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Social Housing End Dates in Ontario

Assessing Impacts and Promoting Good Practices

Prepared by Re/Fact Consulting

This research study was funded by the Housing Services Corporation (HSC) in partnership with the Ontario Municipal Knowledge Network (OMKN).

About HSC

The Housing Services Corporation (HSC) is a non-profit organization that delivers province-wide programs that benefit Ontario's affordable housing sector. It assists Service Managers, including DSSABs, by:

- Helping protect the building asset through programs and services that support better capital asset and energy management
- Delivering business value through economies of scale with competitively procured province-wide programs in bulk purchasing, insurance and investments
- Building and spreading knowledge that supports effective decision-making with relevant research, training and by facilitating collaborative best practice sharing
- Enabling greater resident engagement and self-sufficiency by developing partnerships for social innovation with other organizations and networks.

HSC was created in January 2012 under the *Housing Services Act*. HSC, as successor to the Social Housing Services Corporation (SHSC), builds on that organization's 9 years of experience in delivering programs to social housing and working with different levels of government, the public and the private sector.

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The **Ontario Municipal Knowledge Network** (www.OMKN.ca) is a web based portal that captures documents and promotes approaches that municipal officials from across Ontario and other jurisdictions have successfully implemented to improve municipal service delivery and operation, in order to provide better value to taxpayers. The OMKN is funded by the Ontario Ministry of Municipal Affairs and Housing (MMAH) and is administered by AMO.

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Executive Summary

With the on-set of mortgage maturity and the associated end of operating agreements within the aging social housing portfolio, Service Managers (SMs) in Ontario are faced with important decisions about the future of the housing they fund and administer. As owners of social housing across the province, housing providers share these concerns, particularly in regards to operational viability when subsidies truncate or reduce at this key milestone. Service Managers have a vested interest in this operational aspect as they too are owners of Local Housing Corporations (LHCs), either directly or through their sole shareholder status.

To ensure an adequate local supply of affordable housing and to meet continuing service level standards obliged by legislation, Service Managers face clear challenges in sustaining housing that is financially viable and in adequate operating condition. While prior research on the impact of end of operating agreements (EOA) has identified broad concerns, there is a lack of comprehensive project data and this has limited the ability to fully understand EOA implications. Having this information is particularly important because impacts are likely to be felt differently among SM and providers, due mainly to the variable project composition, EOA dates and legacy funding programs for the housing they own or administer. Apart from the financial impacts, the understanding among SM's of post-EOA obligations is also unclear based on research completed to date. As certain projects have already reached EOA, there is modest but growing experience in marshaling projects through the EOA process but this experience and the practices used are not widely understood.

Housing Services Corporation (HSC), in concert with the Association of Municipalities of Ontario (AMO) and the Ontario Municipal Knowledge Network (OMKN), have therefore funded a research project to identify EOA obligations for SMs, to identify impacts of EOA on Service Managers and the practices being employed to address these impacts. As a result of this assessment, a framework has been established which helps Service Managers identify and address EOA impacts on a go-forward basis.

Context

Service Managers have an interest in sustaining affordable housing in their respective service areas. As an integral part of a complete housing system, affordable housing supports the concept of inclusive and healthy communities. But there are also legislative requirement which SMs must address under the *Housing Services Act* (HSA), the most notable of which obliges that SMs maintain service level standards for social housing beyond EOA. HSA legislation also requires continued payment of certain subsidy by SMs for projects under Provincial Reformed and Public Housing programs, notwithstanding that operating agreements, mortgages and federal funding sunset at this key milestone. There is however clear concerns about project viability and the cost impacts associated with sustaining them.

Prior research commissioned by HSC and CHRA has examined post-EOA viability and generally concluded that projects developed under former Federal programs were likely to be more viable post-EOA as compared to projects developed under Provincial Reformed, Public Housing and Urban Native programs. A key factor in project viability was RGI share, whereby projects with a lower percentage of RGI units were more likely to be viable post-EOA. A second key factor was project capital condition in terms of ability to meet capital demands whereby projects with depleted capital reserves/resources and deferred or looming capital requirements were deemed less viable.

The availability of appropriate data has been one of the primary impediments to assessing impacts on a wider basis. A critical component of this study therefore is to advance the EOA discussion by gathering and analyzing a substantive data set of key project information. This is especially true for building condition information and SM practices being employing to manage EOA issues, areas which are deficient in current research.

Study approach

The study was launched in the fall of 2011 and was overseen by a reference group made up of SMs representatives and staff from HSC, AMO and OMKN. Re/fact Consulting was retained to complete the study, working in concert with HSC staff and the reference group. The terms of reference for the project, as adopted by the group, identified the following study tasks:

1. Review relevant reports on social housing end dates and the expiry of operating agreements.
2. Define the scope of necessary work, data requirements and challenges
3. Survey SMs to gather critical business data as well as experiential information related to practices in planning for and addressing EOA issues
4. Analyze gathered information to validate impact findings versus prior EOA work, drawing out current trends and identifying key drivers
5. Summarize practices used by SMs to plan for/address EOA issues, identifying common / good practices
6. Develop a ‘prudent practice’ framework that enhances SM capacity to address EOA issues

As an important component of the work, the legislative framework was also reviewed to better understand SM responsibilities and how these may further impact projects reaching EOA. There are a number of areas within the HSA where funding and administration obligations exist for SMs today. Despite the fact that federal funding steps down post of EOA, certain of these SM obligations will continue, creating both financial and accountability impacts for SMs and providers alike. Unfortunately, there is an absence of a long-term policy framework to help transition to the post EOA world and clarification from MMAH here is warranted.

Service Manager Obligations Pre & Post EOA

	Housing Program	Public Housing (LHC)	Municipal Non-Profits (Sec. 95)	Private Non-Profits (Sec. 95)	Provincial Reformed (Non-Profit & Coop)	Limited Dividend (Sec. 26)	N/P Low End of Market (Sec.26 & 27)	Urban Native Programs	Transferred Rent Supplement Programs
	Def'n of Program per O.Reg 367/11 Schedule 1	*Programs 1(a) + 1(b)*	*Program 6(c)*	*Program 5*	*Programs 6(a) + 6(b)*	*Program 3*	*Program 4*	*Programs 7 + 8*	*Programs 2(a) + 2(b)*
Pre-EOA	*Ensure program compliance*	✓	✓	✓	✓	✓	✓	✓	✓
	Maintain Service Levels	✓	✗	✗	✓	✗	✗	✗	✓
	Flow federal subsidy dollars	✓	✓	✓	✗	✓	✓	✓	✓
	Flow municipal subsidy dollars (formerly Prov.)	✓	✗	✗	✓	✗	✗	✗	✓**
	Fund pay down of principal capital debt	✓	✓	✓	✓	✗	✗	✓	✗
Post-EOA	*Ensure program compliance*	✓*	✗	✗	✓	✗	✗	✗	✗
	Maintain Service Levels	✓	✗	✗	✓	✗	✗	✗	✓
	Flow federal subsidy dollars	✗	✗	✗	✗	✗	✗	✗	✗
	Flow municipal subsidy dollars (formerly Prov.)	✓*	✗	✗	✓	✗	✗	✗	✓**
	Fund pay down of principal capital debt via subsidy	✗	✗	✗	✗	✗	✗	✗	✗

**obligation is subject to 'sufficient funding' test of s. 12, O.Reg 367/11*
*** subsidy is in the form of RGI assistance only*

Data gathering and issues

The fundamental cornerstone of the study is the survey of SMs. A test survey was developed and reviewed with the reference group to ensure necessary information could be gathered to meet study objectives. The test survey was administered to a small sample of representative SMs and, based on feedback, adjustments were made to the survey instrument. The final survey was distributed to all 47 SM staff leads in electronic format in late 2011 with additional data vetting, clarifying and follow-ups through the summer of 2012 after initial submission.

The survey probed for detailed information from SMs in three key areas:

- *Part 1 – Current portfolio information* – portfolio, program and funding information for each SM service area based on 2010 SMAIR data and federal funding roll-ups

- *Part 2 – Good practices* – current SM practices in monitoring/tracking, determining EOA impacts and handling post-EOA project
- *Part 3 – Project details* – project-level information on general characteristics, EOA dates, mortgage debt, subsidy, revenues, expenses, current capital reserves/demands and projected reserves/demands at EOA

Quantitatively, survey responses were high among SMs, indicating a strong participation rate. However, qualitative results – especially for Part 3 - presented challenges to securing a full and robust data set for analysis. More specifically:

- Over 65% of all SMs submitted surveys with data in each of the three parts – of those responding, participation rates in Part 1 and Part 2 were over 80%
- Actual response rates at the project level for Part 3 accounted for only about 50% of all projects due to partial reporting of projects within SM portfolios
- There were also substantial gaps within project elements of the Part 3 data submitted, further reducing the analytical capability of the data set

Some specific data issues encountered by SMs are noteworthy here:

- *Federal funding* – difficulty accessing, interpreting and allocating federal funding by project
- *Rent supplement information* – lack of available project-level data
- *Debt and subsidy information* – challenges accessing, interpreting and allocating debenture information at the project level
- *Revenue and cost information* – inability to disaggregate reported information, especially where LHC business is internalized or in the case of multi-project providers
- *Current and future capital* – partial or non-reporting for capital and inability to disaggregate the data that was provided

These issues created clear impacts on quality of collected data and the ability to analyze EOA impacts. In certain instances, SMs used unit cost averaging to help disaggregate data and enable analysis. In the case of capital reserves, proxy values were used to test viability where building condition information was not available, a practice used in prior EOA research. However, where data gaps or inconsistencies could not be overcome, data suppression was used to minimize the effect on the larger data base. Addressing the gaps in this data would obviously improve predictive results.

Despite some obvious data issues at the project level, a substantial data set was established and analyzed as part of the study. Given the high participation rates in Part 1 and Part 2 of the survey, there is high confidence in the survey results. Use of Part 3 results which focus on project level data warrant more caution because of data gaps. That said, there is a substantial basis on which to evaluate EOA impacts and draw general conclusions.

Part 1 Data - Analytical results

Part 1 looked at SM level data as reported in 2010 SMAIRs to help evaluate portfolio-wide perspectives on program, funding and subsidy trends. Some noteworthy results included:

- Submitted data covers over 3,400 projects encompassing more than 215,000 units across the province.
- Current annual subsidy paid out for these projects is in excess of $1B annually, excluding debentures. Of this, roughly 30% is offset by federal funding (net), although this share will decline as EOA dates hit
- Projects in the Southern and GTA/Central regions of the province account for about 65% of all projects but the GTA/Central region accounts for over 55% of the total units.
- Annual subsidy payments to providers average about $5,000/unit but vary substantially across programs – lowest in Section 95 PNP projects at just over $1,000/unit and highest in Urban Native projects at more than $11,000/unit. Regional variations in average subsidy, albeit more subtle in size, also occur across programs.
- Federal funding (net) averages about $1,600/unit annually and is reasonably consistent across all programs and regions with the notable exception of Urban Native (almost $11,000/unit)
- Annual debenture costs for Public Housing, deducted at source by the Province, consistently average about $1,100/unit

Apart from regional variations, it is clear that average subsidies vary by program. Given the different program composition of each SM portfolio, the timing and financial impact associated with EOA will occur unevenly. Likewise, the impact of federal funding withdrawal will also have a disproportionate effect, especially for SMs with higher concentrations of Public Housing and Provincial Reformed which are typically funded at higher SM shares as compared to other programs.

Part 2 Data - Good practice results

Part 2 examined SM practices related to EOA as reported via survey and these were assessed using cluster analysis. Findings can be summarized in 3 key areas as follows:

Monitoring/Tracking Practices:

- SMs typically assess a project's viability based on financial stability, adequate reserves, sound management and/or governance and good building condition
- To monitor project viability, SMs most commonly use annual information returns, subsidy reconciliations and operational reviews
- SMs use a broad range of remedial measures to help get projects back 'on track' when necessary, mainly by increasing oversight and providing supplementary financial assistance
- Many SMs are tracking EOA dates at the project level, mainly by spreadsheet but significantly fewer are tracking federal funding at the project level

Pre-EOA Impact Practices:

- SMs generally understand that service level standards need to be maintained but there is a wide range in perceptions, suggesting very different levels of understanding among SMs regarding post-EOA obligations
- Most SMs have not done any EOA analysis, but they are taking precautionary steps to mitigate possible impacts. Where analysis has been done, results are patchy.

- SMs identified a wide range of tools that would assist them with EOA issues, primarily financial & forecasting tools, templates & training, and information sharing
- Most SMs are uncertain they will be able to maintain service level standards post-EOA and many are concerned about impacts on municipal subsidies and the local property tax base.
- Many SMs report that most providers in their service area are not taking steps to address EOA impacts or don’t have the capacity to do so.

Post-EOA Handling Practices:

- The reported projects that have hit EOA (30+) covered a range of older housing programs, many with some component of federal funding
- For EOA projects that are LHC-based, SMs have typically adopted a ‘business as usual’ approach for RGI, continuing to fund and contribute to service level standards
- For federal-based project, economic realities and the desire for more flexibility has pushed providers away from maintaining pre-EOA levels of unit affordability
- SMs tended to support operational viability at EOA by maintaining good relationships, promoting financial health & establishing sufficient reserves
- Strategies identified by SMs for maintaining unit affordability primarily focused on securing or targeting funding
- Additional resources are seen as a primary requirement but having additional tools for planning and maintaining provider accountability arrangements were also cited as important

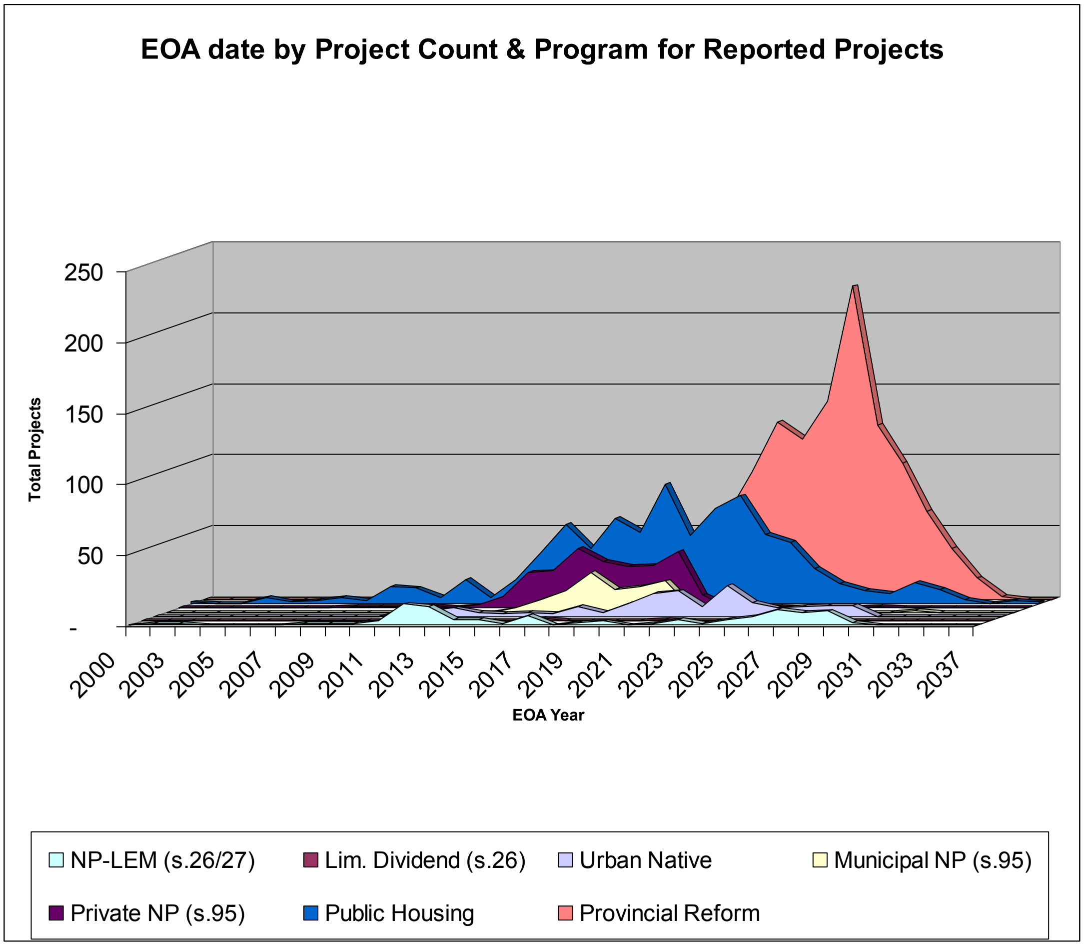
Survey results suggest that SMs are actively monitoring and tracking current project viability, employing remedial measures to get projects back on track where warranted. Greater clarity is required by both SMs and providers around EOA obligations and more work on determining EOA impacts and the step-down of federal funding is absolutely required to understand local impacts. The results of this study should assist in broadening that understanding. SMs feel that having more financial tools, templates and training would also assist in this regard. For those few SMs who have encountered EOA projects, results to date are somewhat polarized – projects are either treated on a status quo basis by the SM (e.g. public housing) or have distanced themselves from the SM (e.g. federal-based projects).

Part 3 data - Project level findings

Data gathered for Part 3 provides general project characteristics that can be assessed across a variety of area but is most valuable in terms of estimating EOA impacts. While not all useable, more than 3,000 projects are currently represented in this data set. They are reasonably representative of the program mix in the social housing portfolio as a whole but do represent less than 50% of all projects. A few key aspects are identified here to highlight primary issues.

In the case of EOA dates and the sun setting of federal funding:

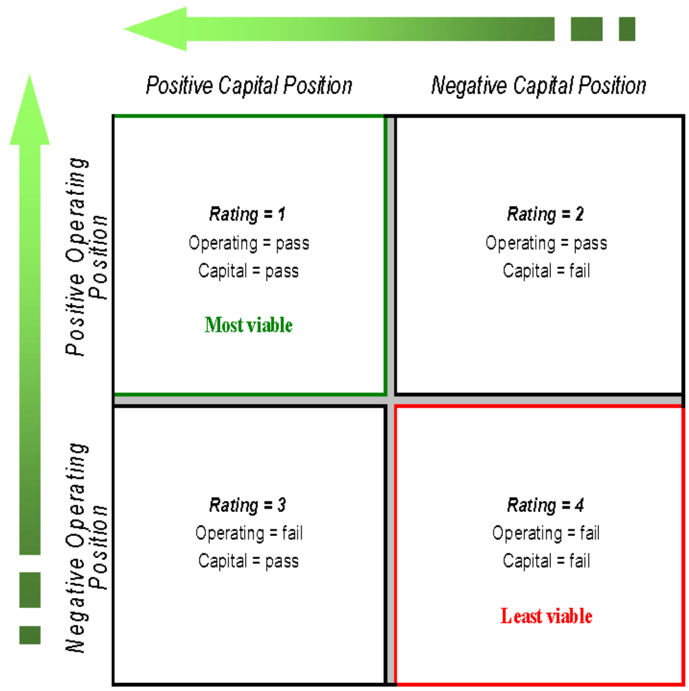
- As expected, EOA dates in reported projects thus far have been more frequently occurring in older projects, namely those under Public Housing and federally funded programs
- This trend will continue for the foreseeable future until at least 2030 and is notable in that almost 60% of all reported units fall within these programs
- Urban Native units are starting to hit EOA and while they represent a small portion of the overall portfolio, impacts are significant given the high reliance on federal funding
- Reported projects under the Provincial Reform program are not slated to start reaching EOA until 2014 but will successively increase, sun setting only in 2033
- Impacts here are notable as these units account for over 36% of reported units and will see peak annual impacts with more than 13,000 units hitting EOA in 2027 alone



In terms of assessing viability at EOA, methodology from prior research on the subject was replicated to enable comparisons[1]. The benefit here is that a much wider array of project data was assessed and there was an opportunity to include more detailed building condition information. The premise of the viability testing is to determine if a project can operate without subsidy and without a mortgage at EOA. To do this, two tests are actually required – the first to measure a project's operating position using Net Operating Income (NOI), and the second to measure capital position by assessing ability to meet anticipated capital needs over time. Using submitted data, testing was run at current and EOA dates using a factoring up approach that was consistent with earlier research.

[1] A reference list of relevant prior EOA research can be found in Appendix E of the main report. The work of Pomeroy and Connelly et al is particularly relevant in terms of the methodology replicated in this study.

Project Viability Testing Grid



* Figure based on matrix in prior research by Pomeroy, Connelly et al

On the basis of these two tests, a viability rating can be developed for all projects, depending on which part of the viability grid they land in. Results of this rating process were as follows:

- Projects with a viability rating of '1' – those deemed most viable - account for just over 10% of all reported projects.
- Projects with a rating of '3' account for over 22%, the majority of which are in the Provincial Reformed program. For these projects, operating position is a problem and this is very noticeable among Urban Native projects.
- Projects with a rating of '4' are deemed least viable and account for just over 10% of all reported projects, primarily in the Public Housing and Provincial Reformed programs.

It is important to note that non-rated projects account for just over half of all reported projects, mainly in the Public Housing and Provincial Reform programs. Likewise, the use of proxy capital figures is prevalent in projects with a viability rating of '3' and may overstate their actual capital position. Insufficient or incomplete information impaired the ability to calculate an accurate viability rating for a substantial number of projects and improving data quality would certainly help to get a clearer picture of overall impacts.

Viability Rating on EOA

	Program Type									
EOA viability rating	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	**Grand Total**	
1 - Operating pass, Capital pass		27	32	71	160	2	18		310	10.2%
2 - Operating pass, Capital fail	1	8	14	77	43	40		1	184	6.0%
3 - Operating fail, Capital pass	1	12	30	50	355	141	91		680	22.3%
4 - Operating fail, Capital fail		5	7	12	132	156	8		320	10.5%
non-rated	2	74	259	47	466	649	43	16	1,556	51.0%
Grand Total	4	126	342	257	1,156	988	160	17	3,050	100.0%

Valid results from this analysis generally confirm the results of earlier research whereby projects developed under older federal programs are projected to be more viable at EOA than their Public Housing and Provincial Reform counterparts. Past and current research has shown that this is due in large part to the impact of RGI subsidies on operational viability. In essence, the higher the RGI share, the more difficult it is to maintain viability at EOA without additional financial support of some kind. It's also clear that capital position is an important determinant of viability.

The degree to which projects pass or fail viability testing was also examined in order to better understand the magnitude of the EOA issue. This is especially helpful from the perspective of estimating what it would take financially to make projects viable. Based on analysis, the following findings were observed:

- The average operating position at EOA for all projects was a deficit of roughly $2,250 per unit, with this deficit essentially doubling for those projects that failed the operating adequacy test
- In the case of capital position at EOA, the average for all projects was a deficit of just under $10,000 per unit, with this deficit essentially tripling for those projects that failed the capital adequacy test

- Regional and program results showed notable variations for per-unit averages in both the operating and capital position testing, clearly signaling deferential impacts of EOA

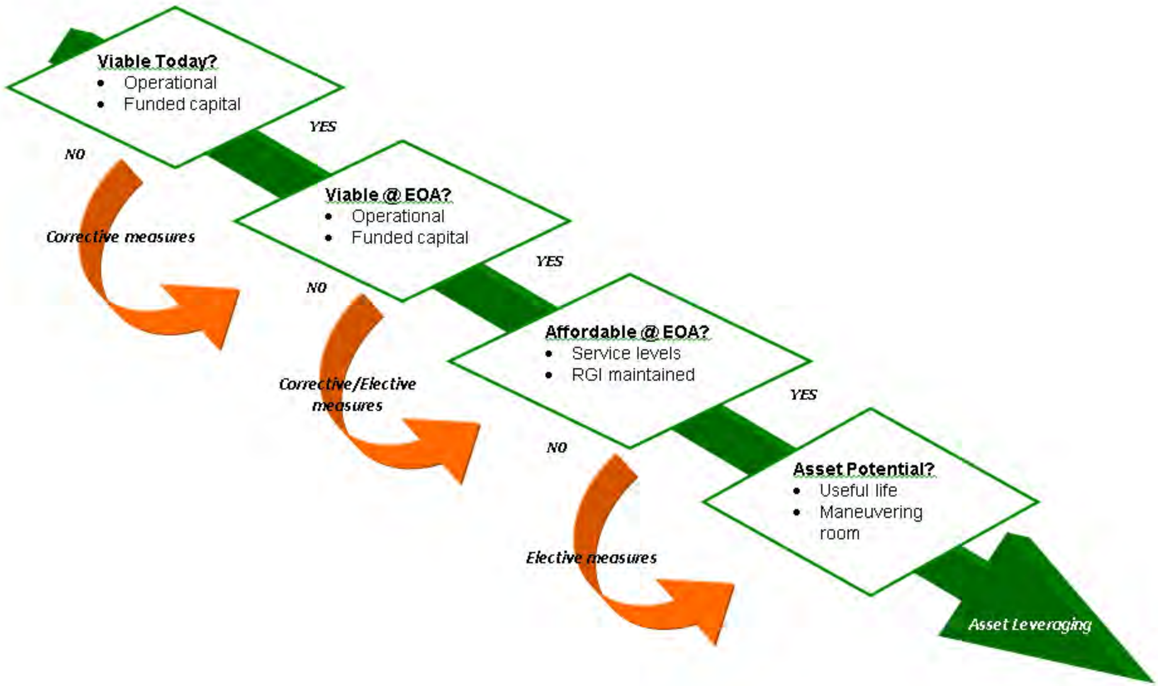
While this viability testing provides a general sense of typical project impacts across programs, local impacts will vary considerably due to specific portfolio composition. Using a similar but more tailored analysis that reflects local characteristics would help SMs better determine general impacts for their respective portfolio with a greater level of precision. Defining exact impacts would require more refined modeling tools, ideally ones which enable scenario testing.

An SM Framework for EOA Good Practice

Determining the future potential of projects requires progressive and stepwise consideration of EOA impacts and opportunities, starting first with current project viability. Building on a stable footing is key to future sustainability. Looking forward, there is a chain of decision-making for SMs to consider, from maintaining current viability up to the point of leveraging assets for housing purposes. This chain considers 4 basic questions:

- Is the project operationally viable today?
- Is the project operationally viable at EOA?
- Is the project affordable to residents at EOA?
- Does the project have leveraging potential?

Where answers to any of the questions are negative, corrective or elective remedial measures may be required to help bolster viability or stabilize affordability. An important consideration here is having the necessary project-level data and building condition information to adequately assess projects. Based on the viability testing undertaken, those projects with a rating of ‘1’ would be best positioned to consider asset leveraging while those with a rating of ‘4’ and to a lesser extent ‘3’ would be prime candidates for remedial measures.



At each decision point, there are a number of factors that would need to be considered apart from just financial stability and capital position. Among other things, governance practices, organizational stability, service level standards and local market conditions would also need to be considered. Remedial measures in these areas could include cost reduction strategies, revenue generation strategies, cross-subsidization and RGI re-structuring. For those projects in the enviable position of being able to consider asset leveraging, a number of other factors must be considered in the decision-making process including the useful life of the asset, project valuation, development potential and tax status. Unlocking potential could include such strategies as debt financing, cross-funding, re-purposing or project regeneration.

In each instance, the accountability relationship the project has with the SM will influence what factors are important and what remedial measures may be appropriate in the decision-making process. In the case of Public Housing projects and LHCs, the direct control that SMs have coupled with the imminent EOA dates and funding obligations for this segment of the housing portfolio will make them a clear priority. The legislated obligations of post-EOA funding to Provincial Reformed projects will also make them important, particularly in terms of financial impact and risk to the SM but these EOA dates will occur later in the EOA cycle. Federal projects which have already started to encounter EOA are the most removed in terms of accountability and scale. As such, the approach SMs take with these providers post-EOA may be markedly different than other projects.

Based on SM survey findings on good practice and with regard for research completed to date, it's clear that a number of principles are important to consider when embarking on EOA analysis and making strategic decisions for the post-EOA period. These include:

- Having the right information and tools to get started
- Taking a longer term, business-like perspective
- Balancing fiscal resources with human realities
- Understanding impacts at both the program and portfolio level
- Establishing an appropriate accountability relationship with providers
- Building support

Taking action

Survey analysis from this study has shown that SMs have limited experience in assessing EOA impacts despite the looming wave of projects coming forward and the potential impacts they will endure. While this study has been helpful in identifying potential impacts at the macro scale, SM analysis at the local level is critical to understand the impacts of EOA based on the local social housing portfolio and market conditions. In that regard, SMs are being encouraged to develop an EOA transition plan by taking the following steps:

1. Get the information you need
2. Do an initial impact assessment of your portfolio
3. Check-in with your municipal decision makers
4. Dialogue with providers
5. Undertake refined analysis/testing
6. Develop an EOA transition plan
7. Get your EOA transition plan approved by you municipal decision-makers
8. Implement your transition plan

The composition of local housing portfolios will tend to influence the urgency of completing the EOA transition plan but the fact that certain projects have hit EOA and many others are on the cusp of reaching EOA around the province signals a clear need for action now by SMs. This is particularly evident when one considers the lead time necessary for decision-making and implementation of remedial measures. For that reason, all SMs should complete steps #1 through #3 as soon as possible.

Directions Forward

In addition to SM-based decision making, there are a number of broader issues highlighted in the study which require further attention. Based on the study analysis of data and having regard for good practice information related to SMs, the following recommendations are being proposed for further consideration.

1. Service Managers to undertake preliminary EOA analysis of their portfolio to develop a preliminary impact assessment, followed by a more formal EOA transition plan
2. HSC to support development of tools and resources for SMs and housing providers that aid in gathering critical EOA information and assessing impacts in a standardized way
3. HSC to assist in developing financial mitigation strategies to assist SMs and providers in addressing EOA issues and support knowledge transfer on these strategies
4. HSC to work collaboratively with sector organizations to support provider initiatives that promote post-EOA engagement, sustainability and affordability
5. MMAH to improve information sharing with SMs on federal funding details at the project level to enable better EOA planning, especially with regards to sun setting of rent supplement funding
6. MMAH to continue seeking re-investment of federal funds scheduled for step down, using these monies instead to support projects and improve building conditions
7. HSC and sector organizations to continue advocating for renovation/rehabilitation funding to address capital repair backlogs that negatively affect project viability

8. MMAH to improve clarity around legislated SM funding and administration expectations post-EOA, especially with regards to maintaining service level standards
9. MMAH to de-link HSA prescriptions on service level standards and administration post-EOA, enabling SMs to tailor appropriate accountability relationships with providers

1.0 Introduction

Municipalities in Ontario, as Service Managers (SMs) for social housing, are bound by legislation to fund and deliver social housing programs in their various communities across the province. These obligations will however change over time and as social housing end dates are encountered, the roles, responsibilities and strategies that SMs employ regarding social housing stock in their jurisdiction will present both challenges and opportunities. For ease of use, the term "social housing end dates" (EOA) is employed here to refer to both the expiry of federally-signed operating agreements as well as the expiry of mortgages and capital financing obligations in housing in Ontario under the *Housing Services Act*. In the case of the latter, substantial changes in subsidy transfers affecting housing providers and Service Managers are triggered by this milestone.

This issue is not a new one. Earlier research sponsored by the Canadian Housing Renewal Association (CHRA) and Social Housing Services Corporation (SHSC), showed that the majority of social housing in the province could remain viable beyond projects' end dates, albeit with some significant exceptions. However, in addition to project viability for certain components of the stock, there also remain concerns that some housing providers will seek to opt out of on-going program participation when their legislated obligations end because of the layers of complexity they perceive in existing program rules and administration.

For Service Managers, the prospect of EOA creates considerable uncertainty about the future, namely:

- apprehension regarding the costs of sustaining housing and provider relationships in the face of eroding asset conditions and the loss of federal funding which steps down in concert with EOA
- anxiety about possible losses to the finite affordable housing stock currently 'on the ground' despite sustained community need, and whether a continuing relationship with housing providers can be enforced, either practically or legally
- uncertainty about SM rules/obligations beyond end dates which arise from the *Housing Services Act* and which relate to issues such as mandated service levels, absence of end dates for SM obligations and potential liability for future insured mortgages

- concern about the uneven impacts of EOA by program and the lack of a coordinated, long term policy framework in which to adequately address project viability and program sustainability issues

Service Managers also have a vested interest in EOA as they (or their municipalities) are owners of substantial social housing stock and as such, have a direct stake in sustaining this important community resource. This direct link means that despite uncertainties, there is a clear motivation for SMs to address challenges and seek opportunities that can sustain or leverage housing stock while offsetting financial pressures. Likewise, SMs are generally confident that housing providers will remain committed to social housing values, despite the lure of operating autonomously outside of program obligations. It is further anticipated that most housing providers will at some point request financial help from SMs in order to remain sustainable, and this will offer the best opportunity for formal negotiation of on-going participation.

Service Managers remain hopeful that future capital funding from senior governments will lessen maintenance liabilities associated with projected deficiencies in social housing stock. There is also recognition that opportunities may exist post of EOA to mitigate financial impacts by realizing larger operational surpluses, accessing accumulated equity, and generating administrative savings. It may also be possible to consider project re-financing, site re-development and intensification opportunities as additional opportunities to offset impacts arising from EOA. However, a more flexible legislative framework is required in order to pursue these avenues.

The Housing Services Corporation (HSC), in concert with the Association of Municipalities of Ontario (AMO) and the Ontario Municipal Knowledge Network (OMKN), have funded this research study to identify EOA obligations for SMs, to identify impacts of EOA on Service Managers and to better understand the practices being employed to address these impacts. From this analysis, a suggested SM framework for addressing EOA impacts has been developed, flagging required decisions, factors for consideration and potential options for managing impacts.

2.0 Background

2.1 Context

As part of a complete housing system, Service Managers have an interest in sustaining affordable housing in their respective service areas. While this helps support the concept of inclusive and healthy communities, there are also legislative obligations which SMs must address, especially in regards to developing Housing and Homelessness plans under the *Housing Services Act* (HSA). This same legislation, like the *Social Housing Reform Act* before it, obliges SMs to maintain service level standards for social housing beyond EOA. Under the HSA, this simply means that each SM must maintain a prescribed number of units in their service area at rental rates which are affordable to low-and-moderate income households. This is a notable requirement in that service levels must be maintained despite the fact that federal subsidies will sunset after EOA, leaving SMs on their own to address the on-going financial obligations that service levels will impose.

In support of this obligation, HSA legislation requires continued payment of certain subsidy by SMs for projects under Provincial Reformed and Public Housing programs, notwithstanding that operating agreements, mortgages and federal funding sunset at this key milestone. It is worth noting that subsidy obligations are prescribed in different ways and do vary by program so implications will be different from project to project. While service level obligations and subsidy requirements may not exist for projects under other prescribed programs, these other projects could continue to provide affordable local housing post-EOA and may represent opportunities to leverage or generate other housing options in the community since they are not bound by the same requirements. To be clear, leveraging opportunities could exist for any social housing project post-EOA, but projects need to be financially viable and in sound operating condition to realize this potential.

Prior research commissioned by CHRA and HSC has examined post-EOA viability on a modest scale, largely through case study reviews[2]. This work generally concluded that projects developed under former federal programs (i.e. Section 26 Limited Dividend, Section 26/27 Low End of Market and Section 95

[2] A listing of prior research can be found in Appendix E.

Municipal + Private Non Profit programs) were likely to be more viable post-EOA as compared to projects developed under Provincial Reformed, Public Housing and Urban Native programs. A key factor in project viability was RGI share, whereby projects with a lower percentage of RGI units were more likely to be viable post-EOA.

A second key factor was project condition in terms of replacement reserve adequacy to meet capital demands. In the absence of detailed building condition data, these earlier studies utilized proxy measures to assess capital reserve adequacy. Not surprisingly, projects with depleted reserves and deferred or looming capital requirements were deemed less viable. Supplementary research has also been done by HSC and CHRA on Service Manager perspectives in Ontario and post-EOA practices in jurisdictions across Canada which collectively have helped identify potential EOA issues and solutions[3].

Challenges and opportunities associated with EOA will not be spread evenly across Ontario and it will be important for each Service Manager to obtain a better understanding of the future state of housing in its service area, given the unique composition of social housing portfolios and the local housing providers who operate them. To advance this understanding, there are a number of key questions Service Managers need to consider in better preparing for EOA:

1. What obligations and practical constraints do SMs have with regards to projects post of end date?
2. What type of projects can operate without assistance post end date and still meet/support service levels? For those projects that can't, what level of assistance would typically be required to enable them to continue operating at that level?
3. What type of projects can operate without assistance post end date and still be operationally viable? For those projects that can't, what level of assistance would typically be required to enable them to continue operating at that level?
4. What are the key factors that influence a project's ability to remain viable post-end date (e.g. asset condition, RGI mix, size, local market conditions)?

[3] This more recent research is also listed in Appendix E.

5. What can/should SMs do to help mitigate EOA issues with providers, both pre- and post-end date?
6. What are the projected impacts to SMs of the loss of federal funding as it steps down post EOA?

One of the primary impediments to assessing impacts on a wider basis has been the limited availability of appropriate data. This has been an on-going issue in Ontario given the lack of common data sets and fragmented approach to gathering and analyzing available data. A critical component of this study therefore is to advance the EOA discussion by gathering and analyzing a substantive data set of key project information. This is particularly the case for building condition information which was only addressed on a proxy basis in earlier research and which SMs have more recently started to gather as part of prudent asset management practice. A second and equally important aspect is the practices SMs are employing to prepare for and manage EOA issues, an area also deficient in current research. As a result, there is a limited understanding of how SMs are preparing for or addressing impacts and opportunities. Anecdotal information indicates that while some SMs have encountered end dates and are starting to work though issues, many have not. This study is intended to gather key data and promote a broader understanding of issues, opportunities and current practice, resulting in a framework to help guide SM deliberations as they as they plan for EOA.

2.2 Study Scope

Launched in the fall of 2011, this EOA research study has been overseen by a reference group made up of a combination of SMs representatives (Waterloo, Windsor & Toronto) as well as staff from HSC, AMO and OMKN. Re/fact Consulting was retained to complete the study, working in concert with HSC staff and the reference group. Over the course of the study, regular meetings of the reference group were held to discuss key factors, gather feedback and track study progress.

A formal terms of reference for the project was finalized and adopted by the group at the outset of the study, establishing the following scope of work:

1. Review relevant SHSC, CHRA and related reports on social housing end dates and the expiry of operating agreements
2. Define the scope of necessary work, data-gathering requirements and challenges as well as options to address these challenges
3. Survey SMs to gather critical business data as well as experiential information related to practices in planning for and addressing EOA issues
4. Analyze gathered information to validate impact findings versus prior EOA work, drawing out current trends and identifying key drivers
5. Summarize practices used by SMs related to planning for and addressing EOA issues, identifying effective options that can be considered as common/good practice
6. Develop a ‘prudent practice’ framework, underscoring recommendations that enhance SM capacity to adequately address EOA issues

Results of the study were summarized in a report and vetted with the reference group prior to issuing this final report. The final phase of the project was the production of a plain language summary, documenting highlighted results, findings and recommendations to be used for informing SMs and sector stakeholders.

While related to the work of the study, the following was deemed **not** in scope by the reference group at the start of the project:

- Guidelines for Service Manager decision-making with respect to capital repair / replacement proposals
- Template agreements between Service Managers and Housing Providers with respect to loans for capital repairs / replacement.
- Model processes of HST rebates beyond termination of operating agreements or mortgage expiry
- Model processes and language to allow continuation of exemptions under the Residential Tenancies Act
- Determination of provider intentions related to post-EOA operations
- Identification/assessment of potential post-EOA funding model options

3.0 Legislative Context

Requirements for Service Managers to fund housing providers and maintain service levels are established under legislation in the *Housing Services Act* (HSA) and its associated regulations. These requirements are particularly relevant to EOA as obligations sunset under certain programs but continue under others. The fact that service level standards must be maintained beyond EOA is a critical concern to SMs, as is the obligation to subsidize Provincial Reform and Public Housing projects past this same transition point. A primary reason for this concern is that federal funding to support projects will sunset at EOA, leaving SMs solely responsible for the financial impacts that service levels and subsidy continuation will have. Projects that are non-viable despite this continued assistance or in poor condition capital-wise would present additional concerns to SMs.

Broadly speaking, SM obligations that are 'enshrined' in HSA legislation and that can impact EOA projects are:

- paying subsidy to Local Housing Corporations (LHCs)
- providing RGI assistance and maintaining minimum service levels
- administering & funding prescribed programs in accordance with the Act or pre-reform operating agreements
- paying subsidy to prescribed part VII housing providers
- use of federal funding and paying allocated provincial housing costs
- determining and apportioning SM costs (within the SM area or for the purposes of GTA equalization)

These obligations are identified in various areas of the legislation and prescribed in greater detail in the accompanying regulations. A brief review of each requirement and the pertinent legislative reference is provided below along with a description of the link with EOA.

A) HSA Part IV – Paying subsidy to LHCs

- Subsidy is required to be paid by SMs to LHCs under s. 28 of the HSA
- Obligations related to required subsidy are further defined in s.12 of O.Reg (367/11) obligations, including concept of 'sufficient funding' for:
- Maintaining the project
- Making housing available to eligible households
- Making payments for mortgages/debentures
- This section of the regulation is noteworthy in that it introduces the concept of 'sufficient funding', a somewhat interpretive term, and is silent on the 'sunsetting' of the funding obligation.

The level of funding to LHCs is not prescribed and is subject to interpretation. As such, individual operating or shareholder agreements for LHCs tend to define the funding requirement and accountability relationship from SM to SM. For that reason, the impacts of funding post EOA will also vary, depending on the LHC agreements that are/will be in place.

B) HSA Part V – Providing RGI Assistance and Maintaining Service Levels

- SMs must provide RGI assistance and maintain minimum service levels for prescribed programs (s.40 & 41 of HSA and listed by SM area in Schedule 4 of O. Reg 367/11)
- Prescribed RGI programs are 1a, 1b, 2a, 2b, 6a and 6b – as a result, service levels apply to units in Provincial Reformed, Public Housing and transferred Rent Supplement programs (s. 39 of HSA, s. 18 of O.Reg (367/11)
- Excluded from RGI & service levels are programs 3, 4, 5, 7 and 8 – these are essentially prior federally funded programs (s. 40(2) of HSA, s. 20 of O.Reg 367/11)
- This section clearly distinguishes the obligation to provide RGI assistance and maintain service levels for specified programs. Again, the regulation is silent on the 'sun setting' of this obligation

Beyond individual project funding obligations that may survive EOA, SMs have overall responsibility to meet service levels and provide RGI assistance for certain programs. However, the administrative framework for doing this is less certain, especially in terms of legislated authorities and SM flexibility to meet service levels. Additional clarity here would assist SMs in identifying and selecting options for addressing HSA obligations post EOA.

C) HSA Part VI – Administering & funding prescribed programs

- SMs must administer & fund prescribed programs in accordance with the Act or pre-reform operating agreements (s.68 of HSA)
- Prescribed rules and criteria for programs are generally defined (s. 86 and Schedule 5 of O.Reg 367/11)
- Additional requirement regarding the manner in which programs must be operated are specified and these would apply to post-EOA programs

However, the ability of SMs to administer these requirements is unclear, especially in terms of those projects with pre-reform operating agreements which sunset at EOA. Additional clarity here would assist SMs in identifying appropriate accountability options post of EOA.

D) HSA Part VII – Paying subsidy to prescribed Part VII providers

- SMs must pay subsidy to prescribed part VII housing providers (s. 78 of HSA)
    - Prescribed Part VII providers are defined as those with program 6a and 6b projects (s. 73 of HSA and s. 90 of O.Reg 367/11)
    - Requirement and method of subsidy calculation are defined (s. 2, 4 & 11 of O.Reg 369/11)
- This section establishes the obligation to provide subsidy to providers under the Provincial Reform program and the manner in which it is to be calculated. Again, the regulation is silent on the 'sun setting' of the obligation post-EOA

The required level of funding for these projects and the manner of calculation is prescribed by the Act. However, other matters related to operational oversight (i.e. SM delegated authorities, having regard for local rules, additional reporting obligations, etc.) are typically enshrined in an operating agreement which helps define the accountability relationship between SMs and individual housing providers. The funding calculation for SMs will vary post EOA, notwithstanding the continuing obligation to provide subsidy. However, the framework for accountability in this period is less certain, especially in terms of SMs legislated authority. Additional clarity here would assist SMs in preparing for and establishing accountability agreements that are appropriate to the post-EOA period.

E) HSA Part VIII – Use of federal funds, apportioning and payment of costs

- Obligations of Act require SMs to:
    - Use federal funds for prescribed uses (s.102)
    - Pay allocated provincial housing costs (s.106)
    - Determine and apportion SM housing costs + GTA equalization (s.110, s.111, s.119)
- Regulation details supporting these requirements oblige SMs to:
    - Pay provincial costs (s. 106-108, O.Reg 367/11)
    - Determine and apportion costs + GTA equalization (s. 109-127, O.Reg 367/11)
- This section obliges the payment of costs and prescribes uses for federal funding, notwithstanding the step down of federal funding at project EOA over time

The use of Federal funding by SMs (while it is being flowed[4]) is limited to specific activities. In addition, certain applicable Provincial costs can be levied against SMs for items such as mortgages or SHA costs in relation to prescribed projects. These costs are typically deducted at source from Federal funds that are distributed by the Province. Within service areas, the allocation and payment of social housing costs is also prescribed but there are special rules that relate to service managers within the Greater Toronto Area (GTA). These allocation and payment models would continue to influence SM operations after EOA, notwithstanding accountability arrangements which may change at the provider level. Additional clarity here would assist SMs in addressing funding accountability issues in the post-EOA period.

[4] A graphic description of the flow of Federal funding is provided in Appendix A

Figure 1 (following) is provided to help illustrate the general obligations of SMs pre-EOA versus post-EOA as compared among the various social housing programs.

Figure 1

Service Manager Obligations Pre & Post EOA

	Housing Program	Public Housing (LHC)	Municipal Non-Profits (Sec. 95)	Private Non-Profits (Sec. 95)	Provincial Reformed (Non-Profit & Coop)	Limited Dividend (Sec. 26)	N/P Low End of Market (Sec.26 & 27)	Urban Native Programs	Transferred Rent Supplement Programs
	Def'n of Program per O.Reg 367/11 Schedule 1	*Programs 1(a) + 1(b)*	*Program 6(c)*	*Program 5*	*Programs 6(a) + 6(b)*	*Program 3*	*Program 4*	*Programs 7 + 8*	*Programs 2(a) + 2(b)*
Pre-EOA	*Ensure program compliance*	✓	✓	✓	✓	✓	✓	✓	✓
	Maintain Service Levels	✓	✗	✗	✓	✗	✗	✗	✓
	Flow federal subsidy dollars	✓	✓	✓	✗	✓	✓	✓	✓
	Flow municipal subsidy dollars (formerly Prov.)	✓	✗	✗	✓	✗	✗	✗	✓**
	Fund pay down of principal capital debt	✓	✓	✓	✓	✗	✗	✓	✗
Post-EOA	*Ensure program compliance*	✓*	✗	✗	✓	✗	✗	✗	✗
	Maintain Service Levels	✓	✗	✗	✓	✗	✗	✗	✓
	Flow federal subsidy dollars	✗	✗	✗	✗	✗	✗	✗	✗
	Flow municipal subsidy dollars (formerly Prov.)	✓*	✗	✗	✓	✗	✗	✗	✓**
	Fund pay down of principal capital debt via subsidy	✗	✗	✗	✗	✗	✗	✗	✗

**obligation is subject to 'sufficient funding' test of s. 12, O.Reg 367/11*
*** subsidy is in the form of RGI assistance only*

While not directly within the scope of this study, the influence of the *Residential Tenancies Act* (RTA) must also be acknowledged. Under the HSA, prescribed projects are entitled to exemptions from certain aspects of the RTA, primarily relating to rent increases. Where projects reach EOA and are no longer deemed prescribed, it would follow that the RTA exemptions they currently enjoy would no longer be available to them. Other projects that remain prescribed post EOA would presumably continue to enjoy current RTA exemptions. The RTA provisions have direct implications for sitting tenants and for the operating accountability of housing providers with SMs. As such, legislative clarity from MMAH around the application of RTA provisions and the process for transitioning projects from ‘prescribed’ to ‘non-prescribed’ is necessary to help inform the post-EOA planning process for SMs and housing providers alike.

An additional issue beyond the scope of this study relates to HST status for housing providers. Currently, designated non-profit housing providers receiving government subsidy are entitled to rebates on the HST they pay. These rebates can be equivalent to as much as 86% of the HST payable, depending on the designation of the provider[5].

Where this designation is no longer granted by Canada Revenue Agency (CRA) because of a change in funding status, full HST could be payable, adding back as much as 11% in costs to project operations. For projects struggling for viability at EOA, this additional burden would present clear operational challenges, even for multi-project providers who may have greater portfolio flexibility. Establishing a consistent means of designating projects on the basis of the affordability they provide post EOA would help address this additional barrier but would require CRA endorsement.

As seen in this section, basic funding and accountability obligations post EOA are established in legislation. However, for SMs to determine the impact of addressing or exceeding these obligations, it is necessary to explore the data realities ‘on the ground’. The analysis of EOA data that follows is intended to advance that understanding.

[5] HST rebates vary depending on the status designated by CRA for the housing provider. Municipally designated providers enjoy rebates of up to 86% of payable HST while charities and qualifying non-profits are eligible for up to 70%. Designations are granted by CRA with regard for corporate activity/status as well as funding received from government. Entitlement to rebates is not guaranteed in perpetuity and is subject to regular review by CRA.

4.0 Data Gathering and Analysis

4.1 Service Manager Survey

Lack of appropriate data has been a principal impediment to more completely understanding EOA impacts in Ontario, particularly at the project level. As a result, a primary function of this study was to gather a broad range of current and detailed data from SMs to help characterize the impacts of EOA and better understand what measures SMs are employing to prepare for and address EOA projects.

To gather the breadth of necessary information for the EOA research study, a survey was administered to all 47 SMs in the province. A test survey was first developed and reviewed with the reference group to ensure necessary information could be gathered to meet study objectives. The test survey was administered to a sample of six representatives SMs to gauge clarity, content and usability. Test subjects were also asked to confirm accessibility to source data and level of effort to complete the survey. While the amount of data required was ambitious, test SMs acknowledged the value of the exercise in gathering data for their own future use. Based on feedback from test subjects, adjustments were made to the survey instrument to improve clarity and organization. A definition sheet was added and sample data source documents were also provided to illustrate where to find required data (i.e. extracts of MMAH Data Release 5 and Federal Funding Apportionment Tables). A copy of the final survey instrument is attached as Appendix B.

The survey was developed in an Excel workbook format to enable data upload and was designed to probe for detailed information from SMs in three key areas:

- *Part 1 – Current portfolio information* – This part of the survey requested portfolio, program and funding information for the SM service area based on the 2010 Service Manager Annual Information Return (SMAIR), the most recent complete reporting year on program funding, projects and units. Information on federal funding was also requested from SMs, which could be accessed in their individual 5 year Federal Funding Apportionment table, as distributed by MMAH.

- *Part 2 – Good practices* – The focus of Part 2 was to gather feedback on current SM practices in monitoring/tracking projects, determining EOA impacts and handling post-EOA project. Questions were open-ended, allowing for a range of responses and perspectives from SMs.
- *Part 3 – Project details* – The most sizable section of the survey - Part 3 – requested project-level information on general characteristics, EOA dates, mortgage debt, subsidy, revenues, expenses, current capital reserves/demands and projected reserves/demands at EOA. Depending on how information was stored, SMs would typically need to gather data from Annual Information Returns, provider financial statements, Data Release 5 and building condition assessment reports.

SMs were pre-advised of the survey's release and in late 2011, the final survey was distributed to all 47 SM housing staff leads via e-mail. While originally intended to gather submissions by end-of-year 2011, the process of information vetting, providing clarifications and follow-up with individual SMs consumed a substantial amount of time in early 2012.

Table 1

Survey response rates by SM and project count							
			Potential Projects		*Actual Projects*		
Survey status	**SM count**	**SM share of total**	**Potential projects***	**Share of total**	**Reported projects****	**Share of potential**	**Share of Total**
submitted	31	66.0%	3,610	84.1%	2,981	82.6%	69.4%
partial	2	4.3%	63	1.5%			
sub-total	33	70.2%	3,673	85.5%			
not submitted	14	29.8%	622	14.5%			
total	47	100.0%	4,295	100.0%			

Notes:

** potential projects per count from O. Reg 368/11*

*** reported projects include full/partial data submitted at project level*

Based on reviews of initial submissions, a number of data gaps were also identified and requests for SM clarification or augmenting of data were issued back to SMs. As a result, a number of clarifications and re-submission of surveys by a number of SMs occurred into late spring and early summer of 2012.

Table 2

EOA survey - response rates					
Survey submitted	*Part 1 – Portfolio info*		*Part 2 – Good practices*		
	SM portfolio	**Federal Funding**	**Monitor & Track**	**Pre-EOA Impacts**	**Post-EAO impacts**
yes	33	27	32	31	18
partial	0	2	0	1	3
no	0	4	1	1	12
sub-total	33	33	33	33	33
yes	100.0%	81.8%	97.0%	93.9%	54.5%
partial	0.0%	6.1%	0.0%	3.0%	9.1%
no	0.0%	12.1%	3.0%	3.0%	36.4%
sub-total	100.0%	100.0%	100.0%	100.0%	100.0%

Quantitatively, survey responses were high among SMs, indicating a strong participation rate:

- Over 65% of all SMs submitted surveys with data in each of the three parts – of those responding, participation rates in Part 1 and Part 2 were over 80%
- Based on project counts in regulation (4,295 in all)[6], responding SMs would cover almost 85% of projects in the province

[6] Ontario Regulation 368/11 identifies all projects and their associated funding program by service area, excluding prescribed Rent Supplement projects.

Table 3

EOA survey - response rates						
Survey submitted	*Part 3 – Detailed project data*					
	Basic info	**Debt Info**	**Subsidy Info**	**Costs Info**	**Current Capital**	**Future Capital**
yes	24	16	7	13	2	4
partial	8	15	21	15	26	12
no	1	2	5	5	5	17
sub-total	33	33	33	33	33	33
yes	72.7%	48.5%	21.2%	39.4%	6.1%	12.1%
partial	24.2%	45.5%	63.6%	45.5%	78.8%	36.4%
no	3.0%	6.1%	15.2%	15.2%	15.2%	51.5%
sub-total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

However, qualitative results – especially for Part 3 - presented challenges to securing a full and robust data set for analysis. More specifically:

- Actual response rates at the project level for Part 3 accounted for only about 50% of all regulation projects due to partial reporting of projects within SM portfolios
- There were also substantial gaps within project elements of the Part 3 data submitted, further reducing the analytical capability of the data set
- Response rates for the 'future capital' component of Part 3 were the lowest among all categories at less than 50%

4.2 Data Issues

While a reasonably healthy response rate was achieved for the survey overall, some specific data issues were encountered by SMs. Some of the more noteworthy issues were:

- *Federal funding* – A number of SMs had issues accessing and interpreting federal funding data given the minimal information typically provided by the Province. In particular the ability to 'unpack' or reconcile gazetted numbers and allocate funding by program presented challenges, specifically at the project level.

- *Rent supplement information* – As with federal funding, data was almost impossible to identify at the project level and unlike other projects, no reported EOA date exists to signal when federal funding withdrawal can be expected. As a result, very little project-level data for rent supplement projects was submitted by SMs

- *Debt and subsidy information* – Likewise, the ability to access and interpret debenture information and allocate funding shares at the project level were also challenging[7]. This was especially true for multi-project providers who typically report only rolled-up data to their respective SM. Subsidy split information is particularly helpful in understanding the project-level impact of federal funding withdrawals but again, availability of data is a principal issue[8].

- *Revenue and cost information* - Depending on internal cost allocation models used, some SMs encountered issues with data aggregation, especially where they had internalized the LHC business. There were also issues encountered with multi-project providers, again due to aggregate reporting of information by providers.

- *Current and future capital* – Reserve and capital demand information was most prone to partial reporting within the survey. While handling public housing projects presented specific issues here[9], the lack of building condition data also impacted on results, primarily for projected needs/reserves. As with other data, aggregation of reserve data and reserve pooling created additional challenges to project-level reporting.

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[7] For Public Housing projects, debentures are the primary form of capital debt (as opposed to mortgages) but as debt instruments, these are not specifically tied to a given property in the same way mortgages are. Debenture data shows that in some instances, debentures actually are linked to more than one property or there can be multiple debentures assigned to a single property. In either of these instances, the ability to isolate capital debt & associated servicing costs for a single project can be challenging.

[8] Funding splits for cost-shared projects were previously reported in Data Release 5, issued to SMs by MMAH at point of transfer. However, the accuracy of this information has consistently been questioned by a number of SMs.

[9] Public Housing does not maintain capital reserves in the same way as other programs. Instead of setting aside reserve contributions each year, capital expenditures are typically funded on a pay-as-you-go basis via a capital funding line in the annual operating budget. However, some SMs have created reserve funds to allow capital rollover from year to year or to top-up capital funding (predominantly where LHCs are internal to the SM structure). To help assess EOA capital impacts in a consistent way, the study attempted to 'normalize' the capital position where data was available but in many instances, capital funding for public housing was not allocated out by LHCs at the project level.

These issues created clear impacts on quality of collected data and the ability to analyze results. To address these issues a number of practices were employed. In certain instances, SMs used unit cost averaging to help disaggregate data for analysis purposes. In the case of establishing capital position, where building condition information was not available, proxy values were used as a means of testing viability. This methodology was used in prior research and was applied again here for sake of comparison. Likewise, the projected EOA position of providers was also established using the same escalation methodology, again to provide a comparative basis for results. Where data gaps created inconsistencies or impaired analysis, data suppression was used to minimize the effects on the larger data base. More detailed data quality notes are provided in Appendix C of the report.

Further improving the quality of data would help increase the accuracy of projected EOA impacts, particularly at the project level. While this would contribute to a clearer overall picture of impacts, improved accuracy is important for SMs when considering the project-specific opportunities/challenges that LHC's and individual housing providers will face in their service area. To better project EOA impacts, SMs need:

- Completed building condition assessments and reserve fund forecasts for all projects that estimate capital demands/resources through EOA dates
- Disaggregated cost/revenue information, broken down to the project level using a cost allocation model if necessary
- Project specific debt/debenture information, using a cost allocation model if necessary
- Current subsidy split estimates at the project level, using a subsidy allocation model if necessary

4.3 Data Analysis

Despite some obvious data issues at the project level, a substantial data set was established and analyzed as part of the study. Additional variables were calculated to support unit averaging of Part 1 data and viability testing for Part 3 data. Cluster analysis was used to synthesize the multiple response answers provided in Part 2. Tabulations were completed for all data variables to confirm trends and tendencies. Summary data tables can be found in Appendix D.

High participation rates in Part 1 and Part 2 of the survey have translated into high confidence in the survey results. However, results for Part 3 project-level data are prone to more scrutiny, given the data gaps encountered. Where necessary, clearly inaccurate data was suppressed so as not to skew compiled results. Additional details on how suppression was applied can be found in the Data Quality notes in Appendix C. Notwithstanding these issues, there is a substantial basis on which to evaluate general EOA impacts and draw common conclusions.

5.0 Findings

5.1 Current Portfolio Information - Part 1 Data

Part 1 of the survey looked at SM level data as reported in 2010 Service Manager Annual Information Returns (SMAIRs) and Federal funding program allocations to help evaluate portfolio-wide perspectives on program, funding and subsidy trends. Some noteworthy results included:

Submitted data for Part 1 covers over 3,400 projects encompassing more than 215,000 units across the province. This accounts for roughly 85% of all projects in the province.

Table 4

	Part 1 - Unit Counts								
Region	PH units	MNP-95 units	PNP-95 units	ProvRef units	LD-26 units	NP-LEM units	UN units	TransRS units	**TOTAL units**
Eastern	11,982	1,527	894	8,850	42	1,382	242	3,395	**28,314**
GTA/ Central	48,489	6,462	8,946	41,449	1,995	3,720	462	8,425	**119,948**
Southern	20,163	488	6,223	18,482	262	2,627	407	2,926	**51,578**
Northern	7,039	518	1,050	5,113	0	793	686	2,134	**17,332**
Total	87,673	8,995	17,113	73,894	2,299	8,522	1,797	16,880	**217,172**
	Part 1 - Unit Share								
Region	PH units	MNP-95 units	PNP-95 units	ProvRef units	LD-26 units	NP-LEM units	UN units	TransRS units	**TOTAL units**
Eastern	42.3%	5.4%	3.2%	31.3%	0.1%	4.9%	0.9%	12.0%	**13.0%**
GTA/ Central	40.4%	5.4%	7.5%	34.6%	1.7%	3.1%	0.4%	7.0%	**55.2%**
Southern	39.1%	0.9%	12.1%	35.8%	0.5%	5.1%	0.8%	5.7%	**23.7%**
Northern	40.6%	3.0%	6.1%	29.5%	0.0%	4.6%	4.0%	12.3%	**8.0%**
Total	40.4%	4.1%	7.9%	34.0%	1.1%	3.9%	0.8%	7.8%	**100.0%**

Projects in the Southern and GTA/Central regions of the province account for about 65% of all projects but the GTA/Central region accounts for over 55% of the total units. In terms of programs, Public Housing and Provincial Reformed make up the lion's share, accounting for almost 75% of all reported units. Both the Section 95 Private Non-Profit and transferred Rent Supplement units followed at just under 8% each.

Programmatically, there are clear variations in unit count from region to region, the most notable being:

- The high share of Section 95 Private Non-Profit units in the Southern region and the contrastingly low share of Section 95 Municipal Non-Profit units
- The high share of transferred Rent Supplement units in both the Eastern and Northern regions
- The higher share of Urban Native units in the Northern region and the slightly lower than average share of Provincial Reformed units
- A high concentration of Section 26 Limited Dividend units in the GTA/Central region

Table 5

Region	PH projects	MNP-95 projects	PNP-95 projects	ProvRef projects	LD-26 projects	NP-LEM projects	UN projects	TransRS projects	**TOTAL projects**
	Part 1 - Project Counts								
Eastern	145	38	25	196	1	36	45	50	**536**
GTA/Central	280	69	77	365	14	129	24	140	**1,100**
Southern	333	14	136	343	3	44	122	221	**1,217**
Northern	155	13	21	138	0	41	214	48	**631**
Total	913	134	259	1,042	18	250	405	459	**3,484**
	Part 1 - Project Share								
Region	PH projects	MNP-95 projects	PNP-95 projects	ProvRef projects	LD-26 projects	NP-LEM projects	UN projects	TransRS projects	**TOTAL projects**
Eastern	27.1%	7.1%	4.7%	36.6%	0.2%	6.7%	8.4%	9.3%	**15.4%**
GTA/Central	25.5%	6.3%	7.0%	33.2%	1.3%	11.7%	2.2%	12.7%	**31.6%**
Southern	27.4%	1.2%	11.2%	28.2%	0.2%	3.6%	10.0%	18.2%	**34.9%**
Northern	24.6%	2.1%	3.3%	21.9%	0.0%	6.5%	33.9%	7.6%	**18.1%**
Total	26.2%	3.8%	7.4%	29.9%	0.5%	7.2%	11.6%	13.2%	**100.0%**

When considering project counts by program, results are not dissimilar to the unit count results, with the majority of projects situated in the GTA/Central and Southern regions. Likewise, concentrations of projects by program were also evident but results did not always mirror unit count trends, primarily as a result of project size. Comparatively speaking, where unit shares are larger than project shares for the same area, projects tend to be larger in size. Where unit shares are smaller than project shares for the same area, projects tend to be smaller in size.

Current annual subsidy paid out for reported projects is in excess of $1B annually, excluding debentures. Of this, roughly 30% is offset by federal funding (net), although this share will decline as EOA dates hit and federal subsidy ends.

Annual subsidy payments to providers average about $5,000/unit but vary substantially across programs due to the funding configuration associated with each program. Lowest average subsidy per unit can be found in Section 95 Private non-profit projects at just over $1,000/unit and highest in Urban Native projects at more than $11,000/unit. Regionally, average subsidy costs are higher in the GTA/Central and Northern regions as compared to other areas. These higher average costs are influenced both by program composition in these regions and by local market conditions. Additional data details on unit costs can be found in Appendix D.

Table 6

	Part 1 - Average Unit Subsidy Costs								
	PH units	MNP-95 units	PNP-95 units	ProvRef units	LD-26 units	NP-LEM units	UN units	TransRS units	**TOTAL units**
Eastern	**$4,537**	**$2,785**	**$678**	**$5,347**	**$ -**	**$ -**	**$11,121**	**$5,238**	**$4,388**
GTA/Central	**$4,029**	**$2,668**	**$796**	**$7,350**	**$10,284**	**$1,852**	**$11,616**	**$6,173**	**$5,721**
Southern	**$3,940**	**$1,708**	**$1,351**	**$6,259**	**$ -**	**$ -**	**$12,283**	**$5,000**	**$4,451**
Northern	**$5,456**	**$4,795**	**$887**	**$6,806**	**$ -**	**$383**	**$10,427**	**$4,117**	**$5,692**
Total	**$4,438**	**$2,984**	**$1,013**	**$6,490**	**$10,284**	**$1,362**	**$11,155**	**$5,113**	**$5,048**

Regional variations in average subsidy also occur across programs albeit are more subtle in magnitude. These regional subsidy variations within programs tend to reflect the impact of project sizes, local market conditions and traditional funding approval patterns. Some notable tendencies include:

- Lower-than-average Public Housing and Section 95 PNP costs in the Southern region
- Higher-than-average Provincial Reform, Section 26/27 and Rent Supplement costs in the GTA/Central region
- Higher than average Public Housing, Section 95 Private non-profit costs in the Northern region

Table 7

		Part 1 - Average Federal Funding and Debentures per unit									
		PH funding (F) - incl. debt.	MNP-95 funding (F)	PNP-95 funding (F)	ProvRef funding (F)	LD-26 funding (F)	NP-LEM funding (F)	UN funding (F)	TransRS funding (F)	**TOTAL funding (F)**	Annual Debenture costs per unit
TOTAL	avg	**$1,419**	**$1,666**	**$1,751**	**$1,660**	**$3,084**	**$ -**	**$10,910**	**$1,808**	**$1,668**	**$1,186**
	high	$3,276	$3,990	$5,494	$3,415	$3,084	$ -	$16,220	$2,970	$3,076	$2,223
	low	$859	$781	$165	$474	$3,084	$ -	$3,356	$ -	$1,087	$787
	std dev.	$513	$666	$1,148	$662	$ -	$ -	$2,911	$738	$407	$285
	count	28	21	25	28	1	0	15	24	31	29

These program cost tendencies will have an influence on regional EOA results, especially when one factors in the federal share of subsidy. In terms of federal funding, reported data shows that:

- Federal funding (net) averages about $1,600/unit annually and is reasonably consistent across all programs and regions with the notable exception of Urban Native (almost $11,000/unit)
- Annual debenture costs for Public Housing, deducted at source by the Province, consistently average about $1,100/unit

Additional data details on federal funding can be found in Appendix D.

By comparing average total subsidy and average federal subsidy, it is possible to establish a general picture of the average SM subsidy per unit by program. In comparing program averages, it's clear that the federal share of subsidy is most prevalent in the Section 95 Private non-profit, Urban Native and Section 95 Municipal non-profit programs[10]. Given this high share of federal funding, projects in these programs will be notably impacted by the withdrawal of federal funding at EOA. In the case of other programs where the SM subsidy share is higher, the impacts of EOA will more squarely fall on the SM, especially in the Provincial Reform program.

It's important to note that the federal funding share has been static since point of transfer and will continue that way until EOA. At the same time, operating costs and expenses have tended to rise over time, especially in terms of RGI costs and utilities. Historically low interest rates have helped to temper these cost increases, especially for those projects with shorter term mortgages (i.e. Provincial Reformed program). However, where revenues cannot keep pace with expenses, there is a gradual net increase in subsidy costs which ultimately is borne by SMs for programs where subsidy costs are indexed. This means that leading up to EOA, the SM share of subsidy costs is likely to continue to increase while federal funding remains stagnant. So in addition to the withdrawal of federal funding at EOA, these cost pressures will have a strong influence on projects where SM funding is already substantial.

[10] Currently, SMs are in a beneficial position regarding Section 95 Private non-profit projects where 2% mortgage write downs are in place. Recent historically low interest rates have meant lower subsidy payments to these projects but upward movements in rates will have the opposite effect. At the same time, SMs are paying higher subsidy costs in other programs and with fixed federal funding, these net subsidy increases are having to be absorbed by SMs.

Given the different program composition of each SM portfolio, the timing and financial impact associated with EOA will occur unevenly. Likewise, the impact of federal funding withdrawal will also have a disproportionate effect, especially for SMs with higher concentrations of Public Housing and Provincial Reformed which are typically funded at higher SM shares as compared to other programs. An upswing in interest rates could serve to further impact on the SM subsidy share, particularly in projects with shorter term mortgages. Given these cost trends and program tendencies, it is important for SMs to understand subsidy implications within their portfolios and strategically plan for the EOA transition.

5.2 Good Practice Results - Part 2 Data

Part 2 of the survey examined current SM practices related to preparing for and addressing EOA projects. SMs were asked a series of questions in three specific areas, allowing for significant latitude in responses. SMs were able to provide multiple answers to questions and as a result, responses were analyzed using cluster analysis to establish frequent or common responses. Almost all SMs who submitted a survey provided answers to these questions where applicable. A more detailed summary of Part 2 survey responses can be found in Appendix D but findings in each of 3 theme areas can be briefly summarized as follows:

5.2.1 Monitoring/Tracking Practices

In this series of questions, SMs were asked to define operational viability, identify the tools they use to monitor projects and the remedial measures they use to address projects whose operational viability is at risk. SMs were also asked if they track EOA dates and federal funding for projects. Responses can be summarized as follows:

- SMs typically assess a project's viability based on financial stability, adequate reserves, sound management and/or governance and good building condition
- To monitor project viability, SMs most commonly use annual information returns, subsidy reconciliations and operational reviews
- SMs use a broad range of remedial measures to help get projects back 'on track' when necessary. These measures typically include meeting

with the Board and/or staff, putting in place more formal means of supervision/oversight, increasing the frequency of monitoring and providing supplementary financial assistance

- Many SMs are tracking EOA dates at the project level, mainly by spreadsheet
- Significantly fewer SMs track federal funding at the project level and some question the value of this

Based on results, it appears that SMs use a wide variety of measures to monitor project viability and remediate issues with providers. While many indicate they are tracking EOA dates, many fewer are tracking federal funding step-down dates at the project level. With changing SM funding shares for projects pre-EOA and with the sun setting of federal funding for projects at EOA, tracking project level data is critical to help inform SM planning for EOA. Based on survey results, it’s clear that there are knowledge gaps for SMs that need to be addressed.

5.2.2 Pre-EOA Impact Practices

The second theme of questions spoke specifically to SMs on the issue of EOA, asking them about their understanding of obligations post-EOA, if any EOA impact analysis has been done and what strategies they are taking in their area to mitigate impacts before EOA. In addition to asking about the impact of EOA on service level standards, SMs were also asked about the tools they would find helpful in assessing EOA impacts. Responses can be summarized as follows:

- SMs generally understand that service level standards need to be maintained but there is a wide range in perceptions, suggesting very different levels of understanding among SMs regarding post-EOA obligations
- Most SMs have not done any EOA analysis, but they are taking precautionary steps to mitigate possible impacts (i.e,. engaging providers, BCA work, considering using rent supplements for bridging, etc.)
- Where analysis has been done, results are patchy but it is clear that at least some projects will require assistance to be viable

- SMs identified a wide range of tools that would assist with EOA issues, most commonly financial & forecasting tools, templates & training, and information sharing. Workshops, assessment training and provider toolkits were also noted.
- Most SMs are skeptical on whether they will be able to maintain service level standards post-EOA and concerns were expressed that there will be a significant impact on municipal subsidies or the local property tax base.
- Many SMs report that providers in their service area are not taking steps to address impacts or don't have the capacity to do so. Those that are, generally are larger SMs or those facing imminent EOA dates.

Based on results, there is clearly some misunderstanding about SM obligations post-EOA. There is also limited work being done to assess EOA impacts, especially at the provider level. As a result, there is both a need for, and a great interest in, additional tools/templates that can assist SMs in doing assessments for their service area. Despite this deficiency, SMs are at least starting to consider initial strategies to mitigate EOA impacts.

5.2.3 Post-EOA Handling Practices

The third series of questions was focused only on those SMs who had projects that had encountered EOA in order to better understand their experiences and approaches in managing these projects. As a result, there were significantly fewer responses for this series. SMs were asked questions about the status of these projects now, their ability to maintain affordability and the measures they have employed to maintain service level obligations. SMs were also asked about strategies for supporting projects post-EOA and asset sustainability. Responses can be summarized as follows:

- The reported projects that have hit EOA (30+) covered a range of older housing programs, many with some component of federal funding.
- For EOA projects that are LHC-based, SMs have typically adopted a 'business as usual' approach for RGI, continuing to fund units and thereby contribute to service level standards

- For these LHC projects, there is more direct SM control and therefore an ability to maintain affordability
- For federal-based project, there were mixed results on affordability – SMs reported that economic realities and the desire for more flexibility have pushed many providers away from maintaining pre-EOA levels of unit affordability
- Identified SM strategies to handle EOA tended to support operational viability by maintaining good relationships, promoting financial health & establishing sufficient capital reserves/resources
- SM strategies identified for maintaining unit affordability primarily focused on securing or targeting funding, obliging affordability from providers in exchange for additional funding. However, securing additional resources was seen as a primary pre-requisite for this.
- Having additional tools for planning and maintaining accountability arrangements with providers were also cited as important, primarily to address the evolving relationship that SMs and providers would find themselves in post of EOA.

Based on responses, there have certainly been some projects that have hit EOA date but it's also clear that limited planning and strategic positioning have been employed by SMs to facilitate this. For those few SMs who have encountered EOA projects, results to date are somewhat polarized – projects are either treated on a status quo basis by the SM (e.g. public housing) or have tended to distance themselves from the SM (e.g. federal-based projects). Given the limited experience, it's not surprising that common good practices have emerged through survey responses in only a limited way. Experience to date suggests a more reactive approach has been taken to managing EOA rather than a planned, proactive stance. To help foster a more strategic approach among SMs, a theoretical good practice approach has been framed in the latter part of this report, building on the survey responses from SMs.

5.3 Project Details - Part 3 Data

5.3.1 General Project Findings

Data gathered for Part 3 provides general project characteristics that can be assessed across a variety of areas but is most valuable in terms of estimating EOA impacts. While not all useable, just over 3,000 projects are currently represented in this data set. They are reasonably representative of the program mix in the social housing portfolio as a whole. However, in the case of EOA viability analysis, valid project data accounts for only about 50% of all projects.

Table 8

Part 1 - Data results for unit share (SM portfolio data)

Unit Count	**Program Type**							
SM region	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	**TOTAL units**
Eastern	0.2%	6.1%	5.5%	3.6%	35.5%	48.1%	1.0%	12.4%
GTA/Central	1.8%	5.8%	3.3%	8.0%	37.2%	43.5%	0.4%	55.7%
Northern	0.0%	3.4%	5.2%	6.9%	33.6%	46.3%	4.5%	7.6%
Southern	0.5%	1.0%	5.4%	12.8%	38.0%	41.4%	0.8%	24.3%
Total	1.1%	4.5%	4.3%	8.5%	36.9%	43.8%	0.9%	100.0%

Part 3 - Data results for unit share (detailed project data)

Unit Share	**Program Type**								
SM region	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	**Grand Total**
Eastern	0.0%	6.2%	5.8%	3.0%	35.8%	48.3%	1.0%	0.0%	13.0%
GTA/Central	0.1%	2.3%	8.3%	8.1%	36.5%	43.8%	0.4%	0.5%	57.8%
Northern	0.9%	4.3%	3.2%	15.2%	23.3%	47.5%	5.4%	0.1%	3.8%
Southern	0.0%	1.0%	5.2%	13.4%	38.4%	41.1%	0.9%	0.0%	25.4%
Grand Total	0.1%	2.6%	7.0%	9.1%	36.4%	43.8%	0.8%	0.3%	100.0%

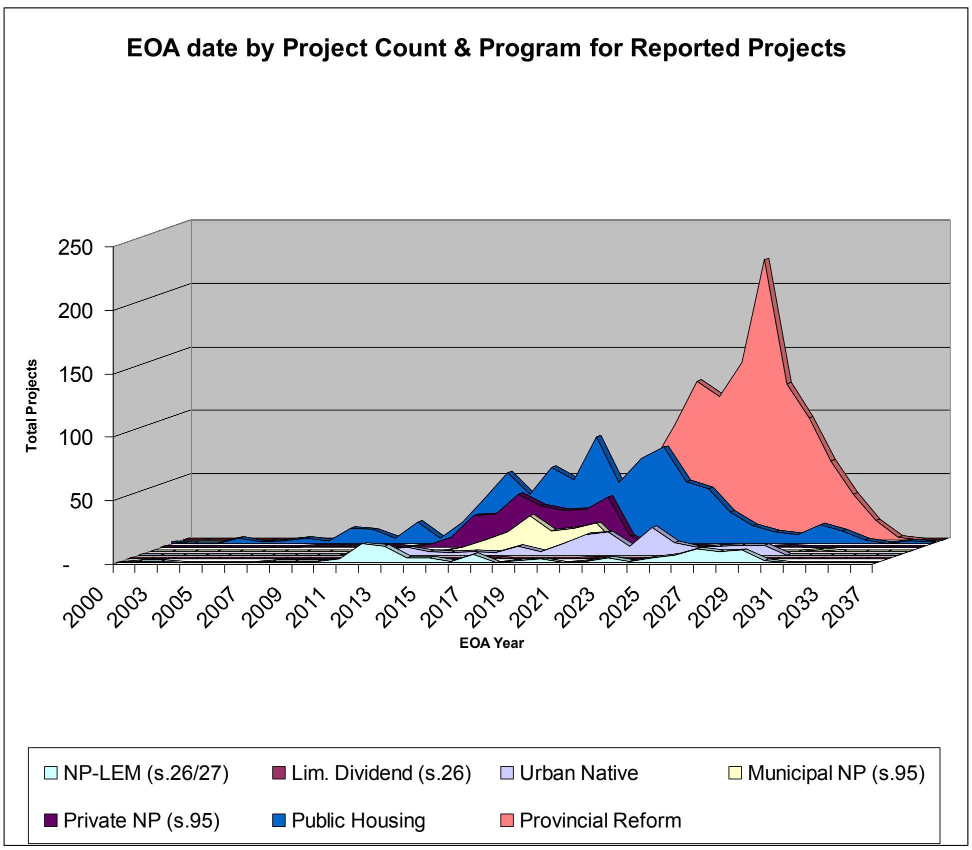
Comparing results within the survey is also helpful for data confidence purposes. Part 1 data was provided at a portfolio level largely based on SMAIR information submitted by each SM. In Part 3, SMs were asked to provide specific details at the individual project level. As noted above, the regional and program distribution of Part 1 and Part 3 unit data was quite consistent, signaling a high degree of correlation between sources.

DATA CAUTION

Data response rates vary considerably for reported information within the Part 3 data set. Wherever possible, efforts have been made to qualify data submitted by SMs, failing which clearly erroneous or incomplete data has been suppressed. While comparative analysis at a high level is still possible to outline general relationships between data, caution should be applied in utilizing results outside the context of this general nature. Improvement in the quality of data would enhance the predictive power of the results.

The structure of social housing development programs that have rolled out over the last 50 years or so has included different funding, financing and administration obligations. As a result, mortgage maturity and agreement expiry dates tend to occur in waves based on these program horizons. While limited EOA activity has been encountered to date, a number of older projects in the social housing portfolio are now on the verge of reaching this stage and this trend will continue as other projects in the social housing portfolio reach maturity and federal funding sunsets.

Figure 2

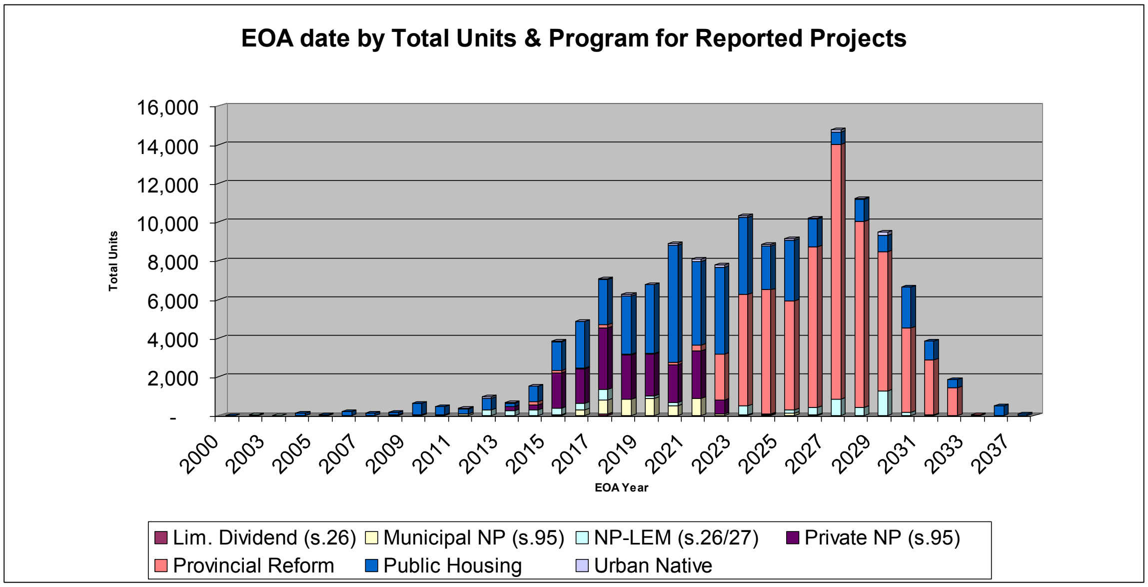


This expected trend is evident in reported data for Part 3. In the case of EOA dates and the step down of federal funding:

- As expected, EOA dates in reported projects thus far have been more frequently occurring in older projects, namely those under Public Housing, Section 95 Private non-profit and Section 26/27 Non-profit low-end-of-market programs.
- This trend will continue for the foreseeable future until at least 2030 and is notable in that almost 60% of all reported units fall within these programs
- Section 95 Municipal non-profit and Urban Native projects are on the cusp of starting to hit EOA and will become a more pressing concern looking forward even though they only account for only about 3% of all reported units
- EOA impacts for reported projects under the Provincial Reform program are not slated to hit EOA until 2014 but will successively increase, sun setting only in 2033
- Impacts here are again notable as these units account for over 36% of reported units and will see elevated peaks with more than 13,000 units hitting EOA in 2027 alone

With the onset of EOA dates, the social housing portfolio across the province is entering a period of dramatic increases in the number of projects that will hit EOA. Over the next 20 years, almost all projects will have arrived at this milestone and given the magnitude of this shift, SMs will need to establish a clear, proactive plan for managing this transition process.

Figure 3



5.3.2 Project Viability Analysis

A primary purpose for gathering detailed Part 3 data is to establish project viability, both today and into the future. In terms of assessing viability at EOA, methodology from prior research on the subject was replicated in this study to enable comparison of results[11]. The benefit in this instance is that a much wider array of project data is being assessed and there has been an opportunity to include more detailed building condition information.

Viability analysis in past EOA research for social housing has looked at both operating position and capital position across housing programs to assess a project's viability at a given point in time[12]. While both are important, more recent research has tried to improve the capital position perspective by using more detailed data. To be clear, the measures used to establish these positions are simply indicators, providing an estimate of a project's relative viability based on set assumptions. While these measures help provide a general sense of EOA impact, more refined analysis of viability would be necessary at the project level in order to reflect specific conditions/context.

[11] This methodology can be found in "Was Chicken Little Right? Case Studies on the Impact of Expiring Social Housing Operating Agreements: Ontario Addendum", Connelly Consulting for Social Housing Services Corporation, September 2006

[12] A list of EOA-related research is provided in Appendix E. Viability analysis for this study was modeled on the approaches of this work, specifically that of Pomeroy and Connelly et al.

Past EOA research has used Net Operating Income (NOI) as an indicator of a project's operating position. NOI is the measure of revenues less expenses (net income), before accounting for annual mortgage payments. In the case of social housing, this value has only theoretical value pre-EOA, as both subsidy and mortgage payments must be taken out of the equation[13]. If tested pre-EOA, it is entirely possible that a project could fail (i.e NOI would be less than "0") since it relies on subsidy to survive - the greater the subsidy, the more prone the project is to fail the NOI test. However, post-EOA when mortgages are paid down and subsidies sunset, the NOI test becomes much more meaningful as an indicator of operating position.

A quick rule of thumb used in past EOA research has been to compare annual mortgage payments to current annual subsidy. If payments exceed subsidy, then it's possible that a project could be viable at EOA. However, as a simple test, this may not fully take into account cost and revenue structures that could otherwise influence results. For that reason, a formal NOI test is a more accurate predictor of financial position at EOA.

In this same early research, building conditions or capital needs were not meaningfully considered as a measure of capital position. To address this, subsequent EOA research added a dimension to test for capital position based on adequacy of capital reserves[14]. This grew from the very real potential that depleted assets with deferred maintenance needs would have a tangible impact on viability and must therefore be accounted for. In this prior research, a proxy of $750/unit in annual capital spending was deemed necessary to address capital needs over time. As such, the $750/unit figure was used as a minimum threshold for adequate capital funding or reserve balances, failing which the capital position of a project would be deemed deficient. While this was admittedly a crude proxy for capital adequacy, it helped provide a basis for comparison nonetheless.

[13] Unlike the private sector, NOI is not typically used as an operational measure in social housing because funding programs were not designed on this basis. However, NOI does provide a useful indicator of gauging a project's operating position relative to EOA.
[14] In the case of projects developed under the Public Housing program, reserves have not traditionally been used to fund capital requirements. Instead, capital funding is distributed with annual operating funding to address capital needs on a pay-as-you-go basis. Despite this difference in funding, past research has successfully used reserves and/or capital demand to help determine viability based on capital position.

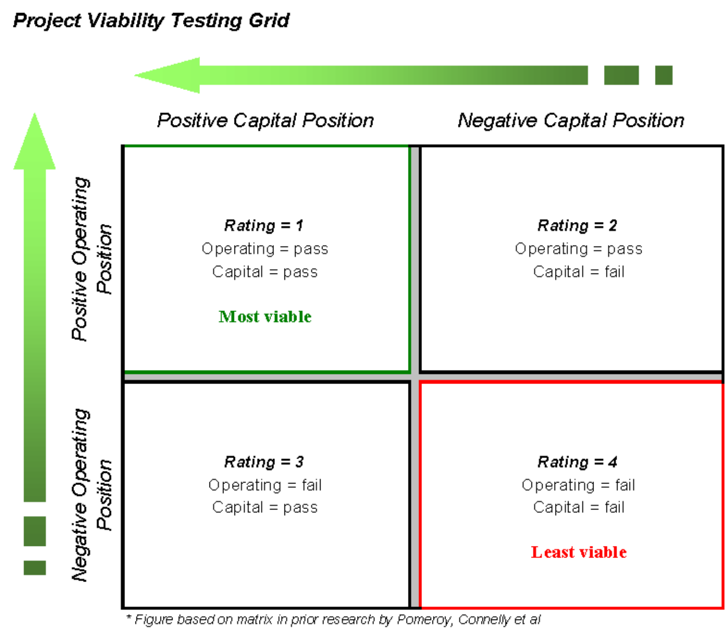
Today, with the advent of more standard BCA studies to support reserve fund forecasts, a more appropriate barometer of current and future capital need is available. In particular, using BCA forecasts to identify the estimated capital position at the point of EOA, it's possible to better predict the impact capital position has on the viability of projects.

The premise of the viability testing for this study was to determine if a project can operate without subsidy and without a mortgage at EOA. To do this, two test were actually required – the first to measure a project's operating position using Net Operating Income (NOI), the second to measure the capital position by assessing capital demand versus capital funding. Based on submitted data, project revenues and costs were factored forward to EOA date and the NOI was calculated. As per prior research, annual escalators of 1% for RGI rent revenue[15], 2% for market rent revenue and 2% for other revenue were used. The assumption here was that RGI rents would not be able to climb as rapidly as other rents and would therefore lose revenue ground over time. On the expense side, an annual factor of 2% was used, again in concert with prior research. Base costs and revenues were then factored forward based on the number of years to EOA. Where the projected NOI at EOA was greater than "0", the test was considered a pass which meant that the project was deemed to have a positive operating position. Projects which failed the test were deemed to have a negative operating position.

In the case of capital position, a similar approach was used for testing although in this instance, actual building condition data (as available) was applied to determine the projected capital funding/reserves less capital demand at EOA. If the capital position was positive, the project was deemed viable from a capital perspective. Where building info was not available, a proxy approach to measuring capital adequacy was used by applying the $750/unit threshold amount used in past EOA research. Starting with any reserve balance and factoring it up by annual funding/contributions to point of EOA, a theoretical capital position at EOA was established and measured against the $750/unit threshold. While not as robust an assessment as using building condition study data, a positive capital position here was also deemed a pass for test purposes.

[15] Escalators here have replicated prior research work to enable comparison, although it is recognized that escalators can change depending on market cycles and time period being considered. For instance, based on PI system data, recent RGI revenue increases have been well below the 1% proxy used in this study but were more in line with the 1% figure in earlier PI reporting periods.

Figure 4



On the basis of these two tests, a viability rating can be developed for all projects, again following the methodology of prior EOA research. Projects deemed to be most viable at EOA are those with positive operating and positive capital positions. These project have been given a viability rating of '1' and in the reported data, account for only about 10% of all reported projects. The second category includes those projects with a positive operating position and a negative capital position. While operationally viable, capital shortfalls for these projects will have an impact on overall viability. These projects account for only 6% and are assigned a rating of '2'. Projects receiving a '3' rating have a negative operating position and a positive capital position. For these projects, operational viability is an impediment despite the fact that capital needs may be adequately funded. This group is the largest rated category at over 22%, the majority of which are in the Provincial Reformed program. The final rating category is '4' which accounts for over 10% of the reported total and are significantly represented in the Public Housing and Provincial Reform programs. These projects are deemed the least viable as they have a negative operating position and a negative capital position.

It is also worth noting here that non-rated projects account for over half of all reported projects, meaning that insufficient information was available to calculate a viability rating. Projects from Public Housing and Provincial Reform programs were most notable in this category. If sufficient data was reported for these projects, especially in terms of BCA information, a more complete analysis of results could be undertaken.

Table 9 – Viability Rating at EOA

	Program Type									
EOA viability rating	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	**Grand Total**	
1 - Operating pass, Capital pass		27	32	71	160	2	18		310	10.2%
2 - Operating pass, Capital fail	1	8	14	77	43	40		1	184	6.0%
3 - Operating fail, Capital pass	1	12	30	50	355	141	91		680	22.3%
4 - Operating fail, Capital fail		5	7	12	132	156	8		320	10.5%
non-rated	2	74	259	47	466	649	43	16	1,556	51.0%
Grand Total	4	126	342	257	1,156	988	160	17	3,050	100.0 %

Results from this analysis generally reflect the trends and tendencies seen in earlier research whereby projects developed under older federal programs are projected to be more viable at EOA than their Public Housing and Provincial Reform counterparts. This is due in large part to the high incidence of RGI units in these two programs and the resulting impact of RGI subsidies on operational viability. This premise was tested in earlier research and the data analysis for this study continues to support these findings. In essence, the higher the RGI share, the more difficult it is to maintain operational viability at EOA without additional financial support of some kind. It is also worth noting that Urban Native projects are also significantly impacted at EOA, largely due to the higher operating costs and high reliance on subsidy support.

In the case of capital position, testing showed failure in just over 15% of reported projects, signaling viability problems for these projects (Category 2 and 4). It should be noted that in the case of projects falling under Category 3 where projects passed capital testing, in roughly 80% of those instances, proxy capital position figures were utilized for testing purposes, predominantly for projects in the Provincial Reform program. As a result, it is possible that ‘passing’ projects in this Category are overstated. Using actual BCA data for these projects would provide a more accurate capital test and improve data confidence for this category.

A further consideration is the magnitude by which projects pass/fail these tests on a per-unit basis. This can help give more comparative depth to the analysis and provide a better sense of what is generally required to make projects viable. While this is theoretically sound, data quality issues make this valuable only from a high-level perspective, since project-specific analysis with local factors and assumptions would provide a truer picture of EOA impacts. Given the variability of building condition figures on the capital side, it is also possible to have significant shortfalls on the reserve side of the test as compared to the more modest variance seen in the operating side of the test, especially where buildings are of poorer quality. Again, project-specific data that includes local factors and assumptions is the best predictor of local EOA impacts.

In the case of reported data, average operating shortfalls at EOA were in the order of $4,400/unit. This essentially means that in order to break even operationally at EOA, these projects would need to find revenues or secure subsidy funding equivalent to this amount. As shown in operating position test results, there was a high degree of variability in the amount of shortfalls among programs.

Table 10

Average operating position per unit at EOA

	Program Type								
EOA operating adequacy test	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	Grand Total
fail	-$3,996	-$1,801	-$3,639	-$3,067	-$5,036	-$3,645	-$6,159		-$4,441
pass	$1,357	$2,083	$2,271	$2,696	$1,971	$2,035	$7,378	$709	$2,397
suppress	$0	$0	$0	$0	$0	$0	$0	$0	$0
Grand Total	-$1,320	$1,001	-$332	$980	-$3,060	-$2,965	-$4,077	$709	-$2,258

Regionally, the impact of operating shortfalls tended to vary but was most notable in the GTA/Central region and to a lesser extent the Northern region. Within programs, regional variation was also evident in terms of operating shortfalls and this is presumed to be influenced in part by local market conditions and project size. Considerable caution should be used with these figures which are intended only for the purposes of relative comparison.

Table 11

Average operating position per unit at EOA

		Program Type								
SM region	**EOA operating adequacy test**	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	**Grand Total**
Eastern	fail		-$1,527	-$3,411	-$1,813	-$4,178	-$3,807	-$5,830		-$3,990
	pass		$901	$1,997	$3,732	$1,697	$946	$7,378		$2,545
	suppress					$0	$0		$0	$0
Eastern Total			$159	-$707	$2,220	-$2,601	-$3,573	-$547	$0	-$2,111
GTA/Central	fail		-$2,277	-$2,882	-$3,112	-$7,682	-$3,894	-$7,738		-$6,434
	pass	$1,357	$3,581	$1,440	$3,092	$2,892	$968		$709	$2,880
	suppress		$0	$0	$0	$0	$0	$0	$0	$0
GTA/Central Total		$1,357	$3,093	-$1,703	-$671	-$4,941	-$3,120	-$7,738	$709	-$3,561
Northern	fail	-$3,996	-$2,889	-$9,425	-$5,695	-$2,400	-$5,327	-$5,310		-$4,622
	pass		$448	$1,943	$2,470	$944	$252			$1,684
	suppress	$0	$0	$0	$0	$0	$0	$0	$0	$0
Northern Total		-$3,996	-$2,412	-$4,878	$429	-$1,158	-$4,978	-$5,310	$0	-$3,033
Southern	fail		-$314	-$2,645	-$2,613	-$2,978	-$3,367	-$7,723		-$3,415
	pass		$1,886	$2,634	$2,459	$1,475	$2,479			$2,151
	suppress		$0	$0	$0	$0	$0	$0	$0	$0
Southern Total			$1,336	$1,402	$1,735	-$1,620	-$2,445	-$7,723	$0	-$1,404
Grand Total		-$1,320	$1,001	-$332	$980	-$3,060	-$2,965	-$4,077	$709	-$2,258

Average capital position shortfalls were more problematic in terms of reliability, calculating out at over $32,000/unit. While substantial shortfalls were reported (and expected) in a number of programs and there was a significant suppression of non-valid data, the identified average for Section 95 Private non-profit projects is clearly skewed based on results. The lower response rate on data for projected reserve balances has a notable impact on the quality of results. With an expanded project data set, it may be possible to more accurately estimate the magnitude of average reserves need at EOA by program.

Table 12

Average capital position per unit at EOA

	Program Type								
EOA capital adequacy test	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	Grand Total
fail	-$6,749	-$24,744	-$25,494	-$61,466	-$35,917	-$17,973	-$11,404	-$28,904	-$32,267
pass	$0	$433	$1,636	$845	$1,499	$5,773	$4,112		$2,288
suppress	$0	-$22,050	$0	$0	-$97,530	$0	$0	$0	-$39,176
Grand Total	-$3,374	-$6,461	-$4,821	-$25,322	-$9,506	-$7,863	$2,950	-$28,904	-$9,967

Regionally, the impact of capital shortfalls was most notable in the Northern region where per-unit shortfalls were significantly lower. Within programs, regional variation was also evident in terms of capital shortfalls and this is presumed to be influenced in part by participation in capital funding initiatives, approaches to asset management and the currency of BCA information. Caution should be exercised in using these figures, given identified under-reporting on BCA data and the use of proxy data which has been applied in the analysis.

Table 13

Average capital position per unit at EOA

		Program Type								
SM region	**EOA capital adequacy test**	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	**Grand Total**
Eastern	fail		-$25,571	$0	$0	-$44,544	-$28,818			-$30,277
	pass		$43	$546	$27	$2,929	$245	$3,612		$1,875
	suppress				$0	$0	$0		$0	$0
Eastern Total			-$6,361	$518	$23	-$1,793	-$11,513	$3,612	$0	-$4,097
GTA/Central	fail	-$6,749	-$19,383	$0	-$2,848	-$32,130	-$26,786	-$38,043	-$28,904	-$26,304
	pass		$850	$5,953	$346	$84		$0		$316
	suppress		-$22,050	$0	$0	-$19,962	$0	$0	$0	-$11,070
GTA/Central Total		-$6,749	-$15,658	$3,175	$59	-$4,455	-$26,786	-$12,681	-$28,904	-$4,635
Northern	fail				-$13,463	-$972	-$6,604	-$8,864		-$8,091
	pass	$0	$0	$0	$225	$280	$6,393	$0		$604
	suppress	$0	$0	$0	$0	$0	$0	$0	$0	$0
Northern Total		$0	$0	$0	-$2,513	$192	-$84	-$1,132	$0	-$709
Southern	fail		-$24,048	-$31,493	-$70,160	-$36,076	-$12,840	$0		-$35,158
	pass		$2,980	$2,628	$2,300	$2,194	$13,252	$11,428		$5,748
	suppress		$0	$0	$0	-$267,636	$0	$0	$0	-$178,424
Southern Total			-$7,156	-$16,168	-$47,096	-$22,177	-$4,437	$10,989	$0	-$19,664
Grand Total		-$3,374	-$6,461	-$4,821	-$25,322	-$9,506	-$7,863	$2,950	-$28,904	-$9,967

While the viability testing discussed in this section provides a general sense of typical project impacts across programs, local impacts will vary considerably due to specific portfolio composition and local market conditions. Using a similar but more tailored analysis that reflects local characteristics would help SMs better determine the general EOA impacts for their respective portfolio with a greater level of precision.

Some examples of aspects that SMs could also choose to explore are:

- Sensitivity analysis of project RGI mix
- Application of custom funding models
- Exploring variations in cost allocation
- Testing alternate project reserve and capital funding scenarios
- Incorporating facility condition index information
- Assessing the use/impact of pooled reserves

Defining exact project impacts would require more refined modeling tools and ideally these would enable basic and more advanced scenario testing options to help explore approaches to improving project viability at EOA.

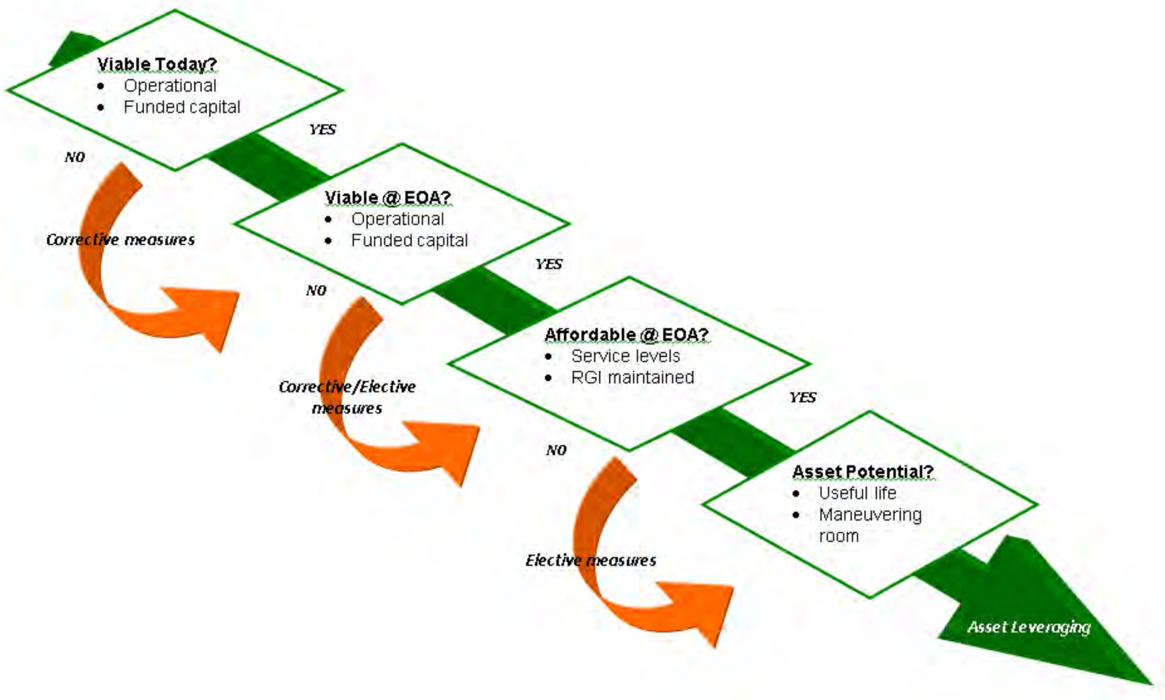
6.0 Service Manager Framework for EOA Good Practice

6.1 Making Decisions Regarding EOA Projects

In general terms, determining the future potential of projects requires progressive and stepwise consideration of EOA impacts and opportunities, starting first with current project viability. Building on a stable footing is key to future sustainability and where projects are not deemed viable, corrective measures that support operational viability and address capital demands may be required today. SMs currently use a number of measures to help foster this operational viability with the goal of making projects sustainable over the longer term.

Considering viability at EOA requires a similar assessment, albeit within the context of mortgage pay-down and federal subsidy withdrawal. An important prerequisite here is having the necessary project-level data and building condition information to adequately assess project viability. There are actually two steps in this decision process - initially to confirm basic operational capability and subsequently to determine level of unit affordability. Again corrective or elective remedial measures may be required to help bolster viability or stabilize affordability. Based on the viability rating scales previously noted, those projects with a rating of 4 and to a lesser extent those with a rating of 3 would be prime candidates for these remedial measures.

Figure 5 – Decision-making Chain for Projects Approaching EOA



Where projects are meeting viability requirements at EOA (i.e. those with a viability rating of 1), an assessment of asset potential could then be pursued to help evaluate suitability for asset leveraging. Projects in this enviable latter category may be in the unique position to actually help increase the supply of affordable housing or, in the case of multi-project providers, improve projects which may not be as viable.

In following this decision-making chain, a progressive series of questions can be asked to determine if a project can ultimately generate asset potential. Along the way, remedial or corrective action may be warranted to improve project viability or affordability. The following chart outlines typical factors to be considered by SMs at key points in the decision chain as well as potential options that can be used for remediation.

Table 14 – Influencing Factors and Remedial Measure at Key Points in the Decision-making Chain

Current Viability	*Typical factors to consider*	*Potential remedial measures*
Is the project operationally viable today?	• Governance/management • Fiscal stability • Capital adequacy • Provider capacity • Organizational stability	• Cost reduction strategies • Revenue generation strategies • Debt re-financing • Supplementary SM assistance • Sustainability planning
Viability at EOA	*Typical factors to consider*	*Potential remedial measures*
Is the project operationally viable at EOA?	• Withdrawal of federal funding • Fiscal sustainability • Capital adequacy • Local market conditions • Equity position • Financing vehicles	• Cross-funding strategies • Revenue generation strategies • Maximizing market rents • Re-structuring RGI component • Consolidation/shared services • Debt financing • Supplementary SM assistance (capital or operating funds)
Affordability at EOA	*Typical factors to consider*	*Potential remedial measures*

Is the project affordable to residents at EOA?	• Local need indicators • Service level standards • Local market conditions • RTA status • HST designation • Accountability structure	• Cross-subsidize strategies • RGI adjustments/transfers • Rent supplement bridging • Supplementary SM assistance • Municipal tax relief via municipal capital facilities
Asset Potential	*Typical factors to consider*	*Potential remedial measures*
Does the project have leveraging potential?	• Useful life of the asset • Asset value/equity • Sustainability potential • Financing vehicles • SHA/HSA/RTA implications • Provider NP/tax status • Land tenure (lease/own) • Development potential	• Cross-funding strategies • Debt financing • Unit blending • Re-purposing • Re-development • Intensification • Re-generation/divestment

Individually, this decision chain can help determine steps towards viability and ultimately the realization of asset potential at a project level. However, the accountability relationship of the project with the SM is likely to influence the priority and type of response that SMs employ through the decision-making process. Three categories can be used to illustrate this:

- **SM Owned** – Those projects that are owned directly by the SM, funded and administered by the SM, and which have on-going obligations after EOA (i.e. LHCs, Public Housing).
- **SM Administered** - Those projects that are funded and administered by the SM and which have on-going obligations after EOA (i.e. Provincial Reformed)
- **SM Affiliated** - Those projects that are administered by the SM up to point of EOA but which do not have obligations thereafter (i.e. former federal programs)

These categories infer diminishing post-EOA obligations for the SM, moving from direct impact for the 'owned' projects to a more distanced impact for 'affiliated' projects. As a result, the influencing factors, analysis and remedial actions taken by the SM through the decision chain are likely to differ, depending on the nature of the SM accountability relationship with the project. This also means that the resources that are used by the SM and the priority assigned could also differ, depending on the portfolio mix in the service area and the exposure to portfolio risks.

6.2 Principals of EOA Good Practice

Based on SM survey findings on good practice and with regard for research completed to date, a number of observations can be made regarding factors to consider when embarking on a formal EOA analysis.

- *Having the right information and tools to get started* – Before considering EOA solutions, sufficient information and analysis are necessary. While this business intelligence may not have been previously gathered and can present challenges, it is critical to understanding impacts and setting out pro-active strategies that appropriately respond to EOA challenges.

- *Taking a longer term, business-like perspective* – Positioning projects today to make them more sustainable post-EOA is good business for providers and SMs, now and in the future. Developing plans now to help successfully navigate projects through the EOA process is a good practice. Planning ahead here is critical, especially in light of imminent EOA dates and recognizing the lead time required to implement remedial solutions.
- *Balancing fiscal resources with human realities* – The core business of social housing is about providing safe, healthy living environments for low-and-moderate-income households. While the financial bottom line is important, it's not the only consideration that SMs and providers must manage.
- *Understanding impacts at both the program and portfolio level* – In isolation, project impacts may be challenging to overcome but taking a broader approach that recognizes program tendencies and portfolio flexibilities can help nurture sustainability.
- *Establishing an appropriate accountability relationship with providers* – While service level standards may impose legislative obligations on SMs post-EOA, relationships will have to evolve to reflect changes in accountability. Maintaining positive working relationships with providers is critical to better supporting housing objectives in the community.
- *Building support* – Sustaining and enhancing existing housing stock involves the marshaling of significant resources over time to be successful. Building support, financial or otherwise, is critical to gaining access to these resources. Securing the early support of decision-makers (i.e. Council members), housing stakeholders and the broader community needs to be a component of any EOA strategy.

6.3 Taking Action – What Service Managers Need to Do

Given the limited experience in assessing EOA impacts and the looming wave of projects coming forward for EOA, SMs will need to take prompt action to prepare themselves for the post-EOA world. The potential magnitude of financial risks and the possible asset leveraging opportunities that exist make putting a plan in place to manage the EOA transition process a clear priority. This is particularly true given the lead time required to implement certain measures once formal decisions are made by SMs regarding the EOA strategies they wish to pursue.

Following is a process that a typical SM could elect to use to develop a formal EOA transition plan. In the first instance, getting an initial assessment of impacts is critical and this work needs to be undertaken as soon as possible:

1. Get the information you need – gather BCAs and Financial Information at the project level. If you don't have them, get them. Also determine subsidy splits and debentures by project, using cost allocation models if necessary
2. Do an initial impact assessment of your portfolio – do a high-level analysis to see where the EOA pressure points are within your portfolio, the general magnitude of impacts and the anticipated timing of impacts. Focus first on your LHC – it's an area of direct SM oversight and is among the housing that will first hit EOA.
3. Check-in with your municipal decision-makers – Bring forward the EOA issue if you haven't already, discuss general pressure points, implications and your proposed approach to developing a response strategy
4. The next phase of preparatory work involves more refined testing, financial assessment and the development of a formal transition plan. Engaging providers in this process will be important to help make the transition process smoother for both parties. Timewise, there is still urgency in completing the work, given the onset of EOA dates for older projects:
5. Dialogue with providers – establish a discussion with provider Boards and staff on EOA issues and assess their initial intentions regarding post-EOA, promote collaborative info sharing and the importance of partnerships
6. Undertake refined analysis/testing – Based on updated and more detailed data:
    - Develop hard estimates for subsidy impacts post-EOA and federal step down
    - Knowing that subsidy obligations survive EOA, develop specific estimates regarding funding obligations for Provincial Reformed

    - and Public Housing projects (especially the determination of "sufficient" funding for the LHC)
    - Assess your service level standards and your ability to address them within the context of projected EOA impacts
    - Identify the resource requirements necessary to meet legislated service level obligations
    - Consider strategic opportunities arising from asset leveraging as a means to help meet/exceed service level obligations

7. Develop an EOA transition plan – establish a pragmatic, formal plan that addresses the following:
    - Making the LHC a priority – given the direct relationship SMs have with LHCs and the early impact of EOA on Public Housing, targeting the LHC as a priority in plan implementation is prudent, enabling subsequent rollout to other housing providers
    - Preparing providers for EOA – working with providers on remediation of current operational and capital reserve issues to help better position them for EOA. Use this opportunity to establish an open dialogue for feedback on EOA issues
    - Establishing interim measures – defining rules of engagement pre-EOA for how interim funding/business case requests from providers will be handled, defining a process and policies around how SM Consent requests will be handled
    - Identifying retention strategies – for viable housing projects, identifying options for addressing any anticipated gaps in service level standard gaps and maintaining the local affordable housing supply
    - Evaluating alternate supply strategies – for non-viable housing projects or where asset leveraging potential can be realized, evaluating alternate approaches to meet service levels including re-purposing, re-development, intensification, rent supplement stacking, etc.
    - Determining funding strategies - identifying financial options for addressing identified EOA approaches, including subsidy advances, loans, re-financing, municipal tax relief, asset leveraging, etc.

- Establishing a post-EOA accountability framework – within the context of proposed go-forward options, establishing the ground rules for SM-provider agreements post-EOA
- Setting a staging strategy – identifying transition plan priorities, recognizing the differing project impacts that will arise within your portfolio

8. Get your transition plan approved by your municipal decision-makers - bring forward your plan for approval, securing necessary resources to implement the plan, sustain community housing assets and address anticipated EOA impacts

9. Implement your transition plan – assign tasks and resources, evaluate progress regularly and report to key stakeholders on progress to maintain transparency. Where necessary, re-evaluate areas of non-progress and take remedial action when required to ensure EOA issues are fully addressed.

7.0 Directions Forward – Recommendations

To adequately prepare for looming EOA issues, SMs will need to move forward in the development of transition plans as soon as possible. However, there are broader issues that need to be addressed in supporting both SMs and housing providers through this process. Based on the study analysis of data and having regard for good practice information related to SMs, the following key directions are being proposed for further consideration:

1. Service Managers to undertake an initial EOA analysis of their portfolio to develop a preliminary impact assessment, followed by a more formal EOA transition plan

2. HSC to support development of tools and resources for SMs and housing providers that aid in gathering critical EOA information and assessing impacts in a standardized way

3. HSC to assist in developing financial mitigation strategies to assist SMs and providers in addressing EOA issues and support knowledge transfer on these strategies

4. HSC to work collaboratively with sector organizations to support provider initiatives that promote post-EOA engagement, sustainability and affordability
5. MMAH to improve information sharing with SMs on federal funding details at the project level to enable better EOA planning, especially with regards to sun setting of rent supplement funding
6. MMAH to continue seeking re-investment of federal funds scheduled for step down, using these monies instead to support projects and improve building conditions
7. HSC and sector organizations to continue advocating for renovation/rehabilitation funding to address capital repair backlogs that negatively affect project viability
8. MMAH to improve clarity around legislated SM funding and administration expectations post-EOA, especially with regards to maintaining service level standards, SM accountability requirements and the process for SHA 'de-listing'
9. MMAH to de-link HSA prescriptions on service level standards and administration post-EOA, enabling SMs to tailor appropriate accountability relationships with providers

Appendices

A. Federal Funding Transfer Framework-Ontario

Annual Federal Social Housing Agreement Payment to Ontario

- Payment amount set out in schedule E of the 1999 Canada/Ontario Social Housing Agreement (SHA)
- Payments decline as mortgages & debentures mature
- Funds must be used in accordance with SHA program requirements

Province of Ontario

Federal Funds Transferred for other Housing Programs

- MCSS & MOHLTC (supportive housing)
- Ontario Aboriginal Housing Support Services Corporation (Rural and Native Housing Program)

Federal Funds Retained by MMAH

- administration costs
- other programs *(e.g. Strong Communities, Short Term Rent Support Program, etc.)*

Federal Funding Transferred to Service Managers

- Public Housing debenture funding treated as a source deduction (payments made by the Province)
- funding schedule updated & published in 5 year increments

B. Survey Instrument

Survey Introduction

The Social Housing Services Corporation (SHSC), the Association of Municipalities of Ontario (AMO) and the Ontario Municipal Knowledge Network (OMKN) have partnered to help advance sector understanding on the impacts of "social housing end dates" for Service Managers. A reference group has been established to identify challenges, opportunities and practices related to the impacts arising from the end of operating obligations (more commonly know as End of Operating Agreements and referred to generically as EOA).

This survey has been established as part of the reference group's research on projected impacts of end dates and good practice approaches for Service Managers. The research is intended to gather and analyze key data on issues, opportunities and current practice, resulting in a framework to help guide SM deliberations as they plan for "social housing end dates".

The survey is provided in MS-Excel format and is divided into 3 main parts:

Part 1 – Is geared to collecting general portfolio and federal funding information from Service Managers. With reference information at hand, this part will take 15-20 minutes to complete.

Part 2– Is geared to collecting information from SM's on practices associated with monitoring, determining impacts and managing projects that reach EOA. This part of the survey may take up to 30 minutes to complete, depending on your experience with projects that reach EOA.

Part 3 – Is aimed at gathered detailed information about various project characteristics (descriptive and financial) based on information found in Data Release 5, Annual Information Returns and Building Condition Audits. This part of the survey will take considerably longer to complete depending on the number of projects in your service area, the availability of the data and the manner in which your data is currently stored. Service Managers are encouraged to provide all data in this section to help support impact analysis.

The survey is designed in a workbook format to allow ease of completion, providing ample room for your thoughts and comments. Should you have any questions regarding the survey or the information requested, they should be directed to Ken Foulds at Re/Fact Consulting, the firm retained to undertake this survey. Questions may be directed by phone at (613) 836-4267 or by e-mail at *re_fact@sympatico.ca* .

Once completed, simply save your copy to file and forward a copy via e-mail to Re/fact Consulting at *re_fact@sympatico.ca* no later then ***December 30th, 2011*** . Following submission, you may be contacted for clarification on your responses where required.

Need definitions??
A list of defined terms for pull down menu options used in this survey is provided under the 'definitions' tab of this workbook.

Need examples??
You will need source documents to help complete this survey - not sure what you're looking for? Examples have been attached with the survey to assist.

Part 1 - Portfolio Information

Please insert basic information about your service area as well as a primary contact in case survey follow-up is requirec

Service Manager Area:		**Primary contact:**	
SM Region:	*select from drop down menu*	**Phone:**	
SM Structure:	*select from drop down menu*	**E-mail:**	

Table 1.1 - Summary of Service Area Portfolio
Please insert 2010 program information for all prescribed projects in your service area

Housing Program	Public Housing (LHC)	Municipal Non-Profits (Sec. 95)	Private Non-Profits (Sec. 95)	Provincial Reformed (Non-Profit & Coop)	Limited Dividend (Sec. 26)	N/P Low End of Market (Sec.26 & 27)	Urban Native Programs	Transferred Rent Supplement Programs***	**TOTAL - ALL PRESCRIBED PROGRAMS**
Def'n of Program per O.Reg 367/11 Schedule 1	*Programs 1(a) + 1(b)*	*Program 6(c)*	*Program 5*	*Programs 6(a) + 6(b)*	*Program 3*	*Program 4*	*Programs 7 + 8*	*Programs 2(a) + 2(b)*	
Total No. of Projects*									
Total No. of Units									
Total 2010 SM/DSSAB costs**									
SMAIR ref. line	*Line 411*	*Line 417*	*Line 416*	*Line 418*	*Line 413*	*Line 414 + 415*	*Line 419 + 420*	*Line 412*	*Line 425*

Note: ** An individual project can include properties clustered for mortgage purposes (i.e. scattered units). Refer to O. Reg.368/11 for a project listing of your area*
*** Costs should be for 2010 subsidy, as reported to MMAH via 2010 SMAIR (line references are provided)*
**** Include only units under RS programs transferred at download, does NOT include Strong Communities, HARS, etc.*

Table 1.2 - Summary of Federal Funding for Service Area
Please insert 2010 federal funding by program stream for all prescribed projects in your service area

Federal Funding*	Public Housing (LHC)	Municipal Non-Profits (Sec. 95)	Private Non-Profits (Sec. 95)	Provincial Reformed (Non-Profit & Coop)	Limited Dividend (Sec. 26)	N/P Low End of Market (Sec.26 & 27)	Urban Native Programs	Transferred Rent Supplement Programs**	Other Federal funds	**TOTAL - FEDERAL FUNDING***
Def'n of Program per O.Reg 367/11 Schedule 1	*Programs 1(a) + 1(b)*	*Program 6(c)*	*Program 5*	*Programs 6(a) + 6(b)*	*Program 3*	*Program 4*	*Programs 7 + 8*	*Programs 2(a) + 2(b)*	*not otherwise allocated*	
Federal funding for 2010										
LESS Net Debenture Costs										
Federal Funds disbursed to SM										

Note: ** Per "Annual Apportionment of Federal Funds by Social Housing Program, 2008-2012" table as provided by MMAH to each Service Manager*
*** Include only federal funding for RS programs transferred at download per MMAH apportionment table*
**** Total federal funding including debentures should equal amount published in Ontario Gazette (May 12th, 2007)*
Total federal funding NOT including debentures should equal amount at Line 401 of SMAIR.

Part 2 - Good Practice

Please provide responses to each question in the box provided, using explanations wherever warranted

2.1 - Monitoring & tracking		
a.	How do you define operational viability for housing projects in your service area?	
b.	What tools do you currently use to monitor project viability?	
c.	What remedial measures do you as SM use to address projects whose operating viability is at risk?	
d.	Do you currently track debt retirement (EOA) dates for all projects in your portfolio? If so, how? If not, why not?	
e.	Do you currently track federal funding and its anticipated stepdown at the project level? If so, how? If not, why not?	

2.2 - Determining Impacts Pre-EOA		
a.	What project obligations do you as Service Manager have regarding projects post-EOA?	
b.	Have you done analysis of potential EOA impacts in your service area? If so, what were your findings?	
	If not, what tools would help you identify and assess EOA impacts on projects?	
c.	To what extent will EOA and the step down of federal funding impact on your ability to maintain service levels?	
d.	What precautions/strategies are you taking as SM to mitigate potential impacts on projects prior to EOA?	
e.	In your experience, are housing providers in your area taking sufficient steps to plan for EOA?	

Part 2.0 - Good Practice (continued)

Please provide responses to each question in the box provided, using explanations wherever warranted

2.3 - Handling Post-EOA projects (complete this section ONLY if you have projects that are post-EOA)		
a.	Do you have any projects in your area where principal debt has been retired (i.e. EOA has occured)? If so, how many?	
b.	Are these post-EOA projects still contributing to fulfillment of your service level standards? If so, what are the most significant factors that help maintain their tenant affordability?	
c.	For post-EOA projects **not** providing affordable housing now, what were the most significant factors in thier movement away from tenant affordability?	
d.	What practices did you employ to ensure your SM obligations and objectives were met while maintaining housing provider relationships post-EOA?	
e.	Based on your experience, what SM strategies do you feel are most effective in supporting a project's operational viability post-EOA?	
f.	Based on your experience, what SM strategies do you feel are essential to maintain tenant affordability post-EOA?	
g.	Based on your experience, what SM strategies do you feel are critical to support asset sustainability or regeneration post-EOA?	

Part 3 - Project Details

Please insert as much data as possible for each prescribed project in your service area, ensuring same year data across the project
Projects are defined as in Table 1.1 - reference project listings for your service area can be found in O.Reg 368/11.
Where possible, project-level data should be included for rent supplement units based on RS agreements

For a description of the specific data, simply hover the cursor over the column header and a definition will appear.

Project data of this nature can be found in a number of sources including:
- Data Release 5 provided by MMAH in 2000
- Annual Information Returns
- Mortgage renewals & debenture summaries provided by MMAH
- Building Condition Audits (with associated Reserve Fund Forecasts)

Table 3.1 - Project Information Data Table

Project SM	SM Project ID #	Ontario Reg. Ref. No.	CMHC Reference No.	Project name	Project Sponsor	Project address	Project municipality	Program Type	Client Type	Building type	Year of construction	Year of 1st occupancy	Data Reporting Year	Total units	RGI units	Market units	Debt type	Current primary debt
Example SM	*project #1*	*1*	*04-637-468*	*Sample Manor*	*Anywhere NPHC*	*123 + 126 Anystreet*	*SM City*	*Private NP (s.95)*	*Family*	*Apt. (walkup)*	*1961*	*1984*	*2010*	*36*	*18*	*18*	*Mortgage*	*$365,478*
								<select>	<select>	<select>							<select>	
								<select>	<select>	<select>							<select>	
								<select>	<select>	<select>							<select>	
								<select>	<select>	<select>							<select>	
								<select>	<select>	<select>							<select>	
								<select>	<select>	<select>							<select>	
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								<select>	<select>	<select>							<select>	
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								<select>	<select>	<select>							<select>	
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								<select>	<select>	<select>							<select>	
								<select>	<select>	<select>							<select>	
								<select>	<select>	<select>							<select>	

Current annual payments	Debt retire date (EOA)	Extended affordability date	Next mortgage renewal date	Current secondary debt	Current RGI rent revenue	Current market rent revenue	Current subsidy revenue	Federal share of subsidy	SM Share of subsidy	Current other revenue	Current maintenance & admin. costs	Current property Taxes	Current utilities	Current other operating costs	Annual capital reserve deposit	Current capital reserve balance	BCA base year	Current capital demand	Projected reserve balance @ EOA date	Projected capital demand @ EOA date	Projected secondary debt @ EOA date
$56,820	2019		2014	$0	$81,000	$162,000	$215,000	$111,800	$103,200	$15,400	$54,000	$57,600	$36,000	$0	$9,720	$246,235	2008	$305,421	$2,578	$175,320	$0

Drop down menu options & associated definitions

Field name	Options	Definitions
SM Region	Southern	*includes south and southwest, roughly from Oakville north to Georgian Bay and westward to the American border*
	GTA/Central	*areas within GTA boundary and central, extendining roughly from Lake Ontario north to Georgian Bay/Huntsville*
	Northern	*includes north and northwest, roughly north of Georgian Bