivable from City of London

5 - Reclassification of expenditures to other FS categories for presentation purposes

6 - Reclassification of the Net Bad Debt expense to Rent Revenue.

7 - Reclassification of Extraordinary losses (Claims for Repairs under Insurable Deductible) to Operations expenses.

8 - Adjustment for wages that were capitalized to reflect total wages for the year.

Financial Statements of

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London & Middlesex Community Housing Inc.

Opinion

We have audited the financial statements of London & Middlesex Community Housing Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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.

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 Canadian public sector accounting standards 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

(date)

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash	$ 4,200,161	$ 513,297
Restricted cash	810,510	544,235
Accounts receivable (note 4)	4,120,264	4,246,100
Due from The Corporation of the City of London	2,427,477	2,796,240
	11,558,412	8,099,872
Financial Liabilities		
Accounts payable and accrued liabilities	11,372,486	7,331,461
Cash held in trust	810,510	544,235
Tenant advances	1,006,808	956,834
Unearned miscellaneous revenue	81,454	84,536
Asset retirement obligation (note 13)	37,450,756	36,316,420
CMHC loan (note 9)	7,608,304	2,894,602
	58,330,318	48,128,088
Net debt	(46,771,904)	(40,028,216)
Non-Financial Assets		
Tangible capital assets (note 8)	96,655,166	73,611,712
Prepaid expenses	1,250,744	1,266,636
	97,905,910	74,878,348
Commitments (note 6)		
Accumulated surplus (note 11)	$ 51,134,006	$ 34,850,132

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Revenue:			
Rental revenue	$ 14,162,402	$ 14,335,923	$ 13,563,029
The Corporation of the City of London:			
Capital funding	–	18,814,122	10,632,740
Rental subsidy (note 9)	14,220,288	14,220,288	12,630,651
CMHC revenue	–	3,053,910	1,359,403
Business Case 19	2,046,000	2,046,000	2,046,000
Business Case 22	–	515,000	–
Other	414,154	645,811	663,435
	30,842,844	53,631,054	40,895,258
Expenses:			
Salaries, wages and employee benefits	8,637,175	8,888,768	7,948,931
Maintenance, materials and services:			
Building, general	5,480,242	6,985,619	7,770,696
Grounds	1,380,713	1,402,912	1,443,300
Painting	387,106	503,699	553,831
Other	248,389	205,513	189,368
	7,496,450	9,097,743	9,957,195
Utilities:			
Electricity	1,926,327	2,024,131	1,973,032
Water	1,692,861	1,682,376	1,639,400
Natural gas	1,380,000	1,262,861	1,125,786
Energy saving project rebates	–	–	(39,328)
	4,999,188	4,969,368	4,698,890
Amortization	–	3,097,816	2,745,193
Asset retirement obligation expense	–	1,371,029	–
Property:			
Municipal taxes	5,545,285	5,842,854	5,434,420
Insurance	1,238,000	1,314,852	1,061,607
	6,783,285	7,157,706	6,496,027
Administration	2,926,746	2,764,750	2,197,071
Total expenses	30,842,844	37,347,180	34,043,307
Annual surplus	–	16,283,874	6,851,951
Accumulated surplus, beginning of year	34,850,132	34,850,132	27,998,181
Accumulated surplus, end of year	$ 34,850,132	$ 51,134,006	$ 34,850,132

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Changes in Net Debt

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Annual surplus	$ –	$ 16,283,874	$ 6,851,951
Acquisition of tangible capital assets	–	(26,141,270)	(11,720,746)
Amortization of tangible capital assets	–	3,097,816	2,745,193
	–	(23,043,454)	(8,975,553)
Acquisition of prepaid expenses	–	(1,250,744)	(1,266,635)
Use of prepaid expenses	–	1,266,634	966,537
	–	15,892	(300,097)
Change in net debt	–	(6,743,688)	(2,423,699)
Net debt, beginning of year	(40,028,216)	(40,028,216)	(37,604,517)
Net debt, end of year	$ (40,028,216)	$ (46,771,904)	$ (40,028,216)

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

		2024		2023
Cash provided by (used in):				
Operating activities:				
Annual surplus	$	16,283,874	$	6,851,951
Items not involving cash:				
Amortization		3,097,816		2,745,193
Asset retirement obligation expense		1,371,029		–
Changes in non-cash items:				
Accounts receivable		125,836		(1,895,322)
Prepaid expenses		15,892		(300,098)
Due from The Corporation of the City of London		368,762		(1,447,050)
Accounts payable and accrued liabilities		4,041,024		2,760,599
Cash held in trust		266,275		544,235
Tenant advances		49,974		82,397
Unearned miscellaneous revenue		(3,082)		23,717
Asset retirement obligation		(236,693)		–
		25,380,707		9,365,622
Capital activities:				
Acquisition of tangible capital assets		(26,141,270)		(11,720,746)
Financing activities:				
Issuance of CMHC loan		4,713,702		2,123,602
Net increase (decrease) in cash		3,953,139		(231,522)
Cash, beginning of year		1,057,532		1,289,054
Cash, end of year	$	5,010,671	$	1,057,532
Cash consists of:				
Cash	$	4,200,161	$	513,297
Restricted cash		810,510		544,235
	$	5,010,671	$	1,057,532

See accompanying notes to financial statements.

1. Incorporation:

London & Middlesex Community Housing Inc. (formerly London & Middlesex Housing Corporation) (the "Corporation") operates housing accommodation primarily for persons of low and moderate income. The Corporation operates 3,282 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

2. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Tangible capital assets:

(i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	**Useful Life - Years**
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

One half-year's amortization is charged in the year of acquisition.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

2. Significant accounting policies (continued):

(a) Tangible capital assets (continued):

(i) (continued):

A liability for the removal of asbestos and other hazardous materials in the building owned by the Corporation has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note.

In addition, the Corporation's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(ii) Contributions of capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and the valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Significant accounting policies (continued):

(d) Budget data:

Budget Figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan in the period.

(f) Contaminated sites:

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organisms that exceeds the environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(g) Financial instruments:

PS 3450, *Financial Instruments*, establishes the standards on accounting for and reporting all types of financial instruments including derivatives.

Financial instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash, accounts receivable, CMHC loan, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

3. Change in accounting policy – adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

(a) PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. As a result of applying the Public Private Partnership accounting standard it was identified that this accounting standard did not affect the Corporation and therefore no adjusting entries occurred.

(b) PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

(c) PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. No such transactions were identified by the Corporation.

4. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2024	2023
Rent	$ 1,417,269	$ 1,747,410
Allowance for doubtful accounts	(614,269)	(782,979)
Harmonized Sales Tax	1,297,304	845,416
LMHC Accounts Receivable	1,860,354	2,274,066
Sundry	159,606	162,187
	$ 4,120,264	$ 4,246,100

5. Income producing properties:

The income producing properties held by London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership the Province did not transfer the responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

6. Commitments:

(a) Contractual obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment

2025	$ 615,699
2026	609,397
2027	158,531

7. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2024 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter. Employee contributions match these rates.

Contributions to OMERS by the Corporation are recognized as an expense in the period they are incurred. A total of $633,708 was incurred as pension expense in 2024 (2023 - $564,779).

The last available report for the OMERS plan was on December 31, 2024. At that time, the plan reported a $2.9 billion actuarial deficit (2023 - $4.2 billion), based on actuarial liabilities for $142.5 billion (2023 - $136.2 billion) and actuarial assets for $139.6 billion (2023 - $131.9 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

8. Tangible capital assets:

Cost	Balance at December 31, 2023	2024 Additions	2024 Disposals	Balance at December 31, 2024
Land	$ 24,605,751	$ –	$ –	$ 24,605,751
Site improvements	6,938,859	1,623,528	–	8,562,387
Buildings and improvements	148,152,545	9,040,569	–	157,193,114
Technology and communications	1,645,938	33,491	148,541	1,530,888
Vehicles	48,297	22,387	–	70,684
Furniture and fixtures	286,392	10,190	46,200	250,382
Machinery and equipment	5,252,357	432,097	–	5,684,454
Appliances	2,697,308	137,666	1,017	2,833,957
Construction in progress	–	14,841,342	–	14,841,342
Total	**$ 189,627,447**	**$ 26,141,270**	**$ 195,758**	**$ 215,572,959**

Accumulated amortization	Balance at December 31, 2023	2024 Disposals	2024 Amortization	Balance at December 31, 2024
Land	$ –	$ –	$ –	$ –
Site improvements	2,208,579	–	227,399	2,435,978
Buildings and improvements	107,811,125	–	2,482,456	110,293,581
Technology and communications	1,536,932	148,541	88,215	1,476,606
Vehicles	48,297	–	1,119	49,416
Furniture and fixtures	183,284	46,200	14,603	151,687
Machinery and equipment	2,186,685	–	187,705	2,374,390
Appliances	2,040,831	1,017	96,319	2,136,133
Construction in progress	–	–	–	–
Total	**$ 116,015,733**	**$ 195,758**	**$ 3,097,816**	**$ 118,917,791**

8. Tangible capital assets (continued):

	Net book value December 31, 2023	Net book value December 31, 2024
Land	$ 24,605,751	$ 24,605,751
Site improvements	4,730,279	6,126,409
Buildings and improvements	40,341,421	46,899,533
Technology and communications	109,006	54,282
Vehicles	–	21,268
Furniture and fixtures	103,108	98,695
Machinery and equipment	3,065,672	3,310,064
Appliances	656,475	697,824
Construction in progress	–	14,481,342
Total	**$ 73,611,712**	**$ 96,655,166**

9. CMHC credit agreement:

On November 25, 2021, together with the City of London as a guarantor, LMCH entered into a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) to finance repairs and renewal of designated housing units at thirteen sites owned and operated by LMCH. Under the agreement, LMCH will make quarterly drawdowns up to a maximum of $40,136,090. LMCH plans to draw the full amount by the end of 2027, and 39% of the loan will be forgivable. LMCH will be receiving funds in seven tranches each with its specific interest rate. The first tranche was received on December 9, 2021 with the applicable interest rate of 1.84%, second tranche was received in 2023 and bears interest of 3.01%, third tranche was received in 2024 and bears interest at 3.44%. CMHC funding is allocated to three areas: Energy efficiency, Accessibility and Property Repairs & Renewals. LMCH has an option to extend the term of any of the repayable loans for an additional ten years. At this time the intention is to pay each tranche back to CMHC after the first ten years and waive the option to extend.

	2024	2023
Repayable Loan Tranche 1	$ 56,255	$ 57,305
Repayable Loan Tranche 2	4,330,084	2,837,297
Repayable Loan Tranche 3	3,221,965	–
	$ 7,608,304	$ 2,894,602

Forgivable loans in the amount of $3,029,369 (2023 - $1,359,403) were received during the year and were reflected as CMHC revenue on the statement of operations. Should the Corporation not meet certain requirements throughout the term of the loans they may be required to repay these amounts.

10. Capital allotment:

An approved capital allotment is managed by the City of London to finance future capital expenditures. The allotment has not been recognized in these financial statements and will be accounted for as the funds are received and expensed.

	2024	2023
Opening balance	$ 10,493,245	$ 9,407,277
Contributions during the year	8,880,000	8,350,000
Capital expenditures	(4,828,571)	(7,264,032)
	$ 14,544,674	$ 10,493,245

11. Accumulated surplus:

	2024	2023
Surplus:		
Business Case 18 Co-investment Funding	$ 449,442	$ 449,442
CHMC loan	(7,608,304)	(2,894,602)
Invested in tangible capital assets	96,655,166	73,611,712
Asset retirement obligation	(37,450,756)	(36,316,420)
Other	(911,542)	-
	$ 51,134,006	$ 34,850,132

12. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims is not determinable at this point and as such no amount has been included in these financial statements.

13. Asset retirement obligations:

As at December 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	$ 36,316,420	$ 36,316,420
Additions - inflation remediations	1,371,029	–
Remediations	(236,693)	–
Liabilities for asset retirement obligations, end of year	$ 37,450,756	$ 36,316,420

14. Financial risks and concentration risk:

Risks arising from financial instruments and risk management:

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk, these risks have not changed significantly from the previous year. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within twelve (12) months.

(c) Market risk:

The Corporation's financial instruments consist of cash, accounts receivable, loans payable and accounts payable and accrued liabilities. It is Corporation's opinion that it is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

15. Comparative information:

Certain 2023 comparative information has been reclassified to conform with the financial statement presentation adopted for the current period.

2025 Operating Budget – Revised
Staff Report 2025-20

TO:	LMCH Board of Directors
FROM:	Rob Cunnington, Director of Finance and Corporate Services
SUBJECT:	2025 Operating Budget – Reforecast
DATE:	May 21, 2025

PURPOSE:

To Receive and Approve the Reforecast LMCH 2025 Operating Budget.

RECOMMENDATION:

That the LMCH Board of Directors :

1. **APPROVE** the revised 2025 Operating Budget totaling $33,077,052 including $18,857,064 in City of London funding.
2. **AUTHORIZE** LMCH staff to take the necessary steps to give effect to the above recommendations.

BACKGROUND:

The LMCH Board previously approved the 2025 Provisional Operating Budget in February 2024, subject to re-costing of revenue and expenditure based on the 2024 actual expenditures and future financial information updates. The 2025 LMCH re-costed operating budget increased by $585,465 (1.8%) to $33,077,052, including the City of London subsidy of $18,857,064.

2025 Revised Operating Budget

The revised LMCH 2025 Operating Budget at $33,077,052 includes the City of London subsidy of $18,857,064. The city subsidy also reflects $1,388,000 in city funding for Business Case #22.

LMCH received post-approval of the provisional budget in February 2024 for developing a new building operating model that will transition away from contracted services for building cleaning and provide these services with LMCH staff and increase the staff presence at buildings that supports improved service and responsiveness to tenants.

The changes in the operating budget as compared to 2024 projections in major categories are explained below –

- **Revenue** – based on the greater focus on management of tenant rents and subsequent collections over the past few years, LMCH projects a reduced Rent Forgiveness ($100,000) and Bad Debt Write-Offs ($150,000) for 2025. LMCH also expects the trend to continue for the remainder of the year.
- **Property Taxes** – The total budget increase of $585,465 represents the incremental increase to annual Property Taxes (charged by the City of London) from the original estimated 2.5% up to the current expected rate of 7.3% for 2025.
- **Deficit** – as a result of these amendments noted above, the overall 2025 budget is a forecast for a deficit of $335K.

LMCH continues to be committed to managing its budget prudently to ensure funds are directed at areas where the greatest positive impact is achievable.

Attachments: APPENDIX 1: 2025 Revised Operating Budget

SIGNATURE:

PREPARED BY:	RECOMMENDED BY:
ROB CUNNINGTON, DIRECTOR OF FINANCE AND CORPORATE SERVICES	PAUL CHISHOLM, CEO

APPENDIX 1: 2025 Revised Operating Budget Summary

	2025					2024	
	Provisional Budget Approved by BOD (Winter		Combined Budget Q4 2024	Current Adjustments (May 2025)	Reforecasted Budget Q2 2025	Audited Year-end	
	2025 Budget	BC 22				Actuals	Change from 2024 to 2025
REVENUE							
RENT REVENUES	14,162,402		14,162,402	100,000	14,262,402	14,235,512	26,890
TENANT RECOVERIES	141,624		141,624	0	141,624	100,410	41,214
NET BAD DEBT WRITE OFF	(991,368)		(991,368)	150,000	(841,368)	(563,648)	(277,720)
ANTENNA LICENSES	173,190		173,190	0	173,190	169,233	3,957
INTEREST	30,000		30,000	0	30,000	202,545	(172,545)
SUNDRY & OTHER REVENUE	218,675		218,675	0	218,675	300,217	(81,542)
MUNICIPAL BASE FUNDING	17,469,064	1,388,000	18,857,064	0	18,857,064	16,781,288	2,075,776
TOTAL REVENUE	**31,203,587**	**1,388,000**	**32,591,587**	**250,000**	**32,841,587**	**31,225,558**	**1,616,029**
OPERATING EXPENDITURES							
SALARIES, WAGES & BENEFITS	**9,066,359**	**1,573,965**	**10,640,324**	**0**	**10,640,324**	**8,614,607**	**(2,025,717)**
TENANT SERVICES	**971,311**	**0**	**971,311**	**0**	**971,311**	**886,400**	**(84,911)**
MAINTENANCE, MATERIALS & SERVICES							
ROOFING	46,715		46,715	0	46,715	37,551	(9,164)
BUILDING GENERAL	1,425,704		1,425,704	0	1,425,704	1,284,843	(140,861)
CLEANING	1,075,550	(450,000)	625,550	0	625,550	1,001,921	376,371
PEST CONTROL	773,066		773,066	0	773,066	1,037,348	264,282
ELEVATORS	128,547		128,547	0	128,547	230,694	102,147
ELECTRICAL	160,684		160,684	0	160,684	210,083	49,399
EQUIPMENT	42,849		42,849	0	42,849	23,835	(19,014)
LANDSCAPING & PARKING LOT MTCE.	237,166		237,166	0	237,166	290,035	52,869
MOLD	66,279		66,279	0	66,279	28,537	(37,742)
SNOW REMOVAL	868,000		868,000	0	868,000	715,921	(152,079)
LIFE SAFETY SYSTEMS	321,368		321,368	0	321,368	317,460	(3,908)
HEATING & VENTILATION	221,371		221,371	0	221,371	271,046	49,675
PLUMBING	580,596		580,596	0	580,596	639,393	58,797
PAINTING	400,654		400,654	0	400,654	503,699	103,045
VANDALISM	74,731		74,731	0	74,731	39,916	(34,815)
WASTE REMOVAL	428,490		428,490	0	428,490	396,955	(31,535)
SUNDRY MATERIALS & SERVICES	16,068		16,068	0	16,068	5,930	(10,138)
TOTAL MAINTENANCE, MATERIALS & SERVICES	**6,867,838**	**(450,000)**	**6,417,838**	**0**	**6,417,838**	**7,035,169**	**617,331**

APPENDIX 1: 2025 Revised Operating Budget Summary

	2025 – Provisional Budget Approved by BOD (Winter): 2025 Budget	2025 – Provisional Budget Approved by BOD (Winter): BC 22	2025 – Combined Budget Q4 2024	2025 – Current Adjustments (May 2025)	2025 – Reforecasted Budget Q2 2025	2024 – Audited Year-end: Actuals	2024 – Audited Year-end: Change from 2024 to 2025
UTILITITES							
ELECTRICITY	1,730,939		1,730,939	0	1,730,939	1,838,361	107,422
WATER HEATER RENTAL	260,270		260,270	0	260,270	185,770	(74,500)
WATER	1,735,182		1,735,182	0	1,735,182	1,682,376	(52,806)
NATURAL GAS	1,380,000		1,380,000	0	1,380,000	1,262,861	(117,139)
TOTAL UTILITIES	**5,106,391**	**0**	**5,106,391**	**0**	**5,106,391**	**4,969,368**	**(137,023)**
PROPERTY							
INSURANCE	1,300,000		1,300,000	0	1,300,000	1,314,852	14,852
MUNICIPAL TAXES	5,683,917		5,683,917	585,465	6,269,382	5,842,854	(426,528)
TOTAL PROPERTY	**6,983,917**	**0**	**6,983,917**	**585,465**	**7,569,382**	**7,157,706**	**(411,676)**
ADMINISTRATION							
CORPORATE							
FINANCE	99,800		99,800	0	99,800	118,777	18,977
HR	189,500	53,815	243,315	0	243,315	181,449	(61,866)
L&C	320,000	150,000	470,000	0	470,000	367,652	(102,348)
OFFICE	516,292		516,292	0	516,292	485,937	(30,355)
OTHER	74,000		74,000	0	74,000	67,009	(6,991)
	1,199,592	**203,815**	**1,403,407**	**0**	**1,403,407**	**1,220,825**	**(182,582)**
TRANSPORTATION & COMMUNICATION							
TELECOM	223,500	20,000	243,500	0	243,500	358,560	115,060
TRAVEL & TRANSPORTATION	99,059	20,219	119,278	0	119,278	150,736	31,458
OTHER	8,000		8,000	0	8,000	8,285	285
	330,559	**40,219**	**370,778**	**0**	**370,778**	**517,580**	**146,802**
SUPPLIES & EQUIPMENT							
EQUIPMENT	26,303	20,000	46,303	0	46,303	28,754	(17,549)
OTHER	551,318		551,318	0	551,318	570,741	19,423
	577,621	**20,000**	**597,621**	**0**	**597,621**	**599,495**	**1,874**
TOTAL ADMINISTRATION	**2,107,772**	**264,034**	**2,371,806**	**0**	**2,371,806**	**2,337,900**	**(33,906)**
TOTAL OPERATING EXPENDITURES	**31,103,587**	**1,388,000**	**32,491,587**	**585,465**	**33,077,052**	**31,001,149**	**(2,075,903)**
EXTRAORDINARY LOSS	100,000	0	100,000	0	100,000	198,224	98,224
NET SURPLUS (DEFICIT) FROM OPERATIONS	**0**	**0**	**0**	**(335,465)**	**(335,465)**	**26,185**	**(361,650)**

LONDON & MIDDLESEX COMMUNITY HOUSING

Director Asset Renewal – Q1 2025 Report
Staff Report-2025-21

TO: LMCH Board of Directors

FROM: John Krill, Director of Asset Renewal

SUBJECT: Director Asset Renewal – Q1 2025 Report

DATE: May 21, 2025

PURPOSE:

The purpose of this report is to provide the LMCH Board of Directors with an update on high-profile issues and activities within the Asset Renewal Department.

RECOMMENDATION:

It is Recommended that the LMCH Board of Directors :

1) **RECEIVE** this report for information.
2) **APPROVE** a change order to the Regeneration Plan contract awarded to Haerko Inc. up to an amount of $48,450.08.
3) **AUTHORIZE** LMCH staff to take the necessary steps to give effect to the above recommendation.

UPDATES:

Human Resources

The Capital Team is carrying two vacancies – 1 Project Field Services Coordinator, and 1 Field Supervisor – until such time as the need arises to fill those vacancies. The current level of capital project work is adequately resourced with the existing 8 capital personnel, although for more than the past two months, the team has been somewhat strained to deliver on the workload with two personnel leave. Additionally, the team's Business Analyst has been providing Yardi support to the rest of the organization as a result of a parental leave (expected to end on June 25), requiring more than 50% of her time to be spent on non-capital related workload. Approval will be sought to fill the current vacancies if significant additional capital project work is required to meet the goals of LMCH's Asset Management Plan.

Asset Management Plan

LMCH's Asset Management Plan (AMP) has been completed and was LMCH Board approved at the March 20th, 2025, board meeting. The AMP will be presented by City of London (COL) Corporate Asset Management staff at the next meeting of the Strategic Priorities and Policy Committee (SPPC) meeting scheduled for May 27th 2005. LMCH's CEO and Director of Asset Renewal will be present at the SPPC meeting to respond to any questions from committee members.

As a reminder – and as noted in previous FAR reporting – some of the following key points will be communicated during the SPPC presentation:

- The COL provided consulting services to develop the plan to ensure it is consistent with other COL Asset Management Plans,
- The AMP is based upon the state of LMCH assets as at the end of 2023; capital improvements made throughout 2024 and into 2025 are not reflected in the AMP,
- At the current level of capital investment over the next 3 years, LMCH Assets will be at a Fair condition contingent upon an expenditure of $16.5 million per year to the end of 2027; this level of spend is currently underway and is comprised of the existing infrastructure gap and public housing source funding, unused capital budgets from prior years (e.g. In-progress projects) and CMHC program source funding,
- After 2027, with only the existing infrastructure gap and public housing source funding available at $ 8.4 million per year, the state of LMCH assets will fall to a Poor condition,
- The desired state of repair for LMCH is to be in Good condition for all LMCH assets. In order to achieve and maintain this, annual capital investment in LMCH assets must be $23.6 million beginning this year and for the next 20 years.
- Capital expenditure by LMCH is guided via a risk assessment process to ensure tenant needs and satisfaction are met by the best value for dollar approach
    - Life safety critical infrastructure needs take priority (e.g. fire systems, electrical infrastructure, etc),
    - Capital assets past their typical life cycle (e.g. underground storm drainage systems, or parking lot surfaces) but that are continuing to operate well take lower priority.
- LMCH has been directing capital investment across multiple asset categories to enhance tenant satisfaction, as noted in the following table outlining the distribution of capital expenditure by project type over the period 2020 to Q1 2025 (includes CMHC program funds, does not include Reimagine Southdale); the data shows clearly that LMCH has in the past prioritized and continues to prioritize available capital funds with the goal of maintaining its assets in functional working order while striving for a Good condition of assets whenever possible.

Project Type	# of Projects	# of Building Sites	Total $ Value	Completed $ Value	In-Progress $ Value (active … PM has committed $'s showing)	In-Progress $ Value (not active yet … PM hasn't committed $'s yet)
Elevators	24	15	$ 6,472,706	$ 2,472,706	$ 1,000,000	$ 3,000,000
Roofing	18	17	$ 4,912,459	$ 2,007,459	$ 125,000	$ 2,780,000
Electrical (distribution panels, switch gear, generators)	27	16	$ 7,252,365	$ 1,816,846	$ 1,330,519	$ 4,105,000
Mechanical (boilers, MUA's, plumbing)	12	12	$ 2,525,648	$ 301,943	$ 350,000	$ 1,873,705
Energy Management Systems (EMS) or Conservation (t-stats, furnaces, doors, windows)	50	26	$ 7,368,448	$ 6,023,278	$ 1,025,024	$ 320,146
Accessibility upgrades (rental units, common areas - lounges, kitchens)	48	10	$ 31,885,649	$ 3,766,519	$ 25,119,130	$ 3,000,000
Totals	**179**	**96**	**$ 60,417,275**	**$ 16,388,751**	**$ 28,949,673**	**$ 15,078,851**

General

Asbestos Management Plan:

LMCH's Asbestos Management Plan (ASMP) has been managed under a 5-year contract by Pinchin since 2021. The current contract, which is in place to ensure LMCH is compliant with all regulatory processes and procedures regarding asbestos abatement and data collection, expires at the end of 2025. The value of the ASMP contract ranges between approximately $30,000 to $60,000 per year (as a function of hourly rates and services provided) and over the 5-year period is expected to come in at just over $200,000.

LMCH is currently negotiating with Pinchin to extend the contract for another 5-year period. This is being done under the banner of the OECM (Ontario Educational Collaborative Marketplace) of which LMCH is a member. OECM is a not-for-profit sourcing partner for Ontario's education, municipal, and Broader Public Sector (BPS) customers. Pinchin is an authorized vendor through a competitive procurement process administered by OECM.

Negotiating contract extensions in this manner precludes going to market via an RFP, is a time and energy saver, and mitigates the risk of incurring inordinately higher costs over the next contract period. This is primarily due to: 1) familiarity by Pinchin of LMCH's ASMP, existing sites, and asbestos data, and 2) cost of living or inflation increases to the existing contract pricing structure, which is the main deliverable LMCH is seeking during the negotiation process.

Mekker File:

Regarding the existing legal dispute – Mekker Construction v. London & Middlesex Community Housing – the Justice who heard the motion on October 30th 2024 by Mekker to reopen discovery (to which LMCH objected in the same hearing) has been given an extension by the Regional Senior Justice to June 30th 2025, to release her decision.

<u>Strategic Initiatives</u>

Regeneration Plan:

The work by Haerko Inc. (consultant retained to deliver LMCH's Regeneration Plan) and by LMCH is continuing. A revised project plan to reflect the new date of June 19/25 for board consultation session #2 is shown in Appendix A. Bi-weekly Steering Committee meetings are ongoing and effectively guiding the workflow. Following is an update of the key elements of the project plan:

Phase 1: Completed
- Kick-off meeting held Q4/24.

Phase 2: Completed
- Project Charter finalized January 24th.
- Regeneration Master Plan readiness assessment and preliminary data testing completed.
- Pre-planning meeting regarding stakeholder consultations completed.
- Project Plan presented to the FAR Committee on February 11th with Board approval to follow on February 20th → completed.

Phase 3: Ongoing
- Begins early February with data collection and consultation planning.

Phase 4: Ongoing
- Solution Development Modeling to begin late Q1/25; followed by select Business Case development throughout Q2/25.
- Board consultations March 20th completed, and June 19th pending.
- Municipal and Partners Stakeholder Consultations completed.
- Tenant Consultations last week of April.

Phase 5:
- Regeneration Plan reporting and presentation in Q3/25.

All consultation sessions with municipal stakeholders and community partner stakeholders have been completed, including the first consultation session with the board. A high-level summary of the results from these consultation sessions is provided in Appendix B. Key takeaways from these consultations:

- High level of participation (e.g. 16 attendees of 19 invited to the community partner stakeholder session; comprised of emergency services and support services organizations)
- Consensus around leveraging opportunities for extraordinary revenue generation (e.g. partnership with developers, commercial/retail/medical rental space, etc)
- Commentary regarding community partners requiring additional support to provide their services to vulnerable communities

A key component of gathering stakeholder input is soliciting input from LMCH tenants. Because of the diverse nature of LMCH's tenant base (composition and scattered throughout the service area), a separate methodology – survey questionnaire shown in Appendix C – has been developed to gather this input, and will be implemented in April/25:

- Family Sites → link to complete survey emailed to all tenants
- Senior Sites → survey with self-addressed return envelope mailed to all tenants
- Adult Sites → survey input gathered via a door-knocking campaign through Community Relations Workers

Tenant input will be reported in future FAR committee meetings.

The second board consultation workshop on June 19th will deliver the following:

- Preliminary Regeneration Plan results with a focus on draft recommendations and strategies to identify the potential path forward,
- Tenant survey results,
- Consolidated stakeholder input.

As the number of stakeholder consultation sessions has increased from the original RFP requirements, including the mode of delivery, a change order to the contract for up to $48,450.08 is required. LMCH is in the process of negotiating a lower-cost change order.

Green Plan:

In late Q4, we were notified by the City of London's Climate Change, Environment, and Waste Management staff of an update report they will deliver to the City of London's Strategic Priorities and Policy Committee (SPPC) in early Q1/25. The SPPC report will contain a staff recommendation that the Municipal Council request all Agencies, Boards and Commissions (ABCs) to:

- Submit individual Climate Action Plans no later than May 31/26, and
- Measure progress on their respective Climate Action Plans every year, beginning with the first measurement period from Jan-Dec/26.

As LMCH is an ABC of the City, our intention is to be fully engaged in the process of delivering our own Climate Action Plan by the deadline dates noted. Metrics and further details from the City (specifically the Climate Change Planning, Environment & Waste Management & Infrastructure Department) were expected to be provided to LMCH by mid-Q1/25 in the form of a draft guidance document. As of the writing of this FAR report, LMCH has still not received the document. LMCH does not have an update on when this direction will be received and will update the Board on this initiative at future meetings.

Despite this, LMCH continues to engage in Green Plan initiatives to be in a state of readiness to deliver on the City of London's Climate Action Plan:

- The London Environmental Network (LEN) has now completed energy audits and reporting of 6 LMCH sites; the output of the LEN assessments will form a basis for further capital investment in green initiatives in the 6 sites evaluated.
- A planned RFP for Building Automation Systems (BAS) installation at Commissioners to elicit multiple proposals and to demonstrate proof of concept ahead of wider BAS implementation has been changed to a multi-site hi-rise RFP and is planned for release in Q2 2025; this will allow LMCH to evaluate various options at multiple sites and select those that best serve our needs; this also allows LMCH to merge the goals of the initiative with a current review of our major equipment preventative maintenance procedures,
- A landscape mockup of a townhome on Millbank (Southdale) is complete; this is an initiative that will focus on the beautification of backyards, drainage, more green space common area, tree canopy review, and recommendations and waste management; bid prices are currently being sought to replicate the mockup along the backyards of 8 townhome units in one block bordering Reimagine Southdale phase 1; depending upon the value of the bid prices, LMCH will be in a position to develop a roadmap delivering the same green landscape concept across all family sites within the portfolio via a multi-yr budget plan.

Building Condition Assessments (BCA):

Every five years, LMCH contracts with a consulting firm to complete assessments of all properties within our portfolio. The output of this assessment is an Index Score of each property related to its condition. With ongoing capital investments from the City of London, CMHC, and other sources, LMCH has worked towards improved property Index Scores over the past years through significant capital expenditure and reflecting this investment by updating our VFA database with all project work completed to date. With the addition of a Business Analyst to the Capital Team, LMCH now has a process in place to ensure immediate and regular VFA database updates, ensuring current information is always available to drive capital investment decision-making. Our next BCA will draw on this recently updated VFA data to verify improvement in building conditions.

LMCH is currently assembling a list of respondents to bid on a tender package for the next Building Condition Assessments over the 2025-2027 period, with the first third of the portfolio to be assessed over Q2-Q4 2025. Engaging with these respondents ahead of time is an important step to ensure all bid pricing reflects maintaining the existing VFA database (e.g. not starting assessments from a zero-based perspective) and having VFA software edit capability. This approach should result in the best pricing and will ensure consistency in LMCH building/site assessment data over the long term (e.g. verification of capital investment improvement on a continuous real-time basis).

ATTACHMENTS:

Appendix A – LMCH - Regeneration Project Plan - May 2, 25

Appendix B – 250428 - Redbrick LMCH Consultation Summary of Findings - High Level

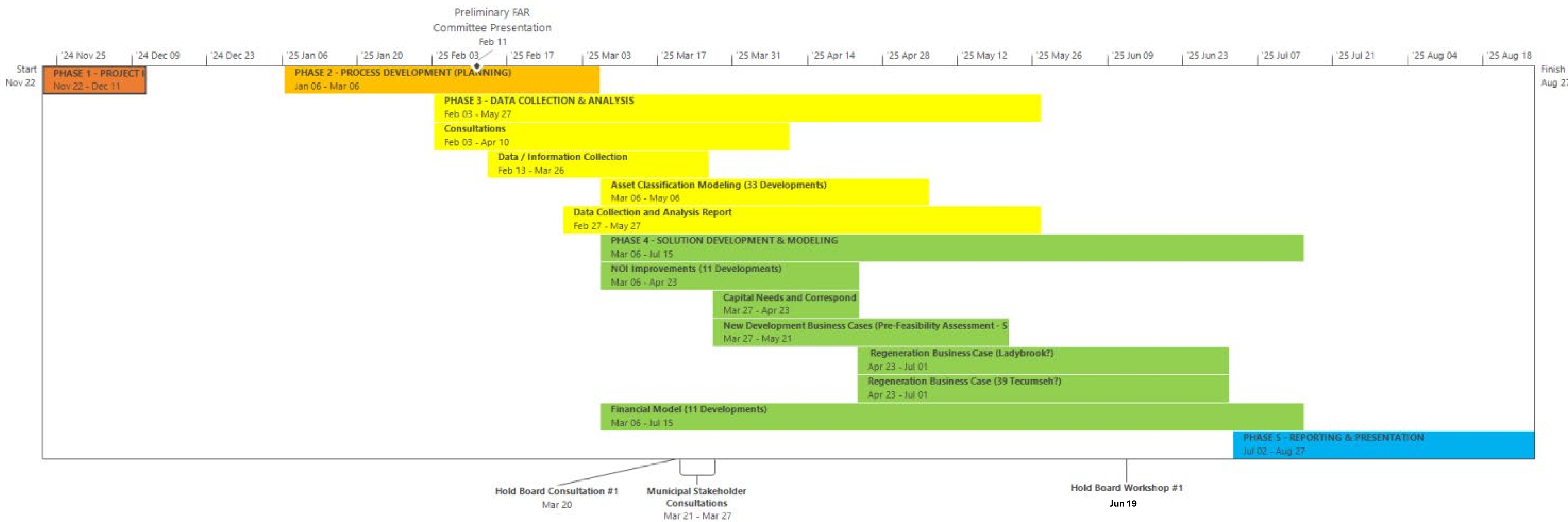
Appendix C – Tenant Survey

PREPARED and SUBMITTED BY:	
John Krill Director, Asset Renewal	

Haerko Inc.

LMCH – REGENERATION PROJECT PLAN - Revised

May 2/25



London & Middlesex Community Housing Master Regeneration Plan

Consultations: Preliminary Summary of Findings

April 24, 2025

redbrick
COMMUNICATIONS

Consultation Objectives

1. Create awareness of engagement opportunities and set clear expectations and goals.
2. Create open, honest communication with all groups involved to foster shared understanding and confidence in the process.
3. Position LMCH as a responsive, reliable, and innovative housing provider through clear and effective engagement.
4. Report back to the Board and each audience with a concise summary of feedback and how their input will be used to inform the plan.

Methodology

- ✓ **Pre-session communications:** Regeneration Plan primer, Setting Expectations document with prompting questions
- ✓ **Five in-person, facilitated consultations with:**
  - Board
  - LMCH managers
  - Middlesex County
  - Community Stakeholders
  - City of London

In progress

- ✓ **Online survey**: family tenants (*52 respondents to date*)
- ✓ **In-person survey**: adult building door knocks – 8 buildings targeted with up to 10% of tenants
- ✓ **Mailed out survey**: senior tenants – mail out to 100% seniors

Audiences Reached

In order of consultations:

- Board: March 20
- LMCH managers: March 21
- Middlesex County: March 21
- Community Stakeholders (14 agencies/organizations represented): March 25
- City of London: April 16

In progress:

- Tenants

Each audience had a customized facilitated session.

66 in-person participants

High Level Themes

Support regeneration - with some caution

- Audiences support the Master Regeneration Plan, noting caution that building more housing must be balanced with financial realities and policies.
- There is a clear need for more affordable housing as the waitlist grows.
- LMCH should maintain its current stock and continue meeting RGI legislative requirements (serving existing tenants) while exploring new opportunities.
- All stakeholders support LMCH being less dependent on public funding.

Role clarity needed

- Stakeholders (including staff) noted that the role of LMCH in housing is unclear and needs to be better defined; it is resulting in a lack of trust and reputational risk.
- Clarify who LMCH serves and the level of services it provides.
- Prioritize land ownership.

Significant concern and demand for tenants who need greater supports

- Stakeholders are concerned about the ongoing and growing demand for supportive housing and housing tenants with higher acuity needs.
- LMCH currently houses some tenants who need more support than they can provide.
- There are pressures, expectations, questions from some that LMCH may or should be filling this gap.

High Level Themes

Collaboration is critical

- Audiences recognize that LMCH is a leader in community housing and provides strong property management.
- All indicated a strong desire for strengthened collaboration and communication between LMCH, internal staff and partners / agencies.

Support for a mix of tenant and building types

- Ideally, LMCH provides housing that helps move people through the continuum as appropriate and based on changing needs (e.g., aging and accessibility).

Prioritize quality buildings and strong property management

- LMCH to prioritize providing more quality, well-maintained housing and being a good landlord.
- Municipal partners and the Board want LMCH to prioritize land ownership.

Building opportunities

- All support onsite services in new buildings: commercial, healthcare, community hubs, employment support (some greater focus on employment supports)
- Tenant safety and security are top of mind for stakeholders.

Consultation Timeline

- In-person consultations complete **April 16**
- Preliminary summary to LMCH: **Apr 29**
- Tenant Feedback: **Mid-Apr to Mid-May**
- Consolidate and analyze feedback **May**
- Final report: **end of May**
- High-level summary to participants: **June/July**

London & Middlesex Community Housing Tenant Survey

Planning for Future Housing

Building :________________________

LMCH is planning to build more housing in the surrounding London and Middlesex communities over the next 15 years – to 2040.

We want to make sure we build good housing that will meet the needs of more tenants in the future.

I have 10 very short questions to ask. Your answers will help us plan for what the future of our housing could look like.

This should only take about 5 or 10 minutes. Your answers will be kept anonymous.

1. What age range do you fall within?

- ○ 18 to 29
- ○ 30 to 44
- ○ 45 to 54
- ○ 55 to 64
- ○ 65+

2. What is the make up of your household.

- ○ I live alone.
- ○ I am a single parent.
- ○ I live only with my spouse or partner.
- ○ I live with my spouse or partner and have (a) young child(ren).

Other (please specify)

3. How long have you lived in an LMCH building?

- ○ Less than one year
- ○ 1 to 3 years
- ○ 4 to 7 years
- ○ 8 to 14 years
- ○ 15+ years

4. How many LMCH buildings have you lived in?

- ○ 1
- ○ 2
- ○ 3
- ○ 4+

5. When LMCH builds new housing, what do you think would matter most to future tenants? (Pick your top 2)

- ○ Safety and security
- ○ Access to public transit
- ○ Easy access to services and shops
- ○ Opportunities to meet and connect with others in the building
- ○ Everything they need is in their unit

Other (please specify)

6. When LMCH builds more housing, what **in-unit features** you think a future tenant would like. **(Pick your top 5)**

- Larger bedroom
- Lower counters
- Balcony
- Large closets or storage
- Larger bathroom
- Larger kitchen
- Big windows for good lighting
- Key pad door access to units
- Wider door frames
- Ability to control heat and air conditioning
- Plug and spot for an e-scooter
- Accessible shower

7. When LMCH builds more housing, what **building features** do you think a future tenant would like. **(Pick your top 5)**

- CCTV camera
- Fitness room
- Laundry room
- Motion-sensor lighting
- Storage rooms
- Intercom system and key fob entrance
- Community garden
- Outdoor space with grass
- Wheelchair ramps
- Energy efficiency - such as lighting and appliances
- Games room or lounge
- E-scooter charging plug-in area or a locked bike storage area
- Space for a community agency

8. When LMCH builds more housing, what **onsite services** do you think a future tenant would like. **(Pick your top 3)**

- Childcare
- Convenience store
- Employment support services
- Pharmacy
- Healthcare services
- Recreation classes, such as cooking, crafts, fitness

9. What shops or services you think are important to have located near a new LMCH building? **(Pick your top 5)**

- Park
- Bank
- School
- Pharmacy
- Restaurant
- Healthcare clinic
- Public transit
- Gas station
- Grocery stores
- Trails for walking or biking etc.

Other (please specify)

10. If you lived in a new building built by LMCH, who else would you be comfortable having as your neighbours? (check all that apply)

- Mainly seniors
- Any mix of tenants (families, seniors, single adults)
- Mainly single adults
- Only others who have lower income
- Mainly families
- Any mix of income levels

Q1 Capital Project Report
Staff Report- 2025-22

TO: LMCH Board of Directors

FROM: John Krill, Director Asset Renewal

SUBJECT: Capital Projects – Q1 2025 Report

DATE: May 21, 2025

PURPOSE:

The purpose of this report is to inform the LMCH Board of Directors of the status of the organization's capital projects and provide highlights of the Capital Team's progress over the last quarter, while also requesting approval for specific budget actions and reallocations.

RECOMMENDATION:

It is Recommended that the LMCH Board of Directors:

1) **RECEIVE** this report for information.
2) **APPROVE** the cancellation of IT Upgrades 2023-0040 and the reallocation of $110,000 from its budget to General Contingency 2025-0036.
3) **APPROVE** the reallocation of $44,000 from General Contingency 2025-0036 to VFA Software Subscription 2025-0038.
4) **APPROVE** the reallocation of $300,000 from General Contingency 2025-0036 to Limberlost Pedestrian Paving 2023-0013.
5) **APPROVE** the reallocation of $250,000 from General Contingency 2025-0036 to Walnut Electrical Equipment Replacement 2022-0004-05.
6) **APPROVE** the reallocation of $27,000 from General Contingency 2025-0036 to Exterior Lighting Boullee 2021-0020.
7) **APPROVE** the reallocation of $166,000 from General Contingency 2025-0036 to Asbestos Reassessment 2020-0032.
8) **AUTHORIZE** LMCH staff to take the necessary steps to give effect to the above recommendations.

RECOMMENDATIONS BACKGROUND:

Capital Projects are approved in FAR Committee and subsequent Board meetings with the budgeted dollar amounts made known to Committee and Board members in-camera at the time of approval. In previous FAR reporting (FAR-2025-03) the ongoing work by LMCH to reconcile Yardi job statuses and dollar amounts with in-camera approved budgets resulted in a number of project status changes: cancellations, closures, re-openings and/or deferrals. The net result of this process was a FAR Committee and Board-approved reallocation of $1,059,979 to General Contingency 2025-0036.

The net total amount of recommended reallocations from General Contingency 2025-0036 is $677,000 ($787,00 total "reallocation from" LESS $110,000 "reallocation to"). There is currently $1,075,038 budgeted in General Contingency 2025-0036 as a result of previously approved reallocations (e.g. cancelled projects and net surplus completed projects), and $29,927 in commitments and invoiced amounts, resulting in an available amount of $1,045,111. This amount is adequate to support the completion of the projects identified.

<u>Reason for Recommendation #2:</u>

IT Upgrades 2023-0040 was a project initiated at the request of the Director of Finance (sometime in 2022). The scope of work (SOW) was not developed at that time and there is no record of the purpose, need or location for IT upgrades. Cancellation will allow $110,000 to be reallocated to General Contingency.

<u>Reason for Recommendations #3:</u>

At the time the 2025 capital budget was prepared, VFA software subscription payments were designated as an operating expense. Considering the purpose and the use of the VFA platform – housing capital asset data and 100% use by capital staff, respectively – it has been determined that the annual subscription expenditure of $44,000 should be designated CAPEX. Project 2025-0038 has been created for this purpose.

<u>Reason for Recommendations #4:</u>

Limberlost Pedestrian Paving 2023-0013 was one of the canceled projects identified in previous FAR reporting as high risk and subsequently reopened for assessment to develop an SOW with the goal of requesting funds for project completion at a future FAR Committee meeting. This assessment has been completed, and $300,000 is the required amount to undertake the SOW and complete the project. Note that the parking lots at Limberlost were completely repaved in 2023 but at a cost over the project budget. The Limberlost pedestrian paving project budgeted funds were reallocated at that time to cover the shortfall in the parking lot project.

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Reason for Recommendations #5:

Walnut Electrical Equipment Replacement 2022-0004-05 was one of the Canceled projects identified in previous FAR reporting, as high risk, and subsequently reopened for assessment to develop an SOW with the goal of requesting funds for project completion at a future FAR Committee meeting. This assessment has been completed, and $250,000 is the required amount to undertake the SOW and complete the project. This work is much needed as switch gear equipment is at the end of its life and needs to be refreshed and components replaced (e.g. some disconnects did not operate properly when last used in previous project work). This is part of ongoing efforts to upgrade electrical equipment at Walnut. Previous electrical work has focused on distribution and heating panels and generator replacement.

Reason for Recommendation #6:

Exterior Lighting Boullee 2021-0020 was budgeted at $183,274 and was intended to replace deteriorating light packs on multiple building end units. As the work was undertaken, it was discovered that exterior lighting power was being supplied un-metered from London Hydro distribution infrastructure on road allowance. The original SOW was increased to provide metered power, underground power lines and new light pole standards throughout the site as the light packs were not salvageable. Additional SOW was also undertaken to provide CCTV security camera power sources at the tops of select light poles to enhance the safety and security of tenants on this family site (CCTV camera installations at Boullee are pending under projects 2024-0030 Boullee CCTV and 2022-0016a Outdoor Security Cameras). Project 2021-0020 is now complete. A $27,000 increase in the project budget is required to meet the additional project SOW undertaken. This increase is approximately 50/50 related to: 1) additional underground boring required to separate power distribution lines from London Hydro upstream of metering, and 2) installation of CCTV security camera power sources to light poles.

Reason for Recommendation #7:

Asbestos Reassessment 2020-0032 was originally set up in conjunction with the 5yr Pinchin contract award. An initial budget of $34,000 was allocated at the start of the 5yr project/contract (covering the period 2021 to 2025), but no further budget dollars were allocated since that time, despite the initial $34,000 which was intended to cover just year 1 (2021) of the Pinchin contract. However, Pinchin's work – and payments to Pinchin – have continued over years 2 to 5 of the contract. This has resulted in an over-budget amount of $166,000. The contract expires at the end of 2025 (over budget amount includes work expectations to year-end).

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BACKGROUND:

LMCH's Capital program addresses asset and infrastructure maintenance, renewal, and replacement in a way that enhances the condition and lifespan of our buildings as well as improves the functionality of spaces as much as possible. In all projects, the Capital Team attempts to minimize tenant impact during construction and renewal activities by working with Tenant Services and Property Services to improve the tenant experience during and after work is complete.

To enhance the way in which the Capital Team delivers projects in a timely manner and within approved budget parameters, LMCH implemented the Project Management software within Yardi (Construction Module – CM) in 2022 as a system tool to track project expenditure, financial approval milestones, and project status to name just a few of Yardi's features. An important aspect of Yardi's CM is populating it with enough project data (historical and current) to enable it to become a single source of truth, and better align LMCH Capital Project Financial Reporting with the City of London's Financial Reporting expectations.

Capital Project Status Review (Q1)

The following tables present project data, as a result of continuing Capital Team efforts to utilize more Yardi features. As a reminder, please note the following Project Status definitions:

Pending → Needs board approval
Approved → Board approved
Rejected → Board didn't approve
Cancelled → was approved prior but a decision was made not to proceed with the project at this time (requires Board approval to cancel)
In-progress → Project Manager is assigned
Completed → Project Manager work is done; substantial completion certification
Closed → holdback and invoices 100% paid; warranty period is over

Project Year: Status	20	21	22	23	24	25	Totals
Pending	0	0	0	0	0	0	0
Approved	0	8	0	1	1	3	13
Rejected	1	0	0	0	0	0	1
Cancelled	8	8	10	8	0	0	34
In-progress	3	54	8	26	31	36	158
Completed	3	29	19	14	7	0	72
Closed	29	27	1	0	0	0	57
Totals	44	126	38	49	39	39	335
Budgeted	$ 3,902,752	$ 76,005,230	$ 5,965,824	$ 8,388,032	$ 41,461,902	$ 9,545,766	$ 145,269,507
Committed	$ 3,588,927	$ 53,234,545	$ 6,180,787	$ 3,357,613	$ 3,825,528	$ 504,533	$ 70,691,932

All Capital Team Projects		
Net Ongoing Projects*	**Total Budget ($)**	**Average Budget per Project ($)****
171	**$145,269,507**	**$ 849,529**

**Projects with "Pending", "Approved" and "In-progress" status.*
***Based on Total Budget / Net Ongoing Projects*

Project Year: Status	20	21	22	23	24	25	Totals
Pending	0	0	0	0	0	0	0
Approved	0	8	0	1	1	3	13
Rejected	1	0	0	0	0	0	1
Cancelled	7	8	10	8	0	0	33
In-progress	3	53	8	26	30	36	156
Completed	3	29	19	14	7	0	72
Closed	28	27	1	0	0	0	56
Totals	42	125	38	49	38	39	331
Budgeted	$ 3,864,620	$ 46,005,230	$ 5,965,824	$ 8,388,032	$ 8,888,000	$ 9,545,766	$ 82,657,473
Committed	$ 3,547,888	$ 26,127,641	$ 6,180,787	$ 3,357,613	$ 2,673,906	$ 504,533	$ 42,392,367

All Capital Team Projects (not including Regeneration e.g. Reimagine Southdale)

Net Ongoing Projects*	Total Budget ($)	Average Budget per Project ($)**
169	**$ 82,657,473**	**$ 489,097**

**Projects with "Pending", "Approved" and "In-progress" status.*
***Based on Total Budget / Net Ongoing Projects*

Project Year: Status	20	21	22	23	24	25	Totals
Pending	0	0	0	0	0	0	0
Approved	0	8	0	1	1	3	13
Rejected	0	0	0	0	0	0	0
Cancelled	7	5	10	8	0	0	30
In-progress	3	4	8	26	30	36	107
Completed	3	1	19	14	7	0	44
Closed	28	26	1	0	0	0	55
Totals	41	44	38	49	38	39	249
Budgeted	$ 3,864,620	$ 5,440,502	$ 5,965,824	$ 8,388,032	$ 8,888,000	$ 9,545,766	$ 42,092,745
Committed	$ 3,547,888	$ 4,821,428	$ 6,180,787	$ 3,357,613	$ 2,673,906	$ 504,533	$ 21,086,154

All Capital Team Projects (not including CMHC and Regeneration e.g. Reimagine Southdale)

Net Ongoing Projects*	Total Budget ($)	Average Budget per Project ($)**
120	**$ 42,092,745**	**$ 350,773**

**Projects with "Pending", "Approved" and "In-progress" status.*
***Based on Total Budget / Net Ongoing Projects*

For information purposes, the projects currently showing as "In progress" in the tables above, are listed below by budget year.

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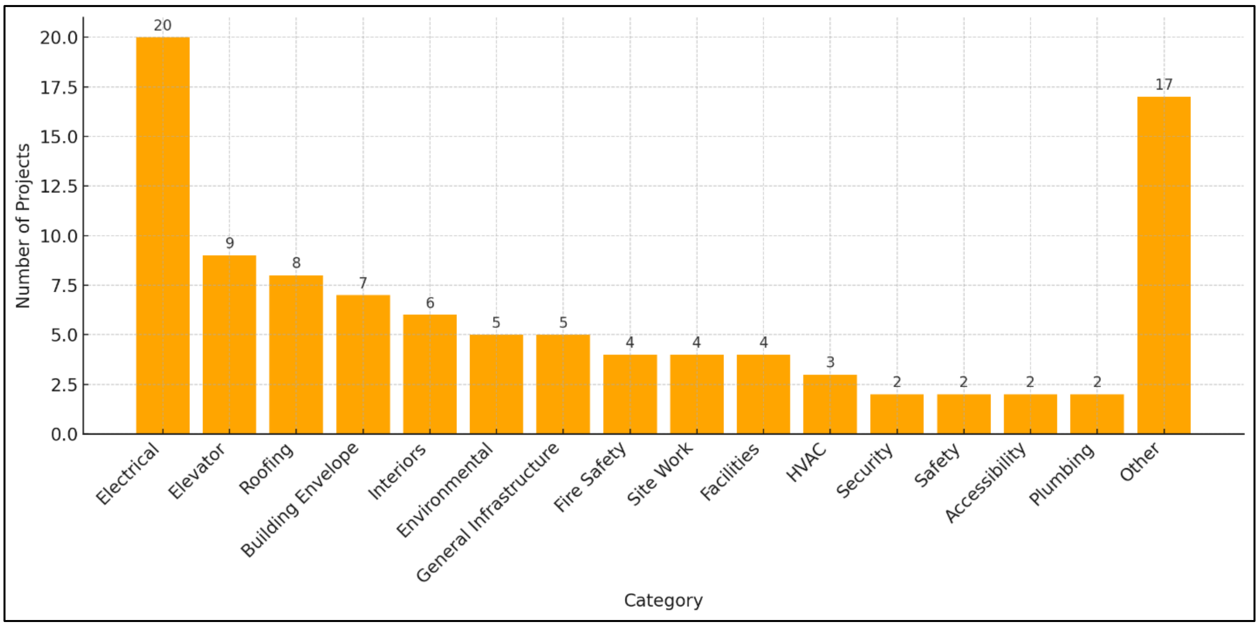
In-progress Projects by Budget Year

20	21	22	23	24	25
Albert Fire Panel Upgrade	Major Horizontal Plumbing Line	Various Sites Asphalt Restoration	Albert Elevator	345 Wharncliffe Elevator Mod	Asbestos Abatement - Various
Various Asbestos Reassessment	Walnut Lobby Upgrades	Dundas Electrical Upgrades	Berkshire Elevator Modernization	349 Wharncliffe Elevator Mod	Balcony Repairs - Berkshire
Albert Fire Alarm Devices	Limberlost Hard Surface Restoration	William Electrical Upgrades	McNay Distribution Panel	Albert Boiler Replacement	BCA 33% Portfolio
	Balcony Studies - Various Sites	York Fire Alarm Replacement	McNay Elevator	Albert St Laundry Room Relocation	Common Areas Capital Upgrade - Various
		Walnut - Electrical equipment replacement	McNay Electrical Room Equipment	Asbestos Abatement - Various Sites	Domestic Water Valve Replacements - Various
		Mechanical System Review - Various Sites	Simcoe Heating Panel	Asphalt Repair and Replace - Various Sites	Elevator Modifications - Kent
		Outdoor Security Cameras - Various Sites	Simcoe Stairwell Door	Back Yard Redesigns - Various Sites	Fire System Upgrades - Various
			345 Wharncliffe Distribuition Panel	Baseline Electrical Upgrades	Generator Replacement - Commissioners
			345 Wharncliffe Electrical Room Equipment	Baseline Mailbox Replacement	Generator Replacement - William
			349 Wharncliffe Distribuition Panel	Berkshire Electrical Upgrade	Main Electrical Room Equipment Replacement - Commissioners
			349 Wharncliffe Generator	Berkshire Generator Replacement	Mold Abatement - Various
			349 Wharncliffe Electrical Room Equipment	Boullee CCTV	Parking Lot & Retaining Wall Repair - Berkshire
			Hale Distribution Panel	Commissioners Replacement Awning	Paving, Parking Lines - Bella St.
			Walnut Elevator	Common Area Upgrades - Various Sites	Roof Replacement - Berkshire
			Bella Window	Family Site Envelope Upgrades	Roofing Replacement - 125 Head Street
			Boulee Repairs Sunken Steps	Family Site Improvements	Roofing Replacement - 157 Simpson Street
			Huron Site Lighting Upgrade	Garbage Enclosure Redesign - Various	Roofing Replacement - 2061 Dorchester Rd.
			Allan Rush Repair Chimneys	Kent Mechanical Room Upgrades	Roofing Replacement - 249 Ellen St.
			Various Building Envelope Study	Mechanical Equiment Recommissioning	Roofing Replacement - 49 Bella St.
			Various Family Sites Backyards	Mold Abatement - Various	Roofing Replacement - 85 Walnut Street
			Oxford Distribution Panel	Oxford Balcony Repairs	SH Intercom System Upgrades - Various
			Oxford Elevator Modernization	Simcoe Generator Replacement	SH Rear Property Fencing (Queen St.) - Dundas St
			Various Garbage Room Access Control Installation	Simcoe Roof Replacement	SH Restricted Stair Access Areas - Various
			Various Unit Modernization	Unit Modernization - Various	SH Secure Cabinet Notice Replacement - Various
			Various Unit Modernization Flooring	Universal Accessibility Upgrades - Various	SH Wayfinding In Hallways - Various
			Limberlost - Pedestrian Paving	Wharncliffe / Dundas Office Renos	Spalling Bricks Repair - Allan Rush
				William Boiler Replacement	Spalling Bricks, Gable Ends Repair - Boullee
					Unit Modernization - Various
					Universal Access Upgrades - Various
					Water Softener Decommissioning - Bella
					Window Replacement - 125 Head Street
					Window Replacement - 2061 Dorchester Rd.
					Window Replacement - 49 Bella St.

With respect to the tables above, note a few key updates compared to the previous quarter's reporting:

- A total of **41 new projects** have been added; this includes 2025 projects as well as newly created ones resulting from transfers between different funding sources.
- The **total budget has increased by $8,368,132** compared as the 2025 capital budget year is now reflected.
- The number of **cancelled projects has decreased**, while **in-progress projects have increased**, due to previously cancelled jobs being reopened.
- Below is a summary graph of **in-progress projects by year**, excluding some items (e.g. jobs such as *Software Subscriptions*, or *Tenant Directed Funds*):



Project counts by capital budget year: 3 – 2020, 4 – 2021, 7 – 2022, 26 – 2023, 27 – 2024, 33 – 2025

Q1 Capital Project Update

Contracts Awarded	Tenders Issued	Substantial Completion Achieved
Boullee back doorstep replacement – General Contractor	Bella roof, windows, and paving – General Contractor	Bella water softener system removal
Allan Rush chimneys removal – General Contractor	Head roof and windows - General Contractor	Cairn St semi-detached roof replacement
Albert laundry room relocation – General Contractor	York St parking lot repaving – General Contractor	Dundas electrical upgrade
Bella roof, windows, and paving - Design Consultant	Head St parking lot repaving – General Contractor	
Head roof and windows -Design Consultant	Wharncliffe office renovation	
Boullee building envelope repair – Design Consultant		

Ellen St parking lot repaving – General Contractor		
Berkshire parking lot and retaining wall replacement – Design Consultant		
Ellen St roof replacement		

PREPARED and SUBMITTED BY:
John Krill Director, Asset Renewal

ATTACHMENTS:

Update from Director of Finance & Corporate Services
FAR REPORT 2025-16

TO: LMCH Finance, Audit and Risk Management Committee

FROM: Rob Cunnington, Director of Finance & Corporate Services

SUBJECT: Update from Director of Finance & Corporate Services

DATE: May 5, 2025

PURPOSE:

The purpose of this report is to provide updates to the LMCH Finance, Audit and Risk Management Committee on the status of key initiatives previously approved, introduce items that may come before the Committee in future meetings, and provide updates on meetings, events, or activities that may be of interest to the Committee.

RECOMMENDATIONS:

That the Update from the Director of Finance & Corporate Services report **BE RECEIVED** for information.

UPDATES:

2024 Year-end Audit

Finance staff worked with our auditors (KPMG) during the three-and-a-half-week period of April 8th to May 5th to provide all requested documentation for analysis and review towards LMCH's final audited financial statements. The draft Audited Financial Statements are scheduled to be presented by KPMG staff to the FAR committee on May 13th for final Board approval on May 22nd.

Risk Management

I am attending an HSC Insurance event in Toronto on May 8th, with Marsh Canada as the main speakers. Their itinerary includes the key areas of: Insurance market update and future emerging risks; program claim trends; and what our sector can expect with the 2025-26 renewal. As the insurance sector is coming out of several years of "hard markets" (lack of adequate coverage options and insurance company competition) where premiums were increasing at a substantial rate, the current trend appears a little "softer".

Procurement

While procurement continues to review the supplier market to minimize the impact of recent and future U.S. tariffs, there are also a number of upcoming RFP's (with estimated timelines)

- Elevator maintenance (May 2025)
- Pest control (July 2025)
- Rotating Contracted services (e.g., electrical, plumbing, HVAC)

Information Technology Service and Support

1. Review of IT Governance and Operations
   LMCH staff engaged Optimus SBR to review the internal governance and structure of Information Technology operations. Recommendations were provided in a final report presented to SLT in late March 2025 for implementation by an IT Governance Steering Committee that will be starting to meet in May 2025. A project plan will be developed for the IT Steering Committee review that will guide the implementation process throughout 2025 and well into 2026. The plan will include a key recommendation to hire an IT Manager who will report to the Director of Finance and Corporate Services, who will then assist in continuing to move the IT operational improvements and manage our third-party service providers.

2. Status of the new Telephone system and the new Cellphone Contract
   Staff surveys were taken to provide feedback related to the implementation of both the new Telephony system with Empire Communications and the new cellphone contract with Rogers. In general, staff were very pleased with both new systems, and IT has continued to follow up with any issues that have arisen. The corporate telephone system was in very poor condition and was in need of replacement.

3. Review of the current Yardi System
   LMCH has contracted with Lynx Consultants, experts in the use and structure of Yardi, to review our current system for critical financial and operational reporting needs, including:
   - Site-based Budgeting and forecasting
   - Purchasing, approval, and processing (utilizing Vendor Café) of large volumes of supplier billings

- Other issues that need to be addressed with respect to the efficient use of the system and full use of its functionality

SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
ROB CUNNINGTON, CPA CA DIRECTOR OF FINANCE & CORPORATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

Board of Directors
Quarterly Performance Report:

LONDON & MIDDLESEX
COMMUNITY HOUSING

Q1 2025

Period Ended March 31, 2025

May 13th, 2024

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Section 1 – Executive Summary

The 2025 1st Quarter Performance Report provides highlights of London Middlesex Community Housing (LMCH) strategic and operational performance for the January, February, and March period. The quarterly performance report evolves on a continuing basis as metrics are identified and data collected and analyzed. The report shows our key performance indicators and conforms to the reporting requirements of the Board of Directors.

1st Quarter 2025 – Overview

- Vacancy: The vacancy data showcases a highly efficient turnover process, with a consistent turnover rate over the past five quarters. The vacancy rate consistently meets the green target, staying below 3%, and the average days to commit a unit increased to 35 days, which is above the 33-day target. LMCH saw an increase in the number of units ready to be rented, driven by the completion of units under the CMHC program and their return to our regular housing stock. If LMCH were to include all vacant units including the CMHC Capital program, the vacancy rate would be 5.8% for Q1 2025.

- Work Orders: The work order data shows steady maintenance efficiency and timeliness. Urgent and emergency work orders increased by 2% quarter over quarter and 5% higher overall since Q3 2024, and after-hour work orders have decreased 4% since last quarter. Completed work orders have increased 2.2% to 92% in Q1 2025. This metric has moved into the yellow for the first time since Q1 2024.

- Arrears: The arrears data shows some challenges in meeting targets. Households in good standing remained below the 90% target, with slight fluctuations. The time to restore subsidies has remained stable at 4.70 months in Q1 2025 compared to 4.24 months in Q4 2024. The number of households in arrears has remained in the yellow band and we have reduced the number of households in arrears from 581 in Q4 2024 to 575 in Q1 2025.

- Human Resources: The human resources data shows consistent results in workforce performance and well-being. Compliment Management fell to 96%, missing the 97% target for the first time in the last five (5) quarters. Talent Recruitment has moved back into the green with 84 days required to recruit. The Human Resources team believes that future recruitment will remain within the green and the 90-day internal target. Employee attendance and absence metric is still under development, with ongoing efforts to establish targets and collect data.

- Pest Control: The pest control data shows a small increase in infestation rates, rising 2% from last quarter. The number of active units being treated remained green for the third consecutive quarter. Tenant refusals also remained in the green, meeting the ≤ 5% target in Q1 2025. While tenant cooperation has improved, the clearance rate has improved to 48% in Q1 2025 from 34% in Q4 2024 but remains low and bringing in a second vendor is part of the plan to increase clearance rates in future quarters.

LONDON & MIDDLESEX COMMUNITY HOUSING

Q1 2025 - Performance Scorecard
Vacancy

Outcome	Strategy	#	Measure	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Turnover Process in a Timely Manner	Improve Unit Time in Restoration and Days to Commit Unit	1.1	Operational Efficiency: Maintain Vacancy Rate (%): **Target = 3%**	2.1%	2.4%	1.5%	2.6%	1.6% ▼
		1.2	Average # of Days to Commit the Unit: (From Vacant to Leased) **Target = less than 33 days on average over the Quarter**	20	29	29	17 ▼	35 ▲

Legend:

G	Expected results achieved
Y	Results moderately below expectations
R	Results far below expectations

Q1 2025 - Performance Scorecard
Work Orders

Outcome	Strategy	#	Measure	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Enhance the Efficiency, Effectiveness, and Timeliness of Maintenance Repairs	Implement Procedures, Communication, Resources, Training, and Monitoring for Maintenance and Repairs	2.1	Building Condition: % of Urgent, Emergency, 24 Hours **Target = ≤ 25%**	40%	30%	34%	37%	39% ▲
		2.2	Cost Controls: % of After-Hours Work Orders **Target = ≤ 5%**	13%	17%	12%	19%	15% ▼
		2.3	Operational Efficiency: % of Work Orders Completed **Target = 95%**	96%	81%	85%	87% ▲	92% ▲

G	Expected results achieved
Y	Results moderately below expectations
R	Results far below expectations

LONDON & MIDDLESEX
COMMUNITY HOUSING

Q1 2025 - Performance Scorecard
Arrears and Subsidy's

Outcome	Strategy	#	Measure	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Enhanced Financial Stability and Tenant Retention	Proactive Arrears Management and Supportive Tenant Engagement	3.1	Operational Efficiency: Households in Good Standing (Rent & Parking) **Target = 90%**	79%	80%	78%	81%	79% ▼
		3.2	Forgiveness: Average Number of Months to Complete *Forgiveness* **Target = < 4 months**	3.39	4.15	4.28	4.24	4.70 ▲
		3.3	Arrears: Households in Arrears **Target = ≤ 400 Households**	650	625	667	581	575 ▼

G	Expected results achieved
Y	Results moderately below expectations
R	Results far below expectations

Q1 2025 – Performance Scorecard
Human Resources

Outcome	Strategy	#	Measure	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Optimized Workforce Performance and Well-being	Comprehensive Talent Management and Employee Support	4.1	Compliment Management: (Current FTE's / Total FTE's Budget) **Target = 97%**	98%	97%	100%	99%	96% ▼
		4.2	Talent Recruitment: Time to fill vacancy (working days) **Target = 90 days**	27.3	132.3	66	95	84 ▼
		4.3	Employee Attendance and Absences **Under Development** **Target = Under Development**	N/A	N/A	N/A	N/A	N/A

G	Expected results achieved
Y	Results moderately below expectations
R	Results far below expectations

Q1 2025 – Performance Scorecard
Pest Control

Outcome	Strategy	#	Measure	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Reduction in Pest Infestation Incidents	Integrated Pest Management (IPM) Implementation	5.1	Infestation Level: % of Total Units Being Treated **Target = ≤10%**	21%	22%	27%	23%	25% ▲
		5.2	Operational Effectiveness: % of Active Units Being Treated **Target = 90%**	72%	82%	90%	94%	90% ▼
		5.3	Tenant Co-operation: % of “Tenant Refusals” **Target = ≤ 5%**	8%	5%	3%	4%	1% ▼

G	Expected results achieved
Y	Results moderately below expectations
R	Results far below expectations

Section 2 - Appendix

Outcome	**Turnover Process in a Timely Manner**	
Strategy	**Improve Unit Time in Restoration and Days Vacant**	
Measure	**1.1**	**Vacancy Rate (%) Units Available to Rent**

Performance Measure Definition & Calculation	Performance Thresholds	
The performance measure for "Vacancies" tracks the percentage of unoccupied housing units relative to the total number of units available within LMCH. This KPI is calculated by dividing the number of currently vacant units by the total number of units in the development, then multiplying the result by 100 to express it as a percentage. LMCH has set a service standard of 3% vacancy rate	G	Green = Less than 3%
	Y	Yellow = 3% - 4%
	R	Red = Greater than 4%

Summary Analysis of Results	Status	G
Q1 2025 has maintained a vacancy rate below the 3% threshold at 1.6%. The Vacancy rate has decreased due to a stabilization in move-in and move-outs and additional units being moved to the CMHC program for accessibility upgrades. Property Services does not control the CMHC timelines for completion and these units take longer on average to complete. If LMCH counted all non-lettable units from CMHC and fire units, the vacancy rate would be 5.8% at the end of Q1 2025.	Trend	▼
	Notes: Results for this period are green with 1.6% of units found to be vacant.	

Business Impact / Implications	A high vacancy rate correlates to less individuals and families being removed from the waitlist and placed within LMCH units. Additionally, a high vacancy rate can significantly impact LMCH's financial stability due to lost revenue and increased operational costs.
Management Actions	Property Services has created and implemented KPI's and made them visible to Property Services Managers so they can track their progress in real time. Property Services implemented a strategy to complete all vacancies that appear each month while also completing additional units in their backlog to continue to maintain or exceed the 3% target.
Assumptions	Barring no major emergencies including fire, flood, natural disasters, etc., the plan continues to be achievable. There are seasonal variables that can affect the vacancy rate where the summer months can have higher rates due to less staff due to vacations, higher move-out rates by tenants, and the seasonality of pests which will slow down the turn rate for treatment.

Count (Units)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total units in Active Restoration	1.2%	1.9%	1.1%	2.2%	0.005%
Total units Vacant and ready	0.9%	0.5%	0.4%	0.4%	0.8%
Total	**2.1%**	**2.4%**	**1.5%**	**2.6%**	**1.3%**

Age of Units Restored in Period (Count)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
0-15 days	3	1	1	8	3
16-30 days	14	12	7	0	5
31-60 days	13	14	10	7	22
61-90 days	23	15	8	3	14
91+ days	28	19	26	23	36
Total units restored	81	61	52	41	78
Average # of days in restoration	**88**	**83**	**97**	**91**	**85**

Age of Units in active Restoration (Count)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
0-15 days (last day of quarter)	4	20	8	11	8
16-30 days (last day of quarter)	5	15	5	12	4
31-60 days (last day of quarter)	10	10	6	14	9
61-90 days (last day of quarter)	9	10	8	22	3
91+ days (last day of quarter)	12	8	10	12	2
Total units in Active Restoration	40	63	37	71	26
Average # of days in restoration at end of Quarter	**72**	**53**	**59**	**59**	**56**

Outcome	**Turnover Process in a Timely Manner**	
Strategy	**Improve Unit Time in Restoration and Days Vacant**	
Measure	**1.2**	**Average # of Days to Commit the Unit: (From Vacant to Leased)**

Performance Measure Definition & Calculation	**Performance Thresholds**	
"Average # of Days to Commit the Unit" measures the average time a renovated unit takes to be leased. This metric helps assess the efficiency of our leasing process and removing potential tenants from the waitlist.	**G**	Green = less than 33 days on average over the Quarter
	Y	Yellow = 34 to 50 days
	R	Red = 51+ days

Summary Analysis of Results	**Status**	**Y**
The average number of days to commit a unit sits at 35 which is an increase from the previous quarters results. The average number of days to commit a unit has entered the yellow for the first time over the past 5 quarters. The average number of days to commit a unit does not include CMHC or fire units which take longer on average to repair, slowing down the turnover process.	**Trend**	▲
	Notes: Q1 2025 averaged 35 days to commit the unit from vacant to leased which is an increase of 18 days from Q4 2024.	

Business Impact / Implications	Minimizing the average number of days to commit a unit is crucial for LMCH as it enhances cash flow and operational efficiency. Quick unit turnover aids in accurate financial forecasting, allows for efficient resource allocation, and reduces risks associated with vacant units. Overall, it strengthens LMCH's financial stability and reputation.
Management Actions	In Q1 2025, LMCH saw an increase in the number of units ready to be rented, driven by the completion of units under the CMHC program and their return to our regular housing stock. However, this progress was partially offset by staffing constraints due to employee turnover on the Tenant Services team, which impacted our ability to fully capitalize on the increase. LMCH anticipates that this metric will return to green in the next quarter.
Assumptions	Some tenants may reject the available unit for a variety of reasons which will add extra time to the placement process. In addition, circumstances may arise with the unit that may force Tenant Services to return the unit to Property Services to rectify the issue. This will prevent the unit from becoming available to individuals on the housing waitlist.

Age of Units Leased in the Period (Count)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
0-15 days	34	26	29	33	21
16-30 days	15	21	10	7	9
31-60 days	10	21	7	8	20
61-90 days	2	6	2	1	9
91+ days	2	1	5	1	5
Total units Leased	63	75	53	50	64
Average # of days to commit the unit. (From Vacant to Leased)	**20**	**29**	**29**	**17**	**35**

Age of Units Vacant and Available (Count)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
0-15 days	19	3	8	10	35
16-30 days	1	6	0	0	18
31-60 days	8	2	5	2	32
61-90 days	0	1	0	1	2
91+ days	1	4	0	0	0
Total units Vacant and ready	29	16	13	13	87
Average # of days vacant and ready (Unit has not been leased, still available)	**16**	**39**	**19**	**21**	**22**

Outcome	**Enhance the Efficiency, Effectiveness, and Timeliness of Maintenance Repairs**	
Strategy	**Implement Procedures, Communication, Resources, Training, and Monitoring for Maintenance and Repairs**	
Measure	**2.1**	**% of Urgent, Emergency, 24 Hours**

Performance Measure Definition & Calculation	Performance Thresholds	
"% of Urgent, Emergency, 24 Hours" measures the number of Work Orders that fall into this category. This measure helps LMCH to determine the percentage of work orders that need to be completed before other non-emergency work orders entered in Yardi. This is calculated by dividing the number of Urgent, Emergency, 24 Hour work orders by the total work orders in the quarter.	**G**	Green = ≤ 25%
	Y	Yellow = 26% - 30%
	R	Red = 31%+

Summary Analysis of Results	Status	**R**
Year-over-year the percentage of urgent, emergency, 24-hour work orders has increased by 1%. In comparison to Q4 2024, this metric has increased 2% maintaining this metric in the red. LMCH has an after-hour call service that can create work orders within our system. This can lead to duplicate work orders that can inflate this metric. Property Services is working with our after-hour service to ensure this process is reviewed.	**Trend**	▲
	Notes: Currently sits at 39% which is an increase of 2% from Q4 2024.	

Business Impact / Implications	Short-term Impact: A high percentage of urgent, emergency, and 24-hour work orders can strain operational resources, requiring immediate attention and potentially disrupting scheduled maintenance tasks. Long-term Impact: Persistent high levels of urgent work orders can lead to inefficiencies in resource allocation and increased operational costs due to overtime and rapid response requirements.
Management Actions	Property Services continues to prioritize preventative maintenance to reduce the number of urgent or emergency work orders. Total work orders increased by 529 from Q4 2024 to Q1 2025. Property Services saw a decrease in emergency work orders from 19% in the previous quarter to 17% in Q1 2025. LMCH will continue to prioritize emergency work orders with the goal of reducing them to a more manageable level.
Assumptions	It is assumed that work orders are accurately prioritized based on urgency, with clear criteria for what constitutes an urgent, emergency, or 24-hour work order. The company has sufficient resources, including staff and materials, to respond to urgent work orders within the required timeframes.

Work Orders by Priority (Percentage)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
% of Urgent	14%	14%	16%	14%	15%
% of 24 Hours	4%	2%	4%	4%	7%
% of Emergency	22%	15%	14%	19%	17%
Total Priority Work Orders by Quarter	2,016	1,466	1,841	1,809	2,114
Total Work Orders by Quarter	4,985	4,858	5,435	4,933	5,462
% of Work Orders by Priority	**40%**	**30%**	**34%**	**37%**	**39%**

Outcome	**Enhance the Efficiency, Effectiveness, and Timeliness of Maintenance Repairs**	
Strategy	**Implement Procedures, Communication, Resources, Training, and Monitoring for Maintenance and Repairs**	
Measure	**2.2**	**% of After-Hours Work Orders**

Performance Measure Definition & Calculation	Performance Thresholds	
"% of After-Hours Work Orders" measures the percentage of work orders that are reported not during regular working hours. This measure is important because there is an addition cost in receiving work orders after hours as LMCH uses an after-hours service who charges by the call. This is calculated by dividing the number of After-Hour work orders by the total work orders in the quarter.	G	Green = ≤ 5%
	Y	Yellow = 6% - 10%
	R	Red = 11%+

Summary Analysis of Results	Status	R
Q1 2025 numbers show a decrease in after hour work orders of 13.5% over Q4 numbers. This downward movement signifies decreased costs to LMCH as after-hour work orders tend to cost LMCH more money due to additional related costs. This metric needs to be monitored as all after hour calls are an additional cost as this is outsourced to a third party.	Trend	▼
	Notes: Currently sits at 15% which is a decrease of 4% from last quarter.	

Business Impact / Implications	Short-term Impact: A high percentage of urgent, emergency, and 24-hour work orders can strain operational resources, requiring immediate attention and potentially disrupting scheduled maintenance tasks. Long-term Impact: Persistent high levels of urgent work orders can lead to inefficiencies in resource allocation and increased operational costs due to overtime and rapid response requirements.
Management Actions	Management has put processes in place to reduce after hour calls through preventative maintenance which should lead to a reduction in maintenance calls from tenants during the day and after-hours.
Assumptions	It is assumed that work orders are accurately prioritized based on urgency, with clear criteria for what constitutes an urgent, emergency, or 24-hour work order. The company has sufficient resources, including staff and materials, to respond to urgent work orders within the required timeframes.

After Hour Work Orders (Percentage)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
After Hours Work Orders	633	817	659	918	794
% of After Hour Work Orders	13%	17%	12%	19%	15%

Outcome	**Enhance the Efficiency, Effectiveness, and Timeliness of Maintenance Repairs**	
Strategy	**Implement Procedures, Communication, Resources, Training, and Monitoring for Maintenance and Repairs**	
Measure	**2.3**	**% of Work Orders Completed**

Performance Measure Definition & Calculation	Performance Thresholds	
"% of Work Orders Completed" measures the number of work orders completed in the quarter not counting any work orders that have been cancelled and counting any work order that is invoice pending as the work has been completed. This is calculated by dividing the number of work orders completed by the total work orders in the quarter.	G	Green = 95%
	Y	Yellow = 90% - 94%
	R	Red = ≤ 89%

Summary Analysis of Results	Status	Y
Q1 2025 has improved over the previous quarter increasing to 92%. This increase moves this metric out of the red for the first time since Q1 2024. Property Services has set in place service standard timelines for managers and staff which has contributed to this metric improving.	Trend	▲
	Notes: Currently sits at 92% which is an increase of 5% over last quarter.	

Business Impact / Implications	Short-term Impact: A high percentage of completed work orders indicates effective and efficient use of resources, leading to smooth day-to-day operations and timely resolution of maintenance issues. Long-term Impact: Consistently high completion rates can improve overall operational efficiency, reducing backlogs and ensuring that maintenance tasks are performed proactively rather than reactively.
Management Actions	Property Services has a history of completing work orders at a rate of 95% or better. Over the past three quarters this metric had remained in the red and reached the yellow as predicted by staff in the previous report. When LMCH moved to the Purchase Order system for Pest Control in Q2 2024, work order completion was more representative of our internal completion numbers. Management is committed to returning to the green.
Assumptions	It is assumed that there is an accurate and efficient system in place for tracking work orders from initiation to completion. The company has adequate resources, including skilled labor and materials, to complete work orders within the expected timeframes.

Work Orders Completed (Percentage)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Work Orders Completed	4,784	3,911	4,639	4,933	5,042
% of Work Orders Completed	96%	81%	85%	87%	92%

Outcome	**Enhanced Financial Stability and Tenant Retention**	
Strategy	**Proactive Arrears Management and Supportive Tenant Engagement**	
Measure	**3.1**	**% of Households in Good Financial Standing**

Performance Measure Definition & Calculation	**Performance Thresholds**	
Operational Efficiency: "% of Households in Good Financial Standing" measures the percentage of units that are in good financial standing in the quarter. This is calculated by dividing the units in good financial standing by the total number of units occupied in the quarter.	**G**	Green = ≥ 90%
	Y	Yellow = 80% - 89%
	R	Red = < 80%

Summary Analysis of Results	**Status**	**R**
The percentage of households in good financial standing has decreased from 81% in Q4 2024 to 79% in Q1 2025. The results over the past 5 quarters have remained stable with percentages ranging from 78% - 81%. LMCH's collection rate has increased to 97% in Q1 2025 which is a 5% increase from last quarter.	**Trend**	▼
	Notes: Currently sits at 79% which shows a 2% decrease since last quarter. This metric remained consistent quarter to quarter.	

Business Impact / Implications	When tenants are not able to or are unwilling to make their monthly rent payments/fees, the following impacts could be seen: 1) **Cash Flow Issues**: A High number of accounts in arrears can lead to significant cash flow problems, affecting LMCH's ability to meet its own financial obligations. 2) **Increase Operational Costs**: The cost of managing and recovering overdue accounts can increase operation expenses. 3) **Reputation Damage**: High arrears rates can damage the organizations reputation with London City Council and our Shareholder. **Resource Allocation**: Staff time and resources may need to be redirected towards managing arrears and debt recovery processes.
Management Actions	Consistent efforts are needed to move toward the green zone including continuously monitoring the financial standing of households and adjust strategies accordingly to address emerging issues promptly.
Assumptions	Some tenants may be less cooperative and may refuse to engage with LMCH staff to rectify their payment issues. This also assumes a stable economic environment where tenants have consistent income to meet their rent obligations. Tenants will also need to be willing to engage with support programs and payment plans.

Households in Good Financial Standing	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
# Households in Good Financial Standing	2,432	2,448	2,390	2,401	2,353
Total number of Households	3,082	3,073	3,057	2,982	2,980
% of Households in Good Standing	**79%**	**80%**	**78%**	**81%**	**79%**

Collection Rate	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Rent Due	$3,855,243	$3,855,243	$3,855,243	$3,855,243	$3,855,243
Rent Collected	$3,599,226	$3,522,808	$3,432,609	$3,564,624	$3,722,856
Rent Outstanding	$256,016	$332,435	$422,634	$290,619	$132,387
Collection Rate (%)	**93%**	**91%**	**89%**	**92%**	**97%**

Tenant Debt Arrears (Rent/Parking Balance)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
$1 - $2,000	$279,054	$256,696	$273,066	$258,567	$252,794
$2,001 - $4,000	$239,124	$210,437	$144,732	$154,020	$191,025
$4,001 - $6,000	$225,399	$191,039	$167,351	$125,559	$129,864
$6,001 - $8,000	$81,582	$153,250	$99,847	$48,056	$49,066
$8,001 - $10,000	$52,517	$18,583	$62,914	$25,409	$37,909
$10,001 +	$76,896	$49,631	$64,408	$86,090	$43,002
Total	**$954,572**	**$879,637**	**$812,317**	**$697,701**	**$703,660**

Tenant Debt Arrears (# of Tenant Accounts)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
$1 - $2,000	497	487	557	486	465
$2,001 - $4,000	83	72	50	53	69
$4,001 - $6,000	46	38	34	25	27
$6,001 - $8,000	12	22	14	7	7
$8,001 - $10,000	6	2	7	3	4
$10,001 +	6	4	5	7	3
Total	**650**	**625**	**667**	**581**	**575**

Tenant Debt Arrears (% of Tenant Accounts)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
$1 - $2,000	78%	75%	84%	84%	81%
$2,001 - $4,000	12%	11%	7%	9%	12%
$4,001 - $6,000	6%	6%	5%	4%	5%
$6,001 - $8,000	4%	3%	2%	1%	1%
$8,001 - $10,000	0%	0%	1%	1%	1%
$10,001 +	1%	1%	1%	1%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Outcome	**Enhanced Financial Stability and Tenant Retention**	
Strategy	**Proactive Arrears Management and Supportive Tenant Engagement**	
Measure	**3.2**	**Average Number of Months to Complete Forgiveness**

Performance Measure Definition & Calculation	**Performance Thresholds**	
Forgiveness: "Average Number of Month to Complete Forgiveness" measures the average number of months it takes to forgive arrears This is calculated by subtracting the date the arrears were forgiven from the date the arrears were applied.	**G**	Green = $\leq$ 4 months
	Y	Yellow = 4 – 5 Months
	R	Red = > 5 Months

Summary Analysis of Results	**Status**	**Y**
The average number of months to complete forgiveness remained relatively the same compared to Q4 2024 with a small increase from 4.24 months to 4.70 months. The number of tenants that received rent forgiveness dropped by 14 households since last quarter. LMCH was able to restore 61% of subsidies in Q1 2025 which shows that tenant services was able to restore a total of 140 subsidies while revoking 230 in the same quarter.	**Trend**	▲
	Notes: Currently sits at 4.70 months which is an increase from 4.24 months from Q4 2024.	

Business Impact / Implications	When tenants are not able to or are unwilling to make their monthly rent payments/fees, the following impacts could be seen: 1) **Cash Flow Issues**: A High number of accounts in arrears can lead to significant cash flow problems, affecting LMCH's ability to meet its own financial obligations. 2) **Increase Operational Costs**: The cost of managing and recovering overdue accounts can increase operation expenses. 3) **Reputation Damage**: High arrears rates can damage the organizations reputation with London City Council and our Shareholder. **Resource Allocation**: Staff time and resources may need to be redirected towards managing arrears and debt recovery processes.
Management Actions	The average time remains above four months with slight fluctuations compared to Q3 and Q4 of 2024 but is still above target. This indicator includes situations approved by the Service Manager.
Assumptions	Some tenants may be less cooperative and may refuse to engage with LMCH staff to rectify their payment issues. This also assumes a stable economic environment where tenants have consistent income to meet their rent obligations. Tenants will also need to be willing to engage with support programs and payment plans.

Arrears Forgiveness per Quarter	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total Amount Forgiven per Quarter	$166,667	$305,366	$317,348	$170,203	$98,815
Number of Tenants who Received Forgiveness	101	154	148	77	63
Average Dollar Amount Forgiven	$1,650	$1,983	$2,144	$2,210	$1,537
Average Number of Months to Complete Forgiveness	**3.39**	**4.15**	**4.28**	**4.24**	**4.70**

Subsidy Metrics per Quarter	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Income Review Forms Completed	416	621	640	627	636
Number of Subsidies Revoked	335	515	200	317	230
Number of Subsidies Restored	199	366	243	153	140
Subsidies Restored per Quarter (%)	**59%**	**71%**	**122%**	**48%**	**61%**
Payment Plans	33	27	19	33	50

Outcome	**Enhanced Financial Stability and Tenant Retention**	
Strategy	**Proactive Arrears Management and Supportive Tenant Engagement**	
Measure	**3.3**	**Number of Households in Arrears**

Performance Measure Definition & Calculation	**Performance Thresholds**	
Arrears: "Number of Households in Arrears" measures the total number of households who are in arrears at the end of the current quarter. This is calculated by counting the total number of households that have arrears on their account at the end of the current quarter.	**G**	Green = ≤ 400
	Y	Yellow = 400 – 600 HH
	R	Red = > 600 HH

Summary Analysis of Results	**Status**	**Y**
The number of households in arrears decreased from Q4 2024 and the amount owed by each household has increased from $1,201 to $1,224. With the rent outstanding increasing from $697,701 in Q4 to $703,660 in Q1 2025, it shows that households in financial difficulty has remained consistent from last quarter. This is the first time that LMCH has achieved a yellow status in arrears in back-to-back quarters since this metric has been tracked on a quarterly basis.	**Trend**	▼
	Notes: Currently sits at 575 households in arrears which is a decrease of 1% from last quarter.	

Business Impact / Implications	When tenants are not able to or are unwilling to make their monthly rent payments/fees, the following impacts could be seen: 1) **Cash Flow Issues**: A High number of accounts in arrears can lead to significant cash flow problems, affecting LMCH's ability to meet its own financial obligations. 2) **Increase Operational Costs**: The cost of managing and recovering overdue accounts can increase operation expenses. 3) **Reputation Damage**: High arrears rates can damage the organizations reputation with London City Council and our Shareholder. **Resource Allocation**: Staff time and resources may need to be redirected towards managing arrears and debt recovery processes.
Management Actions	The number of households in arrears has decreased in Q1 2025, remaining into the yellow zone. This indicates that process improvements and early interventions have been effective.
Assumptions	Some tenants may be less cooperative and may refuse to engage with LMCH staff to rectify their payment issues. This also assumes a stable economic environment where tenants have consistent income to meet their rent obligations. Tenants will also need to be willing to engage with support programs and payment plans.

Arrears	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Rent Outstanding	$954,572	$879,637	$812,317	$697,701	$703,660
Households in Arrears	650	625	667	581	575
Average Owed by Households	**$1,469**	**$1,407**	**$1,218**	**$1,201**	**$1,224**

Outcome	**Optimized Workforce Performance and Well-being**	
Strategy	**Comprehensive Talent Management and Employee Support**	
Measure	**4.1**	**Full-Time FTE's vs FTE Budget**

Performance Measure Definition & Calculation	**Performance Thresholds**	
Compliment Management: "Full-Time FTE's vs FTE Budget" measures the number of full-time employees employed versus the number of budgeted full-time positions required to be filled to have a full compliment of staff. This is calculated by dividing the total number of FTE's by the budgeted FTE's.	G	Green = > 97%
	Y	Yellow = 95% - 96%
	R	Red = < 95%

Summary Analysis of Results	**Status**	**Y**
In Q1-2025, the measure for Compliment Management lowered to 96%, lowering to the yellow band. This indicates that the organization has an opportunity to review the current engagement and retention strategies to successfully maintain the targeted ratio of current full-time employees to the total FTE meeting the budget, ensuring effective workforce management and alignment with budgetary goals for this quarter.	**Trend**	▼
	Notes: Currently sits at 96% of FTE filled which has been the first time it has dropped in the last 4 quarters	

Business Impact / Implications	Short-term Impact: A high number of permanent full-time vacancies can lead to increased workloads for existing staff, potentially resulting in burnout, decreased productivity, and higher error rates. Long-term Impact: Persistent vacancies can strain team dynamics, reduce overall morale, and lead to higher turnover rates as remaining employees seek less stressful work environments.
Management Actions	LMCH continues to work towards ensuring that adequate staffing levels are maintained. Although attrition is natural and expected, LMCH has been successful in maintaining near full staffing complement in recent quarters. As LMCH continues to grow its staffing complement through the implementation of Business Case 22, we will work towards attracting and growing staffing levels to meet the new operational goals and objectives.
Assumptions	The assumption is that the current staffing model accurately reflects the organization's operational needs and that vacancies directly impact the ability to meet these needs. The recruitment process is assumed to be efficient and timely, and retention strategies are in place but may not fully mitigate the impact of vacancies.

Full-Time FTE’s	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Number of FTE’s (End of Quarter)	95	96	102	101	98
Budgeted # of FTE’s	99	99	102	102	102
Percentage of FTE’s Filled (%)	**98%**	**97%**	**100%**	**99%**	**96%**

Retention of Talent	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Staff at Beginning of Quarter	96	95	96	102	101
Staff at End of Quarter	95	96	102	101	98
Difference in Quarter (#)	-1	+1	+6	-1	-3

Business Case #22 Hires (No Refill Hires Counted)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Projected Number of Hires	2	0	1	1	1
Actual Hires	2	0	0	0	1
% of Hires Made vs Projected	**100%**	**0%**	**0%**	**0%**	**100%**

Outcome	**Optimized Workforce Performance and Well-being**	
Strategy	**Comprehensive Talent Management and Employee Support**	
Measure	**4.2**	**Average Time to Fill Vacancy (Days)**

Performance Measure Definition & Calculation	**Performance Thresholds**	
Talent Recruitment: “Time to fill vacancy (Days) measures the average number of days it takes to fill a vacant position. This is calculated by taking the date of hire for the new employee and subtracting the days from the posting date.	G	Green = ≤ 90 days
	Y	Yellow = 91 – 120 days
	R	Red = > 120 days

Summary Analysis of Results	**Status**	G
The past quarter recruitment have performance have increased and again crossed into the threshold of targeted number of days to fill a position. The number of 84.25 days is well below our target range but is slightly lower than what can be expected due to a number of competitions being filled internally.	**Trend**	▼
	Notes: Currently sits at 84.25 days which is an improvement from the previous quarter’s performance.	

Business Impact / Implications	Short-term Impact: Longer time to fill vacancies can disrupt workflow and increase the burden on current employees, leading to potential delays and reduced productivity. Long-term Impact: Consistently high time-to-fill rates can cause chronic understaffing, resulting in operational inefficiencies and decreased employee morale.
Management Actions	Having effective systems and processes for talent acquisition will be critical as we continue to grow staffing levels. We believe that we have struck an effective balance between a thorough recruitment process that also moves as fast as practical. We will continue to monitor recruitments and work towards identifying the steps or processes that are holding up recruitments and leading to slower turn around times in filling vacancies.
Assumptions	It is assumed that the recruitment process, including job posting, candidate screening, and interviewing, is efficient but can be impacted by external factors such as market conditions and the availability of qualified candidates. The organization is assumed to have a competitive advantage in attracting candidates, but factors such as compensation, benefits, and workplace culture play significant roles.

Time to Fill Vacancy (Days)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Number of Positions Filled	6	4	9	6	4
Average Time (Days) to Fill All Positions	27.3	132.3	66.11	95.16	84.25

Outcome	**Optimized Workforce Performance and Well-being**	
Strategy	**Comprehensive Talent Management and Employee Support**	
Measure	**4.3**	**Employee Attendance and Absences**

Performance Measure Definition & Calculation	Performance Thresholds	
UNDER DEVELOPMENT: Managing employee attendance and absence from work due to manageable causes such as short-term sick leave, workplace injuries and absences, and other absences.	**G**	Green = TBD
	Y	Yellow = TBD
	R	Red = TBD

Summary Analysis of Results		
TBD	**Status**	
	Trend	
	Notes: TBD	

Business Impact / Implications	Short-term Impact: High absenteeism rates can disrupt daily operations, leading to understaffing and increased workload for present employees, resulting in lower productivity. Long-term Impact: Chronic absenteeism can create persistent inefficiencies, requiring constant adjustments in scheduling and possibly impacting project timelines.
Management Actions	TBD
Assumptions	The work environment is assumed to be generally conducive to employee well-being, though factors such as workload, stress levels, and job satisfaction can influence absenteeism rates. The organization is assumed to have some health and wellness programs in place, although their effectiveness in reducing absenteeism may vary.

Outcome	**Reduction in Pest Infestation Incidents**	
Strategy	**Integrated Pest Management (IPM) Implementation**	
Measure	**5.1**	**% of Total Units Being Treated**

Performance Measure Definition & Calculation	**Performance Thresholds**	
Infestation Level: "% of Total Units Being Treated" measures the current units being treated compared to the total units available within LMCH. This is calculated by dividing the number of units being treated by the total number of units available within LMCH.	G	Green = ≤ 10%
	Y	Yellow = 11% - 15%
	R	Red = 16%+

Summary Analysis of Results	**Status**	R
Industry standards show an overall infestation rate of 10% or below is acceptable. The current rate of 25% has increased from 23% from Q4 2024. This increase is due to additional units being found and treaded by our third-party vendors. The clearance rate has improved in Q1 2025, increasing 14% from last quarter to 48%. This is the largest quarterly clear rate LMCH has reported over the past five (5) quarters.	**Trend**	▼
	Notes: Currently sits at 25% which is an increase of 2% from Q4 2024.	

Business Impact / Implications	Short-term Impact: A high percentage of units being treated for pest control can immediately improve resident satisfaction by addressing pest issues promptly. Long-term Impact: Consistent pest control measures can lead to higher resident retention rates as a pest-free environment enhances the overall living experience.
Management Actions	The Pest Control team is actively working to find all units that have large infestations which may lead to an increased number of units being treated. The overall goal is to get the infestations under control so that every building is within the 15% threshold by the end of 2025.
Assumptions	The pest control treatments being used are effective in addressing the specific types of pests present in the units. Residents are cooperative with pest control efforts, allowing access to their units and following recommended practices to prevent infestations.

% of Total Units Being Cleared	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Senior Buildings	26%	30%	39%	39%	57%
Adult Buildings	32%	36%	42%	35%	46%
Family Buildings	21%	25%	30%	22%	37%
LMCH Total	**27%**	**31%**	**38%**	**34%**	**48%**

% of Total Units being Treated	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Senior Buildings	24%	26%	33%	25%	26%
Adult Buildings	21%	21%	28%	24%	27%
Family Buildings	16%	16%	21%	21%	22%
LMCH Total	**21%**	**22%**	**28%**	**23%**	**25%**

Outcome	**Reduction in Pest Infestation Incidents**	
Strategy	**Integrated Pest Management (IPM) Implementation**	
Measure	**5.2**	**% of Active Units Being Treated**

Performance Measure Definition & Calculation	**Performance Thresholds**	
"% of Active Units Being Treated" is defined as the number of units that our Pest Control Provider (PCP) are able to treat out of the units that require treatment based on access to the unit. This is calculated by dividing the number of active units being treated by the total number of infested units that need to be treated.	**G**	Green = 90%+
	Y	Yellow = 80% - 89%
	R	Red = < 80%

Summary Analysis of Results	**Status**	**G**
% of Active Units Being Treated is sitting in the green with 90% of infested units being actively treated. LMCH has consistently maintained this metric in the green category quarter over quarter. This metric has decreased 4% since Q4 of 2024 while also remaining in the green which speaks to LMCH's continued focus on customer service and continuing to speak with our tenants regarding their prep needs and concerns.	**Trend**	▼
	Notes: Currently sits at 90% which is a decrease of 4% from Q4 2024.	

Business Impact / Implications	<u>Short-term Impact:</u> A high percentage of active units being treated for pests demonstrates proactive management, which can improve resident satisfaction. <u>Long-term Impact:</u> Sustained efforts in treating active units can lead to higher retention rates as residents feel assured of living in a well-maintained and safe environment.
Management Actions	Management is continuing to work with staff and tenants to increase the number of infested units that are prepared for treatment. LMCH offers a prep program to tenants who have physical or acuity issues that prevent them from properly preparing their units for treatment. LMCH is in talks with Extreme Clean to assist with our unit prep efforts.
Assumptions	The pest control treatments being used are effective in treating the specific types of pests present in active units. Residents are cooperative with pest control efforts, allowing access for treatments and adhering to preventive recommendations.

% of Active Units Being Treated	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Cycle in Progress	517	713	915	761	827
Total Active Units Being Treated	717	868	1018	810	914
% of Active Units Being Treated	72%	82%	90%	94%	90%

Outcome	**Reduction in Pest Infestation Incidents**	
Strategy	**Integrated Pest Management (IPM) Implementation**	
Measure	**5.3**	**% of "Tenant Refusals"**

Performance Measure Definition & Calculation	**Performance Thresholds**	
"% of Tenant Refusals" is defined as the percentage of tenants who refuse entry to their units to complete a scheduled treatment in which they have received a notice of entry as well as a prep guide. This is calculated by dividing the number of tenant refusals by the total number of active units receiving treatment.	**G**	Green = ≤ 5%
	Y	Yellow = 6% - 10%
	R	Red = 11%+

Summary Analysis of Results	**Status**	**G**
% of Tenant Refusals has decreased over the past quarter and the goal of this metric is to identify and reduce the number of tenants who refuse treatment. Tenant refusals delay treatment and allow the infestation to increase in their units and in surrounding units. Keeping this metric low is important in the overall pest control treatment plan. This is the fourth quarter in a row in which this metric has been in the green category showing consistent cooperation from our tenants.	**Trend**	▼
	Notes: Currently sits at 1% which is a decrease of 3% from Q4 2024.	

Business Impact / Implications	Short-term Impact: A high percentage of tenant refusals can undermine the effectiveness of pest control programs, leading to untreated units that can become sources of infestation for neighboring units. Long-term Impact: Persistent refusals can lead to widespread pest issues throughout the property, making it more difficult and costly to manage pest control in the long run.
Management Actions	Tenants who refuse treatment have been contacted by LMCH's Pest Control team and informed that their unit will be escalated to management if they do not comply with LMCH's Notice of Entry. In the case that the tenant refused due to the inability to prep their unit, LMCH has a program in place to assist in these matters.
Assumptions	It is assumed that tenants are fully aware of the importance of pest control treatments and the potential consequences of refusing them. The assumption is that communication between the property management and tenants regarding pest control procedures and the reason for treatments is clear and effective.

% of Tenant Refusals	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total Units	178	133	92	89	14
% of Tenant Refusals	8%	5%	3%	4%	1%

% of Units Not Prepped	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total Units	219	135	72	76	12
% of Not Prepped	**10%**	**5%**	**2%**	**4%**	**1%**

% of Escalated Units	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total Units	88	160	140	37	94
% of Escalated	**4%**	**6%**	**5%**	**2%**	**5%**

2026 Budget Discussions
FAR REPORT 2025-19

TO: LMCH Finance, Audit and Risk Management Committee

FROM: Paul Chisholm, Chief Executive Officer

SUBJECT: Budget Discussions

DATE: May 5, 2025

PURPOSE:

The purpose of the report is to provide information to the LMCH Finance Committee to inform the discussion with the City of London on a request for LMCH to identify budget reductions of 1.5% starting in the 2026 calendar year.

RECOMMENDATIONS:

That this report **BE RECEIVED** for information.

BACKGROUND:

London and Middlesex Community Housing is set up as a Corporation under the Ontario Business Corporation Act with a single shareholder, the City of London. The City of London is also the Service Manager for housing services for both the City of London and Middlesex County. The primary sources of funding for LMCH are tenant rent and subsidies received through the City of London (which is cost-shared with Middlesex County).

LMCH is required to maintain 3282 units of RGI housing across the portfolio. This is 100% of the LMCH housing stock. While there are a small number of households that are not eligible for subsidy and pay a low end of market rent (typically at or below 80% of average market rent as calculated by Canada Mortgage and Housing Corporation) most households pay rent based on the rent geared to income program.

The subsidy received from the City of London is meant to offset the difference between the tenant rent as set out in the Housing Services Act that the tenant is required to pay (RGI) and the market rental rate for the units under the Residential Tenancies Act. The subsidy received through the City of London is an operating subsidy. LMCH returns any unspent operating funds to the City and may request that the City cover operating deficits should they occur.

Other Non-profit and Cooperative Housing providers offering RGI in London and Middlesex County are funded by the City of London to accomplish the same goal.

The funding differences between LMCH and other RGI providers in London are:

- As a Corporation of the City of London, LMCH funding requests are managed through the City of London budgeting and multi-year budget process.
- Non-profit and Cooperative providers have operating and funding agreements that set out how these providers receive their funds.
- LMCH is 100% RGI while most other providers offer mixed-income communities with both RGI and market rent units.

City of London Request

The City of London sent a letter to the LMCH Board Chair (see attached) and attended the LMCH Board meeting on April 17, 2025. The Mayor, Josh Morgan, and the Budget Chair, Councillor Elizabeth Peloza spoke with the Board to provide an overview of the request for LMCH to collaborate with the City of London to identify opportunities to reduce costs. The objective for the City of London is to maintain high-quality services while alleviating pressures on the tax base.

At this meeting, the Board passed a motion for staff to identify opportunities for reductions in the budget and identify opportunities to collaborate on advocacy initiatives with the City of London.

LMCH is reporting back to the Finance, Audit, and Risk Management Committee on information to support this discussion.

LMCH Revenue

As noted earlier, there are two primary sources of revenue - government subsidies and tenant rent, which account for more than 99% of LMCH revenue.

City of London Funding Overview

LMCH funding is requested and received through the City of London Multi-Year Budget Process. LMCH has an approved operating and capital budget that was approved by the City of London for the years 2024, 2025, 2026, and 2027 as part of this process. Through the last approval of the MYB LMCH received approval for:

- A base operating Budget for each year, which included inflationary increases as well as above-inflation increases for insurance, security services, and natural gas prices.

- Business Case 22, which funds service improvement for LMCH for 2024-2027, is approximately $5 million over 4 years to:
  - Fund additional Staffing (7 staff) for communications, Health & Safety, and community safety.
  - Open new community offices with 1 new FTE for each office at Wharncliffe in 2025 and Southdale in 2027.
  - Bring cleaning services internal to LMCH from a contracted service

- There are also several Capital Programs approved through Business Cases in the 2020 MYB
  - Regeneration Funding, including Reimagine Southdale
  - CMHC Repair and renew Funding to support investments in Accessibility, Energy savings, and site improvements
  - Increasing the Capital budget from $2 million annually to over $8 million annually.

LMCH is grateful for the increased investment that moves us towards improving the state of repair of our buildings and supports providing clean, safe, affordable housing for the tenants in our communities.

A reduction in City budget contributions of 1.5% would require LMCH to find approximately $292,000 in revenue offset or reduction in expenses for 2026.

Budget Pressures from Property Tax Increases

LMCH understands the challenge of increasing property taxes for residents. As a landlord and property owner, LMCH paid over $5.8 million in property taxes in 2024. This is almost $300,000 more than budgeted. In 2025, we are forecast to pay an additional $585,000 in property tax that will need to be funded through a reduction in other areas of the existing operating budget.

Looking ahead to 2026, LMCH is forecasting that Property Taxes will be $844,000 over budget.

LMCH Property taxes are forecasted to increase from $5.434 million in 2023 to $7.124 million in 2027.

Municipal Taxes - Revised Projection (Q1 2025)						
	2023	2024	2025	2026	2027	CUMULATIVE TOTAL
Approved Budget (MYB 2024-27) **	$ 5,410,033	$ 5,545,285	$ 5,683,917	$ 5,826,015	$ 5,971,665	$ 23,026,882
Actual @ Year-end	$ 5,434,420	$ 5,842,854				
Projected			$ 6,269,382	$ 6,670,623	$ 7,124,225	$ 25,907,084
Increase from Original Multi-Year Budget	**$ 24,387**	**$ 297,569**	**$ 585,465**	**$ 844,608**	**$ 1,152,560**	**$ 2,880,202**
Annual Tax Increases (revised per City of London staff)		**8.70%**	**7.30%**	**6.40%**	**6.80%**	**7.30%**
** Original Budgeted Increases		2.50%	2.50%	2.50%	2.50%	

Cumulative Impact of Requests

Should the current tax increases remain in place and LMCH reduces the operating budget by 1.5% as requested, the cumulative budget adjustment for LMCH would be $1.134 million dollars.

<u>Recommendation # 1</u>

That LMCH enter into discussions with the City of London to become exempt from paying property taxes. This has taken place in some municipalities, including Toronto.

As an alternative, the City could adjust the funding formula to provide a property tax rebate and reduce the subsidy accordingly in year one to insulate LMCH from property tax increases.

<u>Recommendation # 2</u>

That LMCH explore challenging current property tax assessments in an effort to reduce assessment value for properties and property tax owed. A similar exercise concluded in 2019 achieved a reduction in assessed value of over 13% ($26 million).

Rental Revenues Challenges

All new tenants of LMCH have to be eligible for Rent-Geared to Income (RGI). While most tenants retain eligibility for RGI over the course of a small percentage of tenants do pay full market rent for their units.

In 2024, LMCH set a target for full market rent to be 80% of the CMHC Average Market Rent for the City of London. While this increased market rental rates and potential revenue for LMCH, the reality of the current funding approach limits the ability of LMCH Increase rental revenues:

- Approximately 40% of LMCH RGI households are on Ontario Works or ODSP, which pays a rental rate set out in the Housing Services Act, which reduces revenue for LMCH.
- The typical RGI rent for a single-member household on Ontario Works is $85/month and
  $30 charge if LMCH pays utilities.
- The typical RGI rent for a single-member household on ODSP is $109/month and $30 charge if LMCH pays utilities.
- The difference between RGI Rent Paid by tenants on OW and ODSP is between $300-$600 a month lower than the maximum shelter allowances for these households.
- The Minimum rental charge for households with no eligible income is $139/month.
- Seniors are typically on fixed incomes with limited income increases with CPP and Old Age Security as the primary income sources.
- 53% of tenants pay less than $250 a month for rent, which accounts for only 20% of total rental revenue.
- Increasing minimum rents to $250/month would generate additional revenue of $1.7 million annually.

Recommendation # 3

That the City of London supports LMCH and other housing providers advocating for changes in how rent calculations are completed through the Housing Services Act, including a recommendation to increase minimum rental charges to be no lower than $250/month and to increase based on unit size.

Operating Expenses

LMCH needs to reassess current operating expenses to identify operating savings for 2025 and into 2026. This will include initiatives such as:

- Continue transition to site-based budgeting to identify units and buildings with above-normal operating costs.
- Review Tenant Chargeback Polices and processes to establish an improved framework to recover costs for damage, above normal wear and tear, etc.
- Manage escalating Pest Control Expenses, including the additional unit preparation expenses to balance improved outcomes and reduced costs.
- Finalize approach and timing for transition to being Custodian Services as a direct service.

- Identifying additional energy-saving initiatives (Electricity, Natural Gas and Water) to support management of energy costs.
- Reduce the vendor expenses for maintenance through improved training, support, and oversight of the Maintenance Repair Team.
- Prioritizing capital investments that contribute to a reduction in operating expenses.
- Review of procurement processes and approaches to identify opportunities to streamline processes and identify savings.

Conclusion

The current budget pressure in 2026 is the requirement to find $844,000 in internal efficiencies in 2026 due to current forecasted property tax increases. To identify an additional 1.5% budget reduction will require LMCH to further reduce the operating budget by $290,000. This Cumulative budget impact between property tax increases and budget reductions will require LMCH to find a cumulative budget efficiency level of $1.134 million dollars.

LMCH is committed to working collaboratively with the City of London to explore opportunities to reduce expenses within the budget or defer/delay capital projects. We are concerned about the impact of this cut on our ability to serve tenants, but recognize the need to ensure we are operating as efficiently as possible.

APPENDIX A: Letter to Chair

SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
ROB CUNNINGTON, CPA CA DIRECTOR OF FINANCE & CORPORATE SERVICES	PAUL CHISHOLM, CHIEF EXECUTIVE OFFICER

300 Dufferin Avenue
London, Ontario N6B 1Z2
City of London

Dear Chair,

On behalf of London City Council, we want to sincerely thank you and your board for the opportunity to join your upcoming meeting. As we continue working through 2026 budget discussions, our goal is to collaborate in identifying opportunities that help maintain high-quality services while alleviating pressures on the tax base.

As part of our discussion, we hope to explore a number of potential considerations. We understand that your organization has received financial training from the City, and we would be interested in hearing how that has been applied and whether there are areas where additional support might be beneficial.

We would also like to discuss opportunities for provincial and federal advocacy—whether your organization is currently accessing available programs, and whether the City's Government Relations team can assist with letters of support or broader advocacy efforts.

Additionally, we would welcome a conversation about the potential benefits of group procurement and whether this might offer efficiencies.

Finally, we are interested in any ideas your board may have regarding revenue generation, as well as whether there are capital expenses that could be delayed or phased over a longer timeframe to help manage financial pressures.

These topics are intended to serve as a starting point for discussion, with any further consideration or decision-making to take place in future meetings.

We appreciate your time and insights, and we look forward to a productive conversation.

Sincerely,

Elizabeth Peloza

Josh Morgan
Mayor

Elizabeth Peloza
Budget Chair, Ward 12 City Councillor

LONDON & MIDDLESEX COMMUNITY HOUSING

Q1 2025 Financial Results
FAR REPORT 2025-20

TO: LMCH Finance, Audit and Risk Management Committee

FROM: Rob Cunnington, Director of Finance and Corporate Services

SUBJECT: 2025 Financial Results – Q1

DATE: May 6, 2025

PURPOSE:

The purpose of this report is to share LMCH's Q1 2025 unaudited financial results for the first three months of the fiscal year ended December 31, 2025.

RECOMMENDATION:

That the March 31, 2025 (Q1) Financial Performance Results, and its Operating Summary Report be RECEIVED for information.

REASONS FOR RECOMMENDATIONS:

The following report provides a high-level variance explanation of LMCH's March 31, 2025 (Q1) operations.

The full-year financial operations resulted in a deficit of approximately $153K, which represents 1.8% of the total quarterly budget for Q1. This deficit is also $526K lower than the forecasted Q1 budget deficit of $680K.

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REVENUE

Total revenue for the first three months was close to budget, with a slightly favourable variance of $113K (1.3%).

EXPENDITURES

Total expenditures for the first three months of 2025 showed a favourable variance of $856K (9.6%) compared to the budget. The most significant increases in expenditures are explained in Appendix A.

CONCLUSION

It should be noted that LMCH finance staff made the decision, at the start of 2025, to no longer record standard monthly accruals for expenditures incurred but not invoiced until a later time. This decision should significantly streamline financial processes, with limited impact to financial reporting for 2025, other than the fact that some areas of operational expenditures will seem low compared to normal historical reporting. There may even be some "negative" expenditures in the first few months, as 2024 expenses accrued in December 2024 were not "reversed" in early 2025. Any impacts will be limited to the first several months of the current fiscal year (Q1), but they should not make a difference to Senior Management decision-making. The impacts will lessen as we proceed through the remainder of the fiscal year.

In addition, LMCH is developing a more detailed "site-based" budget process, which will enhance its financial management, allowing SLT to see where operations need improvement and to make important operational decisions in a timely basis throughout the fiscal year.

Appendix A – March 31, 2025 Operating Results (Q1)

SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
ROB CUNNINGTON, CPA CA DIRECTOR OF FINANCE AND CORPOPRATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

APPENDIX A - March 31, 2025 Operating Results (Q1)

	For the Three Months Ended March 31, 2025			
	Actuals	**Budget**	**Variance**	**2025 Budget**
REVENUE				
RENT REVENUES	3,661,929	3,565,601	96,329	14,262,402
TENANT RECOVERIES	22,747	35,406	(12,659)	141,624
NET BAD DEBT WRITE OFF	(146,411)	(210,342)	63,931	(841,368)
ANTENNA LICENSES	4,200	43,298	(39,098)	173,190
INTEREST	34,739	7,500	27,239	30,000
SUNDRY & OTHER REVENUE	32,342	54,669	(22,327)	218,675
MUNICIPAL BASE FUNDING	4,714,266	4,714,266	(0)	18,857,064
TOTAL REVENUE	**8,323,812**	**8,210,397**	**113,415**	**32,841,587**
OPERATING EXPENDITURES				
SALARIES, WAGES & BENEFITS	**2,275,410**	**2,660,081**	**384,671**	**10,640,324**
TENANT SERVICES	**208,600**	**242,828**	**34,228**	**971,311**
MAINTENANCE, MATERIALS & SERVICES				
ROOFING	3,523	11,679	8,156	46,715
BUILDING GENERAL	212,288	356,426	144,138	1,425,704
CLEANING	229,505	156,388	(73,117)	625,550
PEST CONTROL	100,030	193,267	93,236	773,066
ELEVATORS	(18,390)	32,137	50,527	128,547
ELECTRICAL	26,152	40,171	14,019	160,684
EQUIPMENT	6,526	10,712	4,187	42,849
LANDSCAPING & PARKING LOT MTCE.	5,170	59,292	54,121	237,166
MOLD	9,018	16,570	7,552	66,279
SNOW REMOVAL	766,776	528,944	(237,832)	868,000
LIFE SAFETY SYSTEMS	46,662	80,342	33,680	321,368
HEATING & VENTILATION	93,683	55,343	(38,340)	221,371
PLUMBING	117,729	145,149	27,420	580,596
PAINTING	129,561	100,164	(29,397)	400,654
VANDALISM	3,661	18,683	15,022	74,731
WASTE REMOVAL	142,808	107,123	(35,685)	428,490
SUNDRY MATERIALS & SERVICES	570	4,017	3,447	16,068
	1,875,270	**1,916,403**	**41,133**	**6,417,838**
UTILITITES				
ELECTRICITY	507,199	519,947	12,748	1,730,939
WATER HEATER RENTAL	51,784	69,225	17,441	260,270
WATER	317,522	439,374	121,852	1,735,182

	Actuals	Budget	Variance	2025 Budget
NATURAL GAS	435,207	545,087	109,881	1,380,000
	1,311,712	**1,573,634**	**261,922**	**5,106,391**
PROPERTY				
INSURANCE	331,806	325,000	(6,806)	1,300,000
MUNICIPAL TAXES	1,561,200	1,567,346	6,146	6,269,382
	1,893,006	**1,892,346**	**(660)**	**7,569,382**
ADMINISTRATION				
CORPORATE				
FINANCE	25,878	24,950	(928)	99,800
HR	41,419	60,829	19,410	243,315
L&C	60,702	117,500	56,798	470,000
OFFICE	127,919	129,073	1,154	516,292
OTHER	10,273	18,500	8,227	74,000
	266,191	**350,852**	**84,661**	**1,403,407**
TRANSPORTATION & COMMUNICATION				
TELECOM	36,369	60,875	24,506	243,500
TRAVEL & TRANSPORTATION	21,233	29,820	8,586	119,278
OTHER	6,478	2,000	(4,478)	8,281
	64,080	**92,695**	**28,614**	**371,059**
SUPPLIES & EQUIPMENT				
EQUIPMENT	11,017	11,576	559	46,304
OTHER	116,283	137,830	21,547	551,318
	127,299	**149,405**	**22,106**	**597,622**
TOTAL ADMINISTRATION	**457,570**	**592,952**	**135,381**	**2,372,088**
TOTAL OPERATING EXPENDITURES	**8,021,568**	**8,878,243**	**856,675**	**33,077,333**
EXTRAORDINARY LOSS	456,099	13,005	443,095	100,000
NET SURPLUS (DEFICIT)	**(153,855)**	**(680,851)**	**526,996**	**(335,741)**

LONDON & MIDDLESEX COMMUNITY HOUSING

Reimagine Southdale – Q1 2025 Report
FAR-2025- 22

TO: LMCH Finance, Audit and Risk Management Committee

FROM: John Krill, Director Asset Renewal

SUBJECT: Reimagine Southdale – Q1 2025 Report

DATE: May 5, 2025

PURPOSE:
This report is to provide an update to the LMCH Finance, Audit and Risk Management Committee on the Reimagine Southdale project Phase 1 and 2.

RECOMMENDATION:

It is recommended that the LMCH Finance, Audit and Risk Management Committee **RECEIVE** this report for information.

BACKGROUND:

LMCH has been collaborating with the City of London since 2019 to define program requirements for Reimagine Southdale, developing sustainable, comprehensive site regeneration plans to be staged over a multi-year period while minimizing tenant impact.

In March of 2021, LMCH engaged a local Architecture firm to complete concept drawings, concentrating on preliminary design. These drawings were utilized to engage internal and external stakeholders to progress the overall design and project goals. In October of 2021, procurement was completed to secure an Architect for Reimagine Southdale. CGS Architects was selected as the Architect of record for Reimagine Southdale Phase 1.

During the period following the Architectural award, LMCH and its design team worked with the City of London to secure approval of a Zoning Bylaw Amendment and Site Plan Approval Demolition Permit, which allowed a Request for Quotation (RFQ) to be issued in August 2023 to prequalified General Contractors for Phase 1. GC's submitted bids to complete the scope of work for Phase 1 which included: a six-story 53-unit building with community use space over much of the ground floor; multiple 1-, 2-, 3- and 4-bedroom units; 20% barrier-free units; surface parking; landscaping improvements; demolition of 18 existing townhouse units; improvements on 103 townhouse units (new siding, landscaping, hardscape). In October 2023, Jackman Construction was awarded the GC contract for Phase 1 as approved per FAR Staff Report 2023-51.

LONDON & MIDDLESEX COMMUNITY HOUSING

Q1 PROJECT UPDATE:

Phase 1 Construction Progress and Related Updates:

Exterior: Windows and exterior waterproofing membrane installations are complete. Exterior brick installation, siding and fiber cement panels are underway and nearing completion. Curbs and base coat of asphalt are complete.

Interior: Drywall and hallway dropped ceilings are underway on all floors, with the majority of drywalled areas completed and past the final paint stage. Mechanical and electrical major equipment installations and hookups continue in common and utility areas, with the focus now on startup and commissioning/testing, which is in the preliminary planning stages with M&E trades and being led by a commissioning consultant. Unit millwork and fixtures are nearing completion on all floors, with the majority of work to be completed on floors 5 and 6. The finished flooring installation has started at all levels. And finally, elevators are operational.

LMCH has entered into a contract with Power Stream Energy Services (PSE, an Alectra company) for Electrical Sub-Metering services. PSE was selected as the best option for this service with respect to tenant needs and financial impact. Sub-meter installations are nearing completion.

ICC (LMCH's CCTV/Access Control provider) has developed an SOW for CCTV/telecom services on-site. The goal is to ensure the appropriate level of site security, meeting tenant safety needs and enhancing LMCH operating efficiency, providing all the required infrastructure for office staff on site, common area, and exterior site security. Of note, a 2025 capital project is underway for exterior lighting renewal (e.g. light poles or wall packs) and exterior CCTV camera installations across the entire Southdale townhomes site. This project is being led by the Reimagine Southdale Project Manager, ensuring a cohesive tie-in to the new security/lighting infrastructure in all phases of Southdale's regenerated new high-rise buildings.

Arva Appliances was the preferred vendor for the appliances package, and we have issued a PO to Arva, subject to LMCH Terms and Conditions, to supply and install all appliances throughout the Phase 1 building. Delivery of appliances is scheduled for June 15th, and of note, there is currently no tariff impact on pricing as Arva Appliances has held their price. Furniture requirements are currently being assessed for common area and office staff needs, and LMCH has engaged with a local furniture supplier to fulfill these needs.

While the City of London's organic waste disposal and recycling requirements have not been officially released for multi-unit residential buildings at this time, we are taking steps to implement efficient and effective waste disposal, recycling and collection practices.

Jackman Construction is currently on schedule for the new build, having completed 100% of the superstructure, exterior waterproofing, site works, and interior fit-out underway, with 80% of the schedule expired. All indications are that Jackman Construction will achieve substantial completion by June 2025 and occupancy permitting from the City of London approximately 4 to 6 weeks later. Due to structural engineering challenges identified in Q3 2024 (and subsequently rectified), the earlier ahead-of-schedule buffer we enjoyed has been erased, however, the project does remain on schedule. General Contractor handover to LMCH is July 15, 2025, with tenant occupancy occurring by the end of August 2025.

Phase 2 Pre-construction Progress:

LMCH has entered into a contract with CGS Architects as of June 14th, 2024, to complete the Architectural services for Reimagine Southdale Phase 2.

The City of London's Site Plan Approval (SPA) documentation for Phase 2, issued to the City of London earlier, has been approved. Phase 2 Building Permit documentation has been issued to the City, and the Foundation Permit has been approved. Demolition Permit application was issued to the City in early April and we are expecting approval shortly. The 25 townhouse units (22 tenants and 3 LMCH/Partner) slated for demolition have been vacated, and tenant relocations have been completed.

Phase 2 Pre-construction Milestones Schedule:

Milestone	Start Date	Delivery Date
Board Approval of Architect CGS	June 20th 2024	
Zoning Bylaw Amendment	Approved March 2025	
Site Plan Approval documentation to COL	October 21, 2024	April / 25
Additional Funding (CMHC) Application	September / 24	April / 25
Tenants Vacate Townhouses Slated for Demo	July / 24	January / 25
Demolition Permit (25) Units	January / 2025	Received April 2025
Site Plan Approval	October 2024	Received April 2025
Foundation Building Permit	March / 25	Foundation Permit Received April 2025
RFP for General Contractor	April 11 / 25	May 14 / 25 (close)
Board Approval of Phase 2 General Contractor	June 19 / 25	
Phase 2 Construction Start	End of June / 25	

The Phase 2 Milestones Schedule is estimated and based upon the timing experienced in Phase 1. The Project Team continues to work closely with City of London staff to streamline the permits process to secure all approvals expeditiously. To also expedite the Phase 2 pre-construction schedule, LMCH has removed from the Phase 2 General Contractor RFP – the pre-qualification of sub-contractor components that were present in the Phase 1 RRP, going straight to market as a result. This has the added benefit of a potentially lower overall GC cost for Phase 2 as the successful GC will have their own experienced subcontractors to bring to the project.

TENANT IMPACT:

Early on, LMCH recognized that consistent tenant communication and engagement are crucial throughout this regeneration project. To support this, LMCH created a communication strategy and plan to guide key messaging, engage with tenants, and gather feedback for the project. Important elements of the plan are grounded in the goals of the project. Key audiences have been identified and community engagement to gather feedback is ongoing. Notices are issued regularly to tenant mailboxes to keep the information pipeline current.

LMCH has made a clear commitment to the residents of the Southdale community to support each family impacted by regeneration. Fair and effective tenant relocation and resettlement consider the special circumstances of each household impacted by the Reimagine Southdale project. This commitment – delivered successfully in Phase 1 – is continuing in Phase 2 as we relocate tenants/families from the 22 affected townhouse units to other LMCH accommodations (see Phase 2 Pre-construction Progress above).

Additionally, the basketball court currently located on the Phase 2 site will be part of the demolition plan this Spring. This has been reflected in the development renderings shared with tenants, however, we will be formally communicating this to our tenants in Q1 prior to demolition commencing in Q2. As the current plan has the potential of no basketball court availability for possibly longer than 20 months, we are investigating interim solutions and will report back to the FAR Committee on our findings and potential recommendations.

Finally, to ensure all Southdale residents experience increased tenant satisfaction derived from new and better home surroundings – whether a tenant will reside in new buildings or remain in existing townhouses – the Reimagine Southdale project includes exterior improvements across the entire development, such as new siding, renewed landscaping and upgrades to hardscape areas.

FINANCIAL IMPACT:

On January 26, 2023, the City of London approved the 2023 Budget Amendment #P-9 allocating $30M to LMCH to start the LMCH Regeneration plan/process of which Phase 1 of Reimagine Southdale is a key first new construction step. Total projected spend for Phase 1 construction is budgeted at just over $29m but this includes development charges that have been waived and contingencies that will not likely be expended.

The result is LMCH expects in the range of $3m available for further regeneration (e.g. seed monies) following completion of Phase 1 Reimagine Southdale.

At the end of March 2025, total Phase 1 project spending is approximately **77%** of the budget. The majority of this expenditure has been for GC construction costs, which are at the end of March 2025, approximately **80%** of the budget (noting that there is about a 60-day lag between a GC's scheduled work completion and expenditure for this completed work). This pattern of expenditure meets expectations for a project of this size at 100% superstructure complete and **80%** of the timeline expired, indicating no risk to schedule or future budgeted expenditures.

Phase 1 - Construction Budget Status to end of March 2025:

DESCRIPTION	PHASE 1 Budget	Billed to Date (March 31/2025)	Remaining	Notes
Soft Cost - CGS - Prime Architect and sub consultants	$ 1,117,000.38	$ 1,023,604.50	$ 93,395.88	
Soft Cost - Consultants and LMCH Salary's	$ 857,962.16	$ 830,962.56	$ 26,999.60	
COL Planning and Permit Fees	$ 1,268,441.42	$ 74,693.00	$ 1,193,748.42	$1,193,748.42 - Remaining Development fee (This has been waived, but is included in this budget)
Expeditures prior to March 2021 (Prior to SR Start Date at LMCH)	$ 292,228.00	$ 292,228.00	$ -	
Construction Cost (GC) new build and renovations	$ 23,804,400.00	$ 19,032,635.32	$ 4,771,764.68	Holdback amount of $1,903,263.53
Contingency Construction (Change Orders)	$ 1,190,220.00	$ 401,608.26	$ 788,611.74	As of March 31, 2025
Effective HST - 1.7602%	$ 419,005.05	$ 335,012.45	$ 83,992.60	1.76% of Jackman invoiced to date
LMCH - Inspection and Testing Allowance	$ 100,000.00	$ 59,704.12	$ 40,295.88	LMCH inspections over and above contract Insp. & Testing allowance
FFE - Appliances	$ 160,000.00	$ 32,000.00	$ 128,000.00	Deposit
FFE - Furniture, desks, chairs, tables	$ 40,000.00	$ -	$ 40,000.00	
Printing, presentation rendering, banners, animations	$ 10,000.00	$ 4,567.00	$ 5,433.00	
Debris Removal	$ 10,000.00	$ 4,221.66	$ 5,778.34	
Ross Towing	$ 5,000.00	$ 3,300.20	$ 1,699.80	
Ground Breaking Phase 1	$ 7,000.00	$ 6,460.98	$ 539.02	
Enbridge Savings by Design	-$ 50,000.00		-$ 50,000.00	Credit
CMHC - Seed Funding	-$ 103,000.00		-$ 103,000.00	Credit
COL Civil Security Deposit made	$ 370,815.00	$ 370,815.00	$ -	check issued prior to Ph1 construction; not reflected in original budget
COL Civil Security Deposit returned	-$ 370,815.00		-$ 370,815.00	security deposit returned post construction
Total	**$ 29,128,257.01**	**$ 22,471,813.05**	**$ 6,656,443.96**	

Change Orders to the end of March 2025:

Change Order No.	Amount
01	$21,585.84
02	$ 4,375.92
03	$ 5,789.61
04	$43,535.60 (Credit)
05	$14,304.82
06	$4,187.00 (Credit)
07	$5,861.23
08	$280,686.38 (Credit)
09	$15,017.87
10	$9,766.29

11	$278.50 (Credit)
12	$ 58,541.47
13	$ 2,312.92
14	$ 17,692.00
15	$ 8,214.84
16	$ 14,820.51
17	$ 11,942.99
18	$ 318.61
19	$ 67,626.94
20	$281,619.77
21	$ 26,551.89
22	$ 25,853.42
23	$ 50,372.05
24	$ 7,287.31
25	$ 80,439.44
Total Change Orders to end of March / 25	$401,608.26
Total Construction Value (Jackman Construction)	$23,804,400.00
GC Invoiced to Contract to end of March / 25	$19,186, 564.70

The value of additional change orders expected for the remainder of the project does not represent a risk of exceeding the $1.19M total in contingencies budgeted for Phase 1.

PREPARED and SUBMITTED BY:	STAFF CONTACT:
John Krill Director, Asset Renewal	Scott Robertson Construction Project Manager (Reimagine Southdale)

LONDON & MIDDLESEX COMMUNITY HOUSING

CMHC – Q1 2025 Report
FAR-2025- 23

TO: LMCH Finance, Audit and Risk Management Committee

FROM: John Krill, Director Asset Renewal

SUBJECT: CMHC – Q1 2025 Report

DATE: May 5, 2025

PURPOSE:

This report is to provide an update to the LMCH Finance, Audit and Risk Management Committee on the CMHC Program, and the status of key projects with the allocated budgets representing the secured funding of $40,136,090 through CMHC.

RECOMMENDATION:

It is recommended that the LMCH Finance, Audit and Risk Management Committee RECEIVE this report for information only.

BACKGROUND:

In 2019, LMCH collaborated with CMHC to define projects meeting the CMHC requirements under the Renovation, Repair, and Renew funding program. The program developed by LMCH team members followed the guidelines of the National Housing Co-Investment Fund "Minimum Environmental & Accessibility Requirements – Repairs and Renewals". The program requirements included: increasing accessibility in common areas and retrofitting 20% of the total number of units in any building within the program to meet interior accessibility criteria, while also achieving 25% energy savings and GHG reductions by year-end 2027.

On February 25, 2021, CMHC confirmed that the documentation provided by LMCH met the requirements for funding. The City of London (COL), expressing its commitment to the program, agreed to act as guarantor on June 16, 2021.

On November 25, 2021, LMCH and COL executed a loan agreement with CMHC for $40,136,090. This funding consists of a $15,533,989 forgivable loan and a $24,602,101 repayable loan with the COL as guarantor for $37,000,000.

Q1-25 PROJECTS UPDATE:

Project funding is expended within three broad categories: Energy, Accessibility, and Site Improvements. Updates are provided within these categories. Although some projects overlap categories, updates are given within the category projects are most impactful.

Energy

1) Energy Management System: In previous report submissions, the challenges of installing a new energy management system (Demtroys) at the 580 Dundas site were outlined. In place of this system (successfully installed at 7 other high-rise buildings within the LMCH portfolio), LMCH will develop an RFP for the replacement of defective control valves at all Dundas units' heaters, with anticipated construction activities to commence in Q3 2025. Additionally, LMCH is currently evaluating "hydronic radiator reflector panel installations" in conjunction with Enbridge via an incentive subsidy program. Such a program, coupled with radiator deep cleaning at Dundas and all other hydronic heated high-rise buildings within the CMHC program, has the potential to add significantly to the CMHC program energy savings (requiring 25% reduction in energy use and carbon emissions) we are pursuing to ensure compliance with the program's targets.

To that end, LMCH has received a proposal (Appendix A) from Pratus Group to study and confirm current energy savings achieved within the program and to recommend solutions in pursuit of additional energy savings. An example of one of Pratus's recommendations is to install air source heat pumps (ASHP) at select sites with solution costs to be detailed as part of their study. The table below is a preliminary evaluation, by LMCH staff – of Pratus's initial proposal and indicates that LMCH has to date achieved 11.9% energy savings on average, or 17% energy savings weighted by unit count (the latter being the portfolio's key performance indicator). With more than 2-1/2 years remaining in the program to achieve the 25% target, LMCH needs to implement additional energy savings initiatives totaling 8% (17% + 8% = 25%). To that end, LMCH has approved a contract award to the Pratus Group to formalize the energy savings and solutions study, with a Q3 2025 deliverable. As shown in the table below, the solutions proposed by Pratus focusing on ASHP installations alone will add up to 9.4% additional energy savings to the already achieved 17% savings. Given this, there is minimal risk of LMCH not achieving the energy savings targets required by the CMHC program, provided that the Pratus Group recommendation is acted upon expeditiously.

Site	units	energy savings in 2024 (vs 2021 benchmark)	target	remaining energy savings to deliver by 2027 (based on non-weighted 2024 energy savings)	weighted energy savings in 2024 (vs 2021 benchmark)	proposed solutions to implement over period 2025-2027			energy savings target met (0%) or exceeded (+ve) or not met (-ve) via proposed solutions	weighted energy savings target met (0%) or exceeded (+ve) or not met (-ve) via proposed solutions
						estimated energy savings	solution specitics	costs (TBD)		
McNay	252	0.0%	25.0%	25.0%	0.0%	25.0%	ASHP		0.0%	0.0%
345 Wharncliffe	145	11.6%	25.0%	13.4%	1682.0%	25.0%	ASHP		11.6%	1682.0%
349 Wharncliffe	145	10.3%	25.0%	14.7%	1493.5%	25.0%	ASHP		10.3%	1493.5%
Walnut	232	7.9%	25.0%	17.1%	1832.8%	35.0%	ASHP		17.9%	4152.8%
Simcoe	217	10.0%	25.0%	15.0%	2170.0%	30.0%	ASHP		15.0%	3255.0%
30 Baseline	251	25.2%	25.0%	-0.2%	6325.2%		no reco		0.2%	50.2%
Kent	212	0.0%	25.0%	25.0%	0.0%	25.0%	ASHP		0.0%	0.0%
Dundas	151	0.0%	25.0%	25.0%	0.0%	25.0%	ASHP		0.0%	0.0%
Family Sites	544	42.5%	25.0%	-17.5%	23120.0%		no reco since replacing 85%eff with 96%eff FAF gives 12.5% savings PLUS replacing single pane windows with double pane argon filled low-e coating windows gives 30% savings		17.5%	9520.0%
totals =	2149	11.9%	= average =	13.1%	17.0%			average =	8.1%	9.4%

2) General Planned Upcoming Projects: Over the next 2 years, LMCH will continue to focus on energy and conservation measures to achieve our 25% target as part of the CMHC program. In addition to the already mentioned potential ASHP solution, LMCH is evaluating replacing rental hot water tanks with tankless, possible upgrades to MUA units with supplemental heat pumps, building envelope and automation studies and the availability of rebates for these and various other projects.

Bathroom fixture replacements originally scheduled for 2025/2026 are under further review as the work required to complete may not have a significant impact to energy targets. Budget reallocation for this work may be of greater value toward the potential initiatives that will be outlined and costed in the Pratus study.

In 2026, rental hot water tanks will be replaced across all CMHC-designated family sites (Boullee, Huron, Marconi, Allan Rush and Pond Mills as part of the CMHC program, and Limberlost and Southdale). Initial project startup discussions are occurring with various vendors to quantify costs and product specifications (e.g. tankless or hybrid heat pump). Tender for this work will be in Q1 2026.

Accessibility

1) Kitchen Retrofits: Lounge/community kitchen layouts and the required scope of work to make them more accessible have been reviewed and finalized. We are currently in the process of retaining contractor(s) to commence work in the summer when lounges have fewer partner programs.

2) In Suite Barrier Free Modifications: The efficiencies built into the unit modifications program coupled with an increase in highly vetted and reliable sub-contractors, has had a significant impact on the amount and pace of units modified as shown in the table below.

Units Completed Each Quarter														
2024	Q1	Q2	Q3	Q4	2025	Q1	Q2	Q3	Q4	2026	Q1	Q2	Q3	Q4
Total	2	1	20	43	Total	67	0	0	0	Total	0	0	0	0
Avg/Month	0.7	0.3	6.7	14.3	Avg/Month	22.3	0.0	0.0	0.0	Avg/Month	0.0	0.0	0.0	0.0

Following is a summary of key considerations and relevant points per the CMHC accessibility program for each hi-rise building site shown:

- Seniors Buildings → McNay, Kent, Walnut and Baseline: inventory to retrofit units has been slow in 2025, with only a total of 25 units becoming available in Q1 2025; 11 units have been completed within the quarter, and the majority of the remaining units will be completed by April month end.
- 345 & 349 Wharncliffe: Previously noted as slightly behind; 345 & 349 Wharncliffe are on track to meet the confirmed target of 51 units by the end of 2025.
- Dundas: Target met. The CMHC retrofit program at Dundas has been completed.
- Simcoe: 14 units have been completed so far in 2025; an additional 8 units to be returned to Operations by April month end, with the completion of all units expected by June, meeting the CMHC target of 35 units.

Finally, the table below gives a summary by site of the speed or rate of completion of unit modifications (within the quarter), from the date they are taken on by the CMHC program to the date they are returned to inventory ready for rental. Anticipated time of completion and the actual completion time can vary considerably across various building locations. This is a function of sub-contractor capabilities, working environment and supply logistics to name a few. LMCH monitors these performance characteristics and takes the appropriate actions to shorten completion time frames when and where possible.

Property	Q1/25 Average Elapsed Time to Anticipated Completion Date in weeks	Q1/25 Average Elapsed Time to Actual Completion Date in weeks	Total Units Taken Q1/25	Total Units Completed Q1/25	Total Units in Construction Q1I/25
Baseline	12 (18)	14 (32)	9 (11)	5 (6)	13 (5)
Dundas	n/a (15)	n/a (19)	n/a (20)	n/a (20)	n/a (0)
Kent	12 (20)	16 (n/a)	2 (12)	11 (0)	2 (12)
McNay	12 (23)	13 (29)	5 (20)	3 (13)	2 (7)
Simcoe	13 (17)	19 (20)	11 (16)	14 (12)	11 (4)
Walnut	7 (30)	6 (24)	7 (34)	15 (19)	3 (15)
345 Wharncliffe	12 (37)	12 (51)	1 (20)	3 (15)	0 (5)
349 Wharncliffe	7 (11)	7 (33)	7 (13)	4 (9)	6 (4)

Note: previous to-date performance shown in brackets

Property	241 Simcoe	30 Base Line	202 McNay	85 Walnut	170 Kent	345 & 349 Wharncliffe	580 Dundas	Total	
Total Unit Modifications Committed to the CMHC Program	35	82	88	75	65	51	20	416	1
Confirmed Completed in 2023	0	2	1	6	0	5	0	14	2
Confirmed Completed in 2024	0	4	11	13	0	19	19	66	3
Confirmed Completed in 2025	14	5	11	16	11	9	1	70	4
Target for 2025	35	38	38	34	33	27	0	205	5
Total Completed to Date	14	11	23	35	11	33	20	147	6 = 1 + 2 + 3
Total Units Currently Under Construction in 2025	21	13	5	3	4	7	0	53	7
Total Units Remaining to Meet CMHC Commitment	0	58	60	37	50	11	0	216	8 = 1 – (6 + 7)

The table above details the performance to-date as LMCH works towards meeting CMHC program commitments. Trending indicates no risk to meeting unit modification for accessibility targets.

3) General Planned Upcoming Projects: Five accessibility projects are planned (or are to be completed) by 2026.

Completion of accessible picnic tables and bench installations throughout all CMHC-designated high-rise properties has carried into 2025. A refresh of high-rise laundry rooms to address accessibility requirements to coincide with the new laundry room equipment lease is currently underway and will be completed in Q2 2025. Signage specifications and an audit of door hardware and fire door compliance throughout all CMHC-designated high-rises (e.g. lever handles and accessible sidelights) will occur over 2025. Tender execution for high-rise signage is scheduled for Q2 2025.
A garbage chute accessibility audit will also occur at all these sites, planned for 2026.

Site Improvements

All high-rises and family sites have had either partial or full parking lot pavement, curb or sidewalk replacement projects completed. At 241 Simcoe, final edits of construction specifications are currently being prepared for phase 2 work, which includes the back parking lot area that was not initially included in phase 2. There has been significant deterioration in this area over the winter, which is why it is being included now.

TENANT IMPACT:

Tenant impact varies from project to project. However, every precaution is taken to provide ample information and notice to tenants beforehand. For example, notices of projects are sent to tenants 60 days in advance to provide information on the general impact, anticipated disruptions, and the scope of the project. As the project commencement ramps up, updates are provided to the tenants. For more complex projects, information sessions may be held to provide one-on-one details of the project.

Also, tenants are provided with contact details to ask any questions via email.

FINANCIAL IMPACT:

LMCH continues to complete monthly draw down submissions to CMHC, with funding response within 10 working days of receipt. This change which was reported in the previous quarterly update is to provide contractor payments within the 29 day guidelines set by the CCDC contracts, and to ensure appropriate cash flow within LMCH.

CMHC Draw Down Status at the end of Q1-25:

Draws 1 – 23 Received	Repayable 61%	$10,180,288
	Forgivable 39%	$6,508,709
Total		**$16,688,997**

LEGAL IMPACT / RISK MANAGEMENT:

1) To mitigate additional costs for breaking the leasing agreement, rental hot water heater replacements have been moved to 2026/27.
2) All tender responses for construction projects require the submission of WSIB, insurance and any relevant certificates. Projects are reviewed individually for surety and bonding requirements.
3) Updated project specific abatement plans prepared by Pinchin are included in tender requests.
4) Excess soils regulation 406/19 came into effect in January 2023. Under this regulation soil testing can be required for the dumping of "excess soils" when completing excavation works. Due to the large volume of paving works occurring, awareness of additional costs from soil contamination is raised and mitigation steps are taken as necessary and where possible.

PREPARED and SUBMITTED BY:	STAFF CONTACT:
John Krill Director, Asset Renewal	Wendy Groves Construction and Project Manager (CMHC Program)

ATTACHMENTS:

Appendix A – Pratus Group Proposal "LMCH Program Overview – Energy Modelling Report and M&V Data Review"

LMCH Program Overview

Energy Modelling Report and M&V Data Review

Prepared for: London Middlesex Community Housing

Project No.: PR-25-028

Document Revision: **v1.0**

Pratus Group

March 25, 2025

Table of Contents

List of Appendices

1. Executive Summary

London and Middlesex Community Housing (LMCH) manages thirteen (13) sites that have previously been assessed for energy and carbon retrofits. As part of a funding initiative with the Canada Mortgage and Housing Corporation (CMHC), LMCH has committed to a portfolio wide **25% reduction** in energy use and carbon emissions for each site. While several retrofits under this program have been completed, the measurement and verification (M&V) data suggests that the targeted savings are not being achieved.

Pratus Group has been retained to review the energy modelling completed to date, M&V data, and planned retrofits for each site to verify the performance of the projects against the 25% energy and carbon reduction targets as per the CHMC program.

Based on the initial review of all available documents and reports for each property, it appears that most sites are currently not meeting the required energy and carbon targets. Additionally, the M&V reports developed by Demtroys, dated March 12th, 2025, only account for savings related to electric energy use for space heating for most sites. However, the CMHC targets apply to the entire site, including both electricity and natural gas for all energy uses. As such, these reports are not reliable for assessing CMHC energy and GHG compliance. In light of this, the following scopes are proposed to meet the CMHC targets as required:

Table 1-1: Proposed Scope for LMCH Properties

Building Type	Site	Proposed Scope	Priority	Proposed Fees
High Rise – Multi-Unit Residential	202 McNay	• Benchmark M&V • Deep Energy Study	High	$18,500
	345 Wharncliffe Rd. N.	• Benchmark M&V • Site visits and investigation	High	$6,500
	349 Wharncliffe Rd. N.		High	$6,500
	85 Walnut		High	$6,500
	241 Simcoe		High	$6,500
	30 Baseline		Low	$6,500
	170 Kent		High	$6,500
	580 Dundas		High	$6,500
Town Homes & Semi-Detached	Allan Rush Gardens	• Incentive Assistance	Moderate	$25,000
	Marconi Blvd.			
	Huron St.			
	Boullee St.			
	Pond Mills Rd			

Funding opportunities such as the SaveOn Energy lead by Independent Electricity System Operator (IESO) and EnergySPRING, lead by Sustainable Buildings Canada (SBC) programs are applicable to the deep energy retrofits recommended for the properties noted above, should they be pursued.

If LMCH agrees to move forward with the proposed work, Pratus estimates that it will take approximately three months to complete all tasks. The individual results and reports for each site will be issued as they are completed and sites marked as high priority will be pursued first.

2. Project Background

London and Middlesex Community Housing (LMCH) manages thirteen (13) sites that have previously been assessed for energy and carbon retrofits. As part of a funding initiative with the Canada Mortgage and Housing Corporation (CMHC), LMCH has committed to a 25% reduction in energy use and carbon emissions for each site.

While several retrofits under this program have been completed, the measurement and verification (M&V) data suggests that the targeted savings are not being achieved. Some retrofits have yet to be initiated and may require substantial capital investments, however, given the M&V data on energy and carbon reductions, it is uncertain whether these retrofits will help achieve the desired results. Additionally, the M&V reports developed by Demtroys, dated March 12th, 2025, only account for savings related to electric energy use for space heating for most sites. However, the CMHC targets apply to the entire site, including both electricity and natural gas for all energy uses. As such, these reports are not reliable for assessing CMHC energy and GHG compliance.

Table 2-1 summarizes each of the sites on the property list, their current retrofit status within this program.

Table 2-1: Current Property List and Retrofit Status

Building Type	Site	# of Floors	Total Units	*Retrofit Status
High Rise – Multi-Unit Residential	202 McNay	11	252	Completed
	345 Wharncliffe Rd. N.	8	145	Completed
	349 Wharncliffe Rd. N.	8	145	Completed
	85 Walnut	14	232	Completed
	241 Simcoe	12	217	Completed
	30 Baseline	10	251	Completed
	170 Kent	12	212	Completed
	580 Dundas	9	150	**Under Review
Town Homes & Semi-Detached	Allan Rush Gardens	-	100	Under Review
	Marconi Blvd.		51	Under Review
	Huron St.		110	Under Review
	Boullee St.		136	Under Review
	Pond Mills Rd		81	Under Review

***Retrofits at all locations are completed with the exception of fixture replacements which are under review*
***Alternative solutions to thermostat installs are being investigated for this site*

2.1. Project Goal

The CHMC energy and carbon emission reduction targets for the CHMC program are outlined in **Table 2-2**.

Table 2-2: CHMC Funding Program Retrofit Targets

Performance Metric	Target
Energy Consumption	25% or greater than benchmark year
Greenhouse Gas Emissions	25% or greater than benchmark year

3. Future Scopes and Recommendations

3.1. Energy Modelling and Investigation Work

Table 3-1 outlines the future scopes that will be proposed to achieve the 25% energy and carbon reduction targets. Additional tailored solutions will be proposed, as applicable. Post M&V support and recommissioning of systems in both the planning and investigation, and implementation phases may also be recommended as required. Detailed scopes of work are provided in **Appendix A.**

Table 3-1: Scope Descriptions

Scope	Scope Description
Site Visits and Investigations	Conduct site visits and investigations to identify operational issues, verify effectiveness of installed energy saving measures and document issues or gaps in completed retrofits. This process will also identify and quantify additional energy saving opportunities and additional energy audits can be performed if needed.
Deep Energy Study	Perform deep energy studies which include creating updated energy models using current building data, including retrofits, to set a baseline performance. Alternative and additional energy saving measures can be modeled to determine the most cost-effective and feasible way to achieve the 25% reduction targets.
Incentive Assistance	Assist with coordinating and applying incentives for heat pumps and other energy efficiency retrofits
Measurement and Verification Analysis (M&V)	Perform measurement and verification analysis using the utility bills for each site to verify the current performance and quantify energy and GHG savings.

3.2. Recommendations

Pratus Group has completed a review of the existing energy modelling report, and M&V data completed to date and reviewed the planned retrofits for each site to verify the performance of the projects against the 25% energy and carbon reduction targets as per the CHMC program. **Table 3-2** outlines the proposed scopes for each property, based on the performance determined in the analysis. Detailed commentary on the analysis can be found in **Appendix B**.

Table 3-2: Proposed Scope for LMCH Properties

Building Type	Site	Proposed Scope	Priority	Proposed Fees
High Rise – Multi-Unit Residential	202 McNay	• Benchmark M&V • Deep Energy Study	**High**	$18,500
	345 Wharncliffe Rd. N.	• Benchmark M&V • Site visits and investigation	**High**	$6,500
	349 Wharncliffe Rd. N.		**High**	$6,500
	85 Walnut		**High**	$6,500
	241 Simcoe		**High**	$6,500
	30 Baseline		**Low**	$6,500
	170 Kent		**High**	$6,500
	580 Dundas		**High**	$6,500
Town Homes & Semi-Detached	Allan Rush Gardens	• Incentive Assistance	**Moderate**	$25,000
	Marconi Blvd.			
	Huron St.			
	Boullee St.			
	Pond Mills Rd			

Since all the buildings are similar, deep energy study is only recommended for one building. The results can be extrapolated for each building. For the townhomes, the installation of heat pumps for space heating is highly recommended. This retrofit of the heating mechanical system will most likely result in exceeding the required 25% savings in energy and GHG emissions across the portfolio.

The above scope of work excludes these services:

- Incentive application and coordination for high rises
- Re-commissioning of BAS systems and Air Handing Units
- Active support during retrofit
- Post Retrofit Measurement and Verification Analysis

If LMCH agrees to move forward with the proposed work, Pratus estimates that it will take approximately three months to complete all tasks. The individual results and reports for each site will be issued as they are completed and sites marked as high priority will be pursued first.

4. Funding Opportunities

The following funding options are available for projects which are looking to retrofit their existing buildings.

4.1. SaveOn Energy – Retrofit Program

The SaveOn Energy – Retrofit Program is a green building initiative administered by SaveOn Energy; an energy-efficiency program offered by Independent Electricity System Operator (IESO). The Retrofit Program is available to owners of commercial spaces, industrial facilities, municipal buildings, multi-unit residential buildings, and agricultural facilities that provide sustainable, measurable and verifiable reductions in peak electricity demand and electricity consumption.

LMCH's multi-unit residential properties would be eligible for the SaveOn Energy-Retrofit Program. The Program includes a prescriptive steam and a custom stream.

The prescriptive steam offers up to 50% of eligible project costs for targeted energy efficiency retrofits including, but not limited to, the following:

- Lighting improvements
- HVAC re-designs (air-conditioners, chillers, and heat pumps upgrades, and fan motor and HVAC control updates etc.)
- Greenhouse initiatives
- Solar photovoltaic distributed energy resources
- Industrial energy management information systems

The custom stream offers up to 50% of eligible project costs for larger, more complex energy-efficiency retrofits. This stream aims to capture a wider range of projects based on operating conditions with a greater incentive amount. This stream is catered more towards commercial and industrial facilities.

Based on the verified energy performance of the building once constructed, the Participant is eligible to receive financial incentives. More information can be found here: Retrofit Program | Business and Industry incentives | Save on Energy

4.2. EnergySPRING

EnergySPRING is a new 3-year market transportation program that is funded by NRCan-funded and lead by Sustainable Buildings Canada (SBC). The program collaborates with Social Housing Providers and Indigenous Communities to provide resources to accelerate and scale deep-energy retrofits. This initiative is applicable to affordable low-rise affordable rental homes in Ontario.

At this stage, the program is interested in finding affordable housing providers with similar buildings that would create a basis for a feasibility study for incorporating an overcladding system into a retrofit design. The study would include an Integrated Design Process (IDP) charette. The charette would include building envelope specialists, HVCA designers, wall panel manufacturers and other stakeholders.

More information can be found here: https://sbcanada.org/energyspring/

5. Next Steps & Conclusion

The Pratus team has completed an initial review of all sites and has outlined recommended next steps and scopes for each location, aimed at helping achieve the CMHC targets. These recommendations are tailored to the specific conditions of each site, based on the work already completed and the current energy and GHG performance.

If LMCH agrees to proceed with the proposed actions, Pratus estimates a timeline of approximately three months to complete all tasks. Results and reports for each site will be delivered as they are finalized, with high-priority sites being addressed first.

We trust the foregoing provides the information required at this time. Please do not hesitate to contact the undersigned with any questions or comments.

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Appendix A

Scopes of Work

Appendix A. Scopes of Work

Energy Modelling and Investigation Scopes

Site Visits and Investigations:

- Conduct site visits at individual properties to assess existing conditions, identify operational issues and verify effectiveness of installed energy-saving measures
- Document issues or gaps in completed retrofits that may be limiting energy savings (equipment malfunctions, improper installation, ineffective measures etc.)
- Identify and quantify additional energy saving opportunities using energy analysis platforms
- Perform further energy audits, if needed, to validate current consumption patterns and uncover additional opportunities for energy efficiency improvements

Deep Energy Study:

- Create updated energy models using latest building data, current retrofit projects and potential new energy-saving measures
- Explore and model a range of alternative energy-saving solutions to help meet the 25% reduction target, while considering cost-effectiveness and feasibility
- Collaborate with LMCH's mechanical and electrical contractors to evaluate the feasibility of proposed revised measures
- Incorporate contractor's insights on technical challenges, timelines and local conditions that could affect implementation in final report and plan

Measurement and Verification Analysis (M&V):

- Conduct M&V analysis for the sites to achieve a starting benchmark for all high rises using the utility bills for the last 4 years.
- Quantify actual energy and GHG savings for each site
- Provide a report summarizing the finding of the analysis

Incentive Assistance:

- Determine incentives applicable for the project for energy conservation measures
- Assist in coordinating and applying for the incentives

Recommissioning of Systems

Planning and Investigation Phase – comprehensive review and analysis of building systems:

- Developing a Current Facilities Requirement (CFR) document
- Conducting a thorough review of building documentation and running trend analysis (if applicable) and system monitoring to assess operational patterns
- Performing additional staff interviews to gather insights on operational challenges
- Carrying out deeper field inspections and functional testing to verify system performance
- Evaluate the feasibility of recommissioning existing systems (e.g., HVAC, lighting, and building automation)

- to optimize their performance
- Documenting findings and develop a Facilities Improvement Measures (FIM) list while estimating
- implementation costs
- Reviewing results with the owner and selecting key findings for implementation
- Updating the Existing Building Commissioning (EBCx) plan to guide the next phase of work

Implementation Phase – Focuses on addressing the identified issues and optimizing system performance:

- Completing further investigations and coordinating with engaged subcontractors as needed
- Implementing owner selected FIMs from the recommendations to improve energy efficiency and
- operations
- Verifying the performance of Energy Conservation Measures (ECMs) and Facility Improvement Measures
- (FIMs)
- Ensuring system adjustments are properly documented and ready for evaluation

Post M&V Support:

- Conduct M&V analysis for each site and provide a report summarizing the findings
- If energy-saving targets are not being met, identify potential causes and recommend solutions to address and resolve these issues

Appendix B

Detailed Site Reviews

Appendix B. Detailed Site Review

202 McNay

The following documents were reviews for the 202 McNay Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence
- Energy Savings Measurement and Verification Savings Report – Year 3 by Demtroys

Table B-1 summarizes the current building data for the 202 McNay multi-unit residential building:

Table B-1– Building Information for 202 McNay

General	
Building Name and Address	202 McNay St, London, Ontario
Floor Area	14,686 m²
Building Envelope	
Walls	Unclear from drawings but assumed at 6" brick with parging and 1.5" rigid insulation (R-6.9 ft²·°F·h/BTU), drywall. Clear value of R-8.1 ft²·°F·h/BTU. Wall derated to R-3.8 ft²·°F·h/BTU to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, 1" rigid insulation. R-5.4 ft²·°F·h/BTU effective.
Windows	Windows and doors replaced in 2010 with double-pane argon filled windows, U-0.38 BTU/ft²°F assumed performance.
Internal Loads	
Lighting	There are approximately 303 surface fixtures (1x4) with 28 watt T5 fluorescent lamp and 6 recessed fixtures (2x2) with 28 watt T8 fluorescent U-shape lamps.. The fixtures are located in the underground, common areas, corridors, emergency exit stairwells and lobby. Residential unit pot lights have been changed to LED. The exterior lighting includes Metal Halide (MH) 400 watt (quantity of 7) which has been controlled by photocells.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft² for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features a packaged Air Handling Unit (AHU) with gas heating, supplying fresh air to all corridors. The primary heating source is electric baseboard heaters, installed in residential units, common areas, and corridors.
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	Ventilation air is provided by a rooftop make-up air (MUA) unit with one (1) supply fan providing 13,500 cfm of fresh air. The supply fans is rated at 15hp. The MUA unit has a burner efficiency of 80% and the supply fan is not equipped with a VFD.
Domestic Hot Water	Domestic hot water is supplied by two identical high-efficiency gas-fired condensing boilers, (2) Viessmann condensing type. These boilers are dedicated solely to domestic hot water production. The DHW system is a once thru system (i.e. no recirculation pump). The efficiency is 96%.

The following retrofits were completed at the property:

- EMS Thermostats installed in 2023
- VFDs - 1 installed with programmable clock in 2022/2023
- 150 fridges replaced in 2024
- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

The M&V data shows for 202 McNay is currently showing no savings as compared to the baseline year. It is unclear whether this is a measurement error or other factors are contributing to this. The most significant measure at this site is the installation of EMS Thermostat installed in 2023. This measure does not address the efficiency of equipment, and it is typical not recommended for the following reasons:

- In rental buildings, tenants often have little financial incentive to adjust thermostats for efficiency, especially if utilities are included in rent. Some occupants may leave windows open while heating runs, negating potential savings.
- If thermostat setbacks are applied aggressively, residents may use supplementary electric heating (e.g., space heaters) or cooling methods, which can increase total energy use rather than reduce it.

Further measures which address efficiency of equipment are recommended below.

The measurement and verification report appears to only address electrical energy consumption. Based on the implemented measures, specifically the VFD installation on the ventilation units, natural gas savings are also expected. Further investigation of the natural gas bills is required to quantify the natural gas savings and associated natural gas savings.

Based on the performance outlined above, the following scope of work is proposed at this property to achieve the 25% energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Deep Energy Study: Perform deep energy study which includes creating updated energy model using current building data, including retrofits, to set a baseline performance. Alternative and additional energy saving measures can be modeled to determine the most cost-effective and feasible way to achieve the 25% reduction targets.

Based on our initial analysis, our recommendations are as follows:

- Replace corridor ventilation units with Air-Source Heat Pump (ASHP) unit with gas back-up. Unit to have natural gas back-up to address heating capacity in low ambient temperature conditions. The current estimate of the energy associated with the AHU is 56% of the natural gas use. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 25%+.
- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC

system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.

- Investigation and re-commissioning of the thermostat controls system
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is set at 25°C. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

345 Wharncliffe Rd. N.

The following documents were reviews for the 345 Wharncliffe Road North Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence
- Energy Savings Measurement and Verification Savings Report – Year 3 by Demtroys

Table B-2 summarizes the current building data for the 345 Wharncliffe Rd. N. multi-unit residential building:

Table B-2 – Building Information for 345 Wharncliffe Rd. N.

General	
Building Name and Address	345 Wharncliffe Rd. N., London, Ontario
Floor Area	87,896 ft^2
Building Envelope	
Walls	4" concrete block, 1.5" rigid insulation (R-6.9 $ft^2 \cdot °F \cdot h/BTU$), 4" concrete block, drywall. Clear value of R-6.7 $ft^2 \cdot °F \cdot h/BTU$. Wall derated to R-3.1 $ft^2 \cdot °F \cdot h/BTU$ to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, 1" rigid insulation on steel deck. R-5.5 $ft^2 \cdot °F \cdot h/BTU$ effective.
Windows	It is assumed that windows and doors have been replaced with double-pane argon filled windows, U-0.38 $BTU/ft^2°F$ assumed performance.
Internal Loads	
Lighting	Existing lighting consists primarily of linear fluorescent tubes and LED.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft^2 for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features a packaged Air Handling Unit (AHU) with gas heating, supplying fresh air to all corridors. The primary heating source is electric baseboard heaters, installed in residential units, common areas, and corridors.
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	Ventilation air is provided by a rooftop make-up air (MUA) unit with two (2) supply fans providing 10,875 cfm of fresh air each. The supply fans are each rated at 15hp. The MUA unit has a burner efficiency of 85% and each supply fan is equipped with a VFD. The information indicates that the unit is equipped with Heat Recovery (HRV).
Domestic Hot Water	Domestic hot water is supplied by two identical high-efficiency gas-fired condensing boilers, (2) Viessmann Vitocressal 300 condensing type. These boilers are dedicated solely to domestic hot water production. The DHW system is a once thru system (i.e. no recirculation pump). The efficiency is 96%.

The following retrofits were completed at the property:

- EMS Thermostats installed in 2023
- VFDs - 3 installed with programmable clock in 2022/2023
- 111 fridges replaced in 2024
- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

The M&V data shows a 29.5% heating savings for the 2024 year as compared to the 2021 baseline year. To be noted, 39.4% of the energy source is allocated to heating. These savings translate to about 11.6% energy savings on the whole building.

The measurement and verification report appears to only address electrical energy consumption. Based on the implemented measures, specifically the VFD installation on the ventilation units, natural gas savings are also expected. Further investigation of the natural gas bills is required to quantify the natural gas savings and associated natural gas savings.

Based on the performance outlined above, the following scope of work is proposed at this property to achieve the 25% energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Site Visits and Investigations: Conduct a site audit to collect additional information and identify areas of opportunity for additional energy savings

Based on our initial analysis, our recommendations are as follows:

- Replace corridor ventilation units with Air-Source Heat Pump (ASHP) unit with gas back-up. Unit to have natural gas back-up to address heating capacity in low ambient temperature conditions. We estimate that the energy associated with the AHUs is 50%+ of the natural gas use. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 25%+.
- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.
- Investigation and re-commissioning of the thermostat controls system
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is not confirmed but is likely around 25°C based on other buildings in the portfolio. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

349 Wharncliffe Rd. N.

The following documents were reviews for the 349 Wharncliffe Road North Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence
- Energy Savings Measurement and Verification Savings Report – Year 3 by Demtroys

Table B-3 summarizes the current building data for the 349 Wharncliffe Rd. N. multi-unit residential building:

Table B-3– Building Information for 349 Wharncliffe Rd. N.

General	
Building Name and Address	349 Wharncliffe Rd. N., London, Ontario
Floor Area	87,896 ft^2
Building Envelope	
Walls	4" concrete block, 1.5" rigid insulation (R-6.9 ft^2·°F·h/BTU), 4" concrete block, drywall. Clear value of R-6.7 ft^2·°F·h/BTU. Wall derated to R-3.1 ft^2·°F·h/BTU to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, 1" rigid insulation on steel deck. R-5.5 ft^2·°F·h/BTU effective.
Windows	It is assumed that windows and doors have been replaced with double-pane argon filled windows, U-0.38 BTU/ft^2°F assumed performance.
Internal Loads	
Lighting	Existing lighting consists primarily of linear fluorescent tubes and LED.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft^2 for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features a packaged Air Handling Unit (AHU) with gas heating, supplying fresh air to all corridors. The primary heating source is electric baseboard heaters, installed in residential units, common areas, and corridors.
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	Ventilation air is provided by a rooftop make-up air (MUA) unit with two (2) supply fans providing 10,875 cfm of fresh air each. The supply fans are each rated at 15hp. The MUA unit has a burner efficiency of 85% and each supply fan is equipped with a VFD. The information indicates that the unit is equipped with Heat Recovery (HRV).
Domestic Hot Water	Domestic hot water is supplied by two identical high-efficiency gas-fired condensing boilers, (2) Viessmann Vitocressal 300 condensing type. These boilers are dedicated solely to domestic hot water production. The DHW system is a once thru system (i.e. no recirculation pump). The efficiency is 96%.

The following retrofits were completed at the property:

- EMS Thermostats installed in 2023
- VFDs - 3 installed with programmable clock in 2022/2023
- 111 fridges replaced in 2024
- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

The M&V data shows a 34.1% heating savings for the 2024 year as compared to the 2021 baseline year. To be noted, 30.1% of the energy source is allocated to heating. These savings translate to about 10.3% energy savings on the whole building.

The measurement and verification report appears to only address electrical energy consumption. Based on the implemented measures, specifically the VFD installation on the ventilation units, natural gas savings are also expected. Further investigation of the natural gas bills is required to quantify the natural gas savings and associated natural gas savings.

Based on the performance outlined above, the following scope of work is proposed at this property to achieve the 25% energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Site Visits and Investigations: Conduct a site audit to collect additional information and identify areas of opportunity for additional energy savings

Based on our initial analysis, our recommendations are as follows:

- Replace corridor ventilation units with Air-Source Heat Pump (ASHP) unit with gas back-up. Unit to have natural gas back-up to address heating capacity in low ambient temperature conditions. We estimate that the energy associated with the AHUs is 50%+ of the natural gas use. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 25%+.
- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.
- Investigation and re-commissioning of the thermostat controls system
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is not confirmed but is likely around 25°C based on other buildings in the portfolio. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

85 Walnut

The following documents were reviews for the 85 Walnut Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence
- Energy Savings Measurement and Verification Savings Report – Year 3 by Demtroys

Table B-4 summarizes the current building data for the 85 Walnut multi-unit residential building:

Table B-4– Building Information for 85 Walnut

General	
Building Name and Address	85 Walnut St, London, Ontario
Floor Area	17,920 m^2
Building Envelope	
Walls	4"brick, 2" rigid insulation (R-9.2 ft^2·°F·h/BTU), 6" concrete block, drywall. Clear value of R-11.1 ft^2·°F·h/BTU. Wall derated to R-4.4 ft^2·°F·h/BTU to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, 1.5" rigid insulation on steel deck. R-7.7ft^2·°F·h/BTU effective.
Windows	Windows and doors replaced in 2010 with double-pane argon filled windows, U-0.38 BTU/ft^2°F assumed performance.
Internal Loads	
Lighting	There are approximately 270 surface fixtures (1x4) with 28 watt T5 fluorescent lamp. The fixtures are located in the common areas, corridors, emergency exit stairwells and lobby. Residential unit pot lights have been changed to LED. The exterior lighting includes Metal Halide (MH) 400 watt (quantity of 7) which has been controlled by photocells.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft^2 for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features a packaged Air Handling Unit (AHU) with gas heating, supplying fresh air to all corridors. The primary heating source is electric baseboard heaters, installed in residential units, common areas, and corridors.
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	Ventilation air is provided by two (2) rooftop make-up air (MUA) units providing 7,200 cfm of fresh air each. The supply fans are each rated at 7.5hp. The MUA units have a burner efficiency of 80% and is not equipped with VFDs.
Domestic Hot Water	Domestic hot water is supplied by two identical high-efficiency gas-fired condensing boilers, (2) Viessmann condensing type. These boilers are dedicated solely to domestic hot water production. The DHW system is a once thru system (i.e. no recirculation pump). The efficiency is 96%.

The following retrofits were completed at the property:

- EMS Thermostats installed in 2023
- VFDs - 3 installed with programmable clock in 2022/2023
- 162 fridges replaced in 2024

- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

The M&V data shows a 38.6% heating savings for the 2024 year as compared to the 2021 baseline year. To be noted, 20.5% of the energy source is allocated to heating. These savings translate to about 7.9% energy savings on the whole building.

The measurement and verification report appears to only address electrical energy consumption. Based on the implemented measures, specifically the VFD installation on the ventilation units, natural gas savings are also expected. Further investigation of the natural gas bills is required to quantify the natural gas savings and associated natural gas savings.

Based on the performance outlined above, the following scope of work is proposed at this property to achieve the 25% energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Site Visits and Investigations: Conduct a site audit to collect additional information and identify areas of opportunity for additional energy savings

Based on our initial analysis, our recommendations are as follows:

- Replace corridor ventilation units with Air-Source Heat Pump (ASHP) unit with gas back-up. Unit to have natural gas back-up to address heating capacity in low ambient temperature conditions. We estimate that the energy associated with the AHUs is 70%+ of the natural gas use. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 35%+.
- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.
- Investigation and re-commissioning of the thermostat controls system
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is not confirmed but is likely around 25°C based on other buildings in the portfolio. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

241 Simcoe

The following documents were reviews for the 241 Simcoe Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence
- Energy Savings Measurement and Verification Savings Report – Year 3 by Demtroys

Table B-5 summarizes the current building data for the 241 Simcoe multi-unit residential building:

Table B-5– Building Information for 241 Simcoe

General	
Building Name and Address	241 Simcoe, London, Ontario
Floor Area	12,754 m^2
Building Envelope	
Walls	6" brick with parging and 1.5" rigid insulation (R-6.9 ft^2·°F·h/BTU), drywall. Clear value of R-8.1 ft^2·°F·h/BTU. Wall derated to R-3.8 ft^2·°F·h/BTU to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, no insulation. R-0.8 ft^2·°F·h/BTU effective.
Windows & Doors	Windows and doors replaced in 2010 with double-pane argon filled windows, U-0.38 BTU/ft^2°F assumed performance.
Internal Loads	
Lighting	There are approximately 340 surface-mounted 1x4 fixtures equipped with 28-watt T5 fluorescent lamps. These fixtures are installed in the underground parking, common areas, corridors, emergency exit stairwells, and lobby. Pot lights in residential units have been upgraded to LED. The exterior lighting consists of three 400-watt Metal Halide (MH) fixtures controlled by photocells.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft^2 for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features a packaged Air Handling Unit (AHU) with gas heating, supplying fresh air to all corridors. The primary heating source is electric baseboard heaters, installed in residential units, common areas, and corridors.
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	The rooftop atmospheric gas-fired AHU supplies outdoor ventilation air to all building corridors. Installed in 2008, it delivers 17,000 CFM with a 20 HP motor. The unit is expected to exceed its estimated useful life and become redundant by 2023.
Domestic Hot Water	Domestic hot water is supplied by two identical high-efficiency gas-fired condensing boilers, each with a maximum input of 800 MBH and 96% efficiency. Manufactured by LOCHINVAR (Model: Armor), these boilers are dedicated solely to domestic hot water production. The system operates as a once-through setup, without a recirculation pump.

The following retrofits were completed at the property:

- EMS Thermostats installed in 2023
- VFDs - 1 installed with programmable clock in 2022/2023

- 150 fridges replaced in 2024
- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

The M&V data shows a 39.2% heating savings for the 2024 year as compared to the 2021 baseline year. To be noted, 25.4% of the energy source is allocated to heating. These savings translate to about 10% energy savings on the whole building.

The measurement and verification report appears to only address electrical energy consumption. Based on the implemented measures, specifically the VFD installation on the ventilation units, natural gas savings are also expected. Further investigation of the natural gas bills is required to quantify the natural gas savings and associated natural gas savings.

Based on the performance outlined above, the following scope of work is proposed at this property to achieve the 25% energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Site Visits and Investigations: Conduct a site audit to collect additional information and identify areas of opportunity for additional energy savings

Based on our initial analysis, our recommendations are as follows:

- Replace corridor ventilation units with Air-Source Heat Pump (ASHP) unit with gas back-up. Unit to have natural gas back-up to address heating capacity in low ambient temperature conditions. The current estimate of the energy associated with the AHU is 60%+ of the natural gas use. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 30%+.
- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is not confirmed but is likely around 25°C based on other buildings in the portfolio. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

30 Baseline

The following documents were reviews for the 30 Baseline Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence
- Energy Savings Measurement and Verification Savings Report – Year 3 by Demtroys

Table B-6 summarizes the current building data for the 30 Baseline multi-unit residential building:

Table B-6– Building Information for 30 Baseline

General	
Building Name and Address	30 Baseline Rd West, London, Ontario
Floor Area	16,870 m^2
Building Envelope	
Walls	Unclear from drawings but assumed at 6" brick with parging and 1.5" rigid insulation (R-6.9 ft^2·°F·h/BTU), drywall. Clear value of R-8.1 ft^2·°F·h/BTU. Wall derated to R-3.8 ft^2·°F·h/BTU to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, 1" rigid insulation. R-5.4 ft^2·°F·h/BTU effective.
Windows & Doors	Windows and doors replaced in 2017 with double-pane argon filled windows, U-0.38 BTU/ft^2°F assumed performance.
Internal Loads	
Lighting	There are approximately 270 surface fixtures (1x4) with 28 watt T5 fluorescent lamp. The whole fixture (i.e. bulb and ballast) consumes 32W. The fixtures are located in the common areas, corridors, emergency exit stairwells and lobby. Residential unit pot lights have been changed to LED (9.5 W each). The exterior lighting includes Metal Halide (MH) 400 watt (quantity of 10) which has been controlled by photocells.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft^2 for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features a packaged Air Handling Unit (AHU) with gas heating, supplying fresh air to all corridors. The primary heating source of the building is NG boilers which distribute hot water to the hydronic baseboard heaters. Space heating is provided by two (2) Lochnivar Crest condensing boilers rated at 96% efficiency
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	Ventilation air is provided by a rooftop make-up air (MUA) unit providing 6,900cfm of fresh air. The supply fan is rated at 7.5hp. The MUA unit has a burner efficiency of 80%.
Domestic Hot Water	Domestic hot water is provided by two (2) Lochnivar Armor condensing boilers rated at 96% efficiency. These boilers are dedicated solely to domestic hot water production. The system operates as a once-through setup, without a recirculation pump.

The following retrofits were completed at the property:

- EMS Thermostats

- Valve replacements on hydronic heating baseboards
- 150 fridges replaced in 2024
- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

The M&V data shows a 38.6% heating savings for the 2024 year as compared to the 2021 baseline year. To be noted, 65.3% of the energy source is allocated to heating. These savings translate to about 25.2% energy savings on the whole building. This building appears to be meeting the savings target based on the latest M&V report.

Based on the performance outlined above, the following scope of work is proposed at this property to further enhance energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Site Visits and Investigations: Conduct a site audit to collect additional information and identify areas of opportunity for additional energy savings

Based on our initial analysis, our recommendations are as follows:

- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is not confirmed but is likely around 25°C based on other buildings in the portfolio. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

170 Kent

The following documents were reviews for the 170 Kent Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence
- Energy Savings Measurement and Verification Savings Report – Year 3 by Demtroys

Table B-7 summarizes the current building data for the 170 Kent multi-unit residential building:

Table B-7– Building Information for 170 Kent

General	
Building Name and Address	170 Kent Street, London, Ontario
Floor Area	13,730 m^2
Building Envelope	
Walls	6" brick with parging and 1.5" rigid insulation (R-6.9 $ft^2·°F·h/BTU$), drywall. Clear value of R-8.1 $ft^2·°F·h/BTU$. Wall derated to R-3.8 $ft^2·°F·h/BTU$ to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, no insulation. R-0.8 $ft^2·°F·h/BTU$ effective.
Windows & Doors	Windows and doors replaced in 2009 with double-pane argon filled windows, U-0.38 $BTU/ft^2°F$ assumed performance.
Internal Loads	
Lighting	There are approximately 225 surface fixtures (1x4) with 28 watt T5 fluorescent lamp and 12 recessed LED fixtures (2x2); 40 W each. The fixtures are located in the common areas, corridors, emergency exit stairwells and lobby. Residential unit pot lights have been changed to LED (9.5 W each). The exterior lighting includes Metal Halide (MH) 400 watt (quantity of 7) which has been controlled by photocells.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft^2 for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features a packaged Air Handling Unit (AHU) with gas heating, supplying fresh air to all corridors. The primary heating source is electric baseboard heaters, installed in residential units, common areas, and corridors.
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	Ventilation air is provided by a rooftop make-up air (MUA) unit with two (2) supply fans providing 13,390cfm of fresh air each. The supply fans are each rated at 15hp. The MUA unit has a burner efficiency of 74% and does not have VFDs on the supply fans. The fans operate at 100% capacity, 100% of the time. The ASHRAE Level 1 audit indicates that the unit is equipped with Heat Recovery (HRV).
Domestic Hot Water	Domestic hot water is supplied by two identical high-efficiency gas-fired condensing boilers, (2) Viessmann Vitocressal 300 condensing type. These boilers are dedicated solely to domestic hot water production. The DHW system is a once thru system (i.e. no recirculation pump). The efficiency is 96%.

The following retrofits were completed at the property:

- EMS Thermostats installed in 2023
- VFDs - 1 installed with programmable clock in 2022/2023

- 162 fridges replaced in 2024
- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

The M&V data shows for 170 Kent is currently showing no savings as compared to the baseline year. It is unclear whether this is a measurement error or other factors are contributing to this. The most significant measure at this site is the installation of EMS Thermostat installed in 2023. This measure does not address the efficiency of equipment, and it is typical not recommended for the following reasons:

- In rental buildings, tenants often have little financial incentive to adjust thermostats for efficiency, especially if utilities are included in rent. Some occupants may leave windows open while heating runs, negating potential savings.
- If thermostat setbacks are applied aggressively, residents may use supplementary electric heating (e.g., space heaters) or cooling methods, which can increase total energy use rather than reduce it.

Further measures which address efficiency of equipment are recommended below.

The measurement and verification report appears to only address electrical energy consumption. Based on the implemented measures, specifically the VFD installation on the ventilation units, natural gas savings are also expected. Further investigation of the natural gas bills is required to quantify the natural gas savings and associated natural gas savings.

Based on the performance outlined above, the following scope of work is proposed at this property to achieve the 25% energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Site Visits and Investigations: Conduct a site audit to collect additional information and identify areas of opportunity for additional energy savings

Based on our initial analysis, our recommendations are as follows:

- Replace corridor ventilation units with Air-Source Heat Pump (ASHP) unit with gas back-up. Unit to have natural gas back-up to address heating capacity in low ambient temperature conditions. The current estimate of the energy associated with the AHU is 55% of the natural gas use. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 25%+.
- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.
- Investigation and re-commissioning of the thermostat controls system
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is set at 24.8°C. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

580 Dundas

The following documents were reviews for the 580 Dundas Site:

- Site Plans and existing building drawings
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Email correspondence

Table B-8 summarizes the current building data for the 580 Dundas multi-unit residential building:

Table B-8– Building Information for 580 Dundas

General	
Building Name and Address	580 Dundas Street, London, Ontario
Floor Area	7,349m^2
Building Envelope	
Walls	6" brick with parging and 1.5" rigid insulation (R-6.9 ft^2·°F·h/BTU), drywall. Clear value of R-8.1 ft^2·°F·h/BTU. Wall derated to R-3.8 ft^2·°F·h/BTU to account for linear and point interface thermal bridging.
Roofs	Built-up roofing on metal deck, no insulation. R-0.8 ft^2·°F·h/BTU effective.
Windows	Windows and doors replaced in 2018 with double-pane argon filled windows, U-0.38 BTU/ft^2°F assumed performance.
Internal Loads	
Lighting	There are approximately 170 surface-mounted 1x4 fixtures equipped with 28-watt T5 fluorescent lamps, with each fixture (including the bulb and ballast) consuming 32 watts. These fixtures are installed in common areas, the basement, corridors, emergency exit stairwells, and the lobby. It is assumed that the residential unit pot lights are 26-watt CFLs and have not been upgraded to LED. The exterior lighting consists of seven 400-watt Metal Halide (MH) fixtures controlled by photocells.
Receptacles	Typical receptacles loads for a residential building, assumed at approximately 5 W/ft^2 for suites and ranging for other area types.
HVAC	
Heating System	The building's HVAC system features 2 packaged Air Handling Units (AHUs) with gas heating, supplying fresh air to all corridors. The primary heating source is hydronic baseboard heaters, installed in residential units, common areas, and corridors. These heaters are fed by the building's 2 natural gas boilers. The boilers were installed in 2015 and are used for both space heating and domestic hot water (DHW). The space heating and DHW boilers are manufactured by SONIC (Model: SC1500) and can provide 1,470 MBUH each with the efficiency of 96%.
Cooling System	There is no central cooling equipment at this facility. Some tenants may elect to install personal window AC units.
Ventilation System	Ventilation air is provided by a rooftop make-up air (MUA) unit with two (2) supply fans providing 13,390cfm of fresh air each. The supply fans are each rated at 15hp. The MUA unit has a burner efficiency of 74% and does not have VFDs on the supply fans. The fans operate at 100% capacity, 100% of the time. The ASHRAE Level 1 audit indicates that the unit is equipped with Heat Recovery (HRV).
Domestic Hot Water	Domestic hot water is supplied by two identical high-efficiency gas-fired condensing boilers. These boilers also supply the space heating system (baseboards). The DHW system is a once thru system (i.e. no recirculation pump). The efficiency is 96%.

The following retrofits were completed at the property:

- VFDs - 2 installed with programmable clock in 2022/2023
- 149 fridges replaced in 2024
- Misc. switches converted to sensor switches at laundry, lounges and washrooms in 2024

There is currently no M&V data for 580 Dundas Street. It appears no significant measures, other than the VFD installation, have been implemented at this site.

Further measures which address efficiency of equipment are recommended below.

The measurement and verification report appears to only address electrical energy consumption. Based on the implemented measures, specifically the VFD installation on the ventilation units, natural gas savings are also expected. Further investigation of the natural gas bills is required to quantify the natural gas savings and associated natural gas savings.

Based on the performance outlined above, the following scope of work is proposed at this property to achieve the 25% energy and carbon reduction targets:

- Benchmark M&V: Perform measurement and verification analysis using the utility bills to verify the benchmark performance and quantify energy and GHG savings
- Site Visits and Investigations: Conduct a site audit to collect additional information and identify areas of opportunity for additional energy savings

Based on our initial analysis, our recommendations are as follows:

- Replace corridor ventilation units with Air-Source Heat Pump (ASHP) unit with gas back-up. Unit to have natural gas back-up to address heating capacity in low ambient temperature conditions. The current estimate of the energy associated with the AHU is 55% of the natural gas use. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 25%+.
- Air sealing: Air sealing is an energy conservation measure for Multi-Unit Residential Buildings (MURBs) that reduces unwanted air leakage through gaps, cracks, and penetrations in the building envelope. By sealing these openings—particularly around windows, doors, ventilation shafts, and utility penetrations—air sealing minimizes heat loss in winter and heat gain in summer, improving overall energy efficiency. This measure enhances occupant comfort, reduces HVAC system loads, and helps maintain consistent indoor temperatures. AeroBarrier is an option for existing buildings which provides an effective way to address whole envelope air-tightness.
- Investigation and re-commissioning of the thermostat controls system
- Recommissioning of AHU and set-point optimization: An additional energy efficiency strategy is to lower the AHU air temperature set point toward the lower limit of the ASHRAE recommended comfort zone (70-75°F or 21-24°C). Reducing the set point temperature will help decrease heating energy consumption. Currently, the AHU set point is not confirmed but is likely around 25°C based on other buildings in the portfolio. Additionally, recommissioning the AHU is recommended to optimize its performance, ensure proper controls are in place, and further enhance energy savings.

LMCH Family Sites (Townhouses & Semi-Detached)

The Townhouse and Semi-Detached property sites were all reviewed together as they had similar building characteristics and retrofits completed. Proposed scopes were included depending on the current retrofits completed at each site.

The following documents were reviews for the all the LMCH Family sites:

- Existing building drawings
- Certificate of Furnace Warranty Coverage
- CHMC Portfolio Modelling Report provided by Efficiency Engineering
- Portfolio Matrix Tracking Excel Sheet
- Window and Door Replacement Shop Drawing Submittal*

The following retrofits were completed at the properties:

- High efficiency furnace installed in 2024/2025
- New Windows and Storm Doors installed in 2023*

**Window and Door replacements documents were only available for Pond Mills and Allan Rush Gardens, as window replacements only occurred at these two sites, and door replacements also occurred at Allan Rush Gardens.*

General Findings – All Family Sites

Table B-9 summarizes the building information for all five (5) townhouse sites:

Table B-9– Building Information for all Townhouse Sites

	Boullee Street	Allan Rush Gardens*	Pond Mills	Marconi Blvd.	Huron Street
General					
Building Name and Address	**160-430 Boullee Street Semi-Detached and Townhomes – Total: 136 Units**	**Allan Rush Gardens Townhouses and Semi-Detached – Total 100 units:** 2-34 Barberry Court: 34 Units 35-47 Ivy Court: Units 14 Units 49-81 Vinewood Court: 33 Units 32- 00 Primrose Court: 19 Units	**370 Pond Mills Semi-Detached and Townhomes – Total: 81 Units**	**152-218 Marconi Blvd Semi-Detached and Townhomes – Total: 117 Units** 152-218 Marconi Blvd. Semi-Detached – 66 units 243-345 Marconi Blvd. Townhouses – 51 units	**979-1167 Huron Street Semi-Detached and Townhomes – Total: 110 Units**
Approximate Floor Area	Total: 19,866 m^2, 146 m^2 avg. per unit	Total:13,940 m^2, 140 m^2 avg. per unit	Total: 12,100 m^2, 150 m^2 avg. per unit	Total: 19, 973 m^2: Semi-Detached: 12,034 m^2 , avg. 182 m^2 per unit ; Townhouse: 7,938 m^2 avg. 156 m^2 per unit	Total: 14,626m^2, 133 m^2 avg. per unit

<table>
<tr><th colspan="4">Building Envelope</th></tr>
<tr><td>Walls</td><td colspan="3">4" brick face on bottom floor and end-walls, with vinyl siding on upper floors outboard of wood studs, batt insulation and drywall, assumed based on google earth images and site plan documents</td></tr>
<tr><td>Roofs</td><td colspan="3">Sloped roofs with asphaltic shingles assumed based on google earth images and site plan documents</td></tr>
<tr><td>Windows & Doors</td><td>Windows are assumed to be single pane sliding windows with no storm doors as per google earth images and site plan documents</td><td>Windows replaced in 2023 with double-pane argon filled windows with low-e coatings on surface 2 as per window and door replacement shop drawings. Assumed Performance: U-0.42 BTU/ft²°F and SHGC: 0.29.

*Exterior insulated doors were also installed at Allan Rush Gardens.

Windows were previously single pane sliding windows and storm doors did not previously exist as per Energy Efficiency CHMC Portfolio Modelling Report</td><td>Windows are assumed to be single pane sliding windows with no storm doors as per google earth images and site plan documents</td></tr>
<tr><th colspan="4">Internal Loads</th></tr>
<tr><td>Lighting</td><td colspan="3">Existing lighting is a mix of CFL and LED lighting as per Energy Efficiency CHMC Portfolio Modelling Report</td></tr>
<tr><td>Receptacles</td><td colspan="3">Plug loads were assumed to match annual electricity consumption, as per Energy Efficiency CHMC Portfolio Modelling Report</td></tr>
<tr><th colspan="4">HVAC</th></tr>
<tr><td>Heating System</td><td colspan="3">The Lennox ML296 Furnaces (96% eff.), energy star qualified products, have been installed in 2025 at the townhouses, providing the spaces with gas heating. The previous furnaces were operating at 85% eff.</td></tr>
<tr><td>Cooling System</td><td colspan="3">Window unit AC Windows as per tenant usage as per Energy Efficiency CHMC Portfolio Modelling Report</td></tr>
<tr><td>Ventilation System</td><td colspan="3">N/A</td></tr>
<tr><td>Domestic Hot Water</td><td colspan="2">Existing domestic hot water heaters operate at 73% eff. as per Energy Efficiency CHMC Portfolio Modelling Report</td><td>Existing electric domestic hot water heaters are rental units as per notes in Portfolio Matrix tracking sheet</td></tr>
</table>

Hot Water Tankless Installations were proposed at all townhouse sites and are currently under review due to tankless installations being incompatible with townhomes and residential buildings. Potential lighting fixture retrofits are also being considered for these properties as per the Portfolio Matrix tracker.

There is no M&V data available for this property. Based on the retrofits completed, it is assumed that these will fall short of the 25% energy and GHG reduction targets. Further investigation of the utility bills is required to quantify the energy and GHG savings.

Based on the performance outlined above, the following scope of works are proposed for all townhouse sites to achieve the 25% energy and carbon reduction targets:

- Incentive Assistance: assist with reviewing the installations of initial recommendations at random properties within the townhouse and semi-detached neighbourhoods to verify incentives are being met.

Based on our initial analysis, our recommendations are as follows:

- Deep Energy Retrofit: Install Air-Source Heat Pumps (ASHP), using existing furnaces as natural gas backup. The proposed upgrade to ASHP has the potential to reduce this portion of energy by 50% or more, resulting in an overall energy reduction of 25%+. This retrofit can also remove the need for window AC units, reducing the heat loss from gaps in windows and providing a more uniform appearance of neighbourhood homes.
- (For Sites without window and door replacements): Deep Energy Retrofit: Window and Door Replacements with Air Sealing are recommended to achieve similar energy performance to other family sites. Windows and doors can age over time, and this eventually causes air leakage through the building envelope due to material deterioration from weathering. Air-sealing the building envelope can improve energy performance and GHG emissions by reducing the air leakage from these locations.

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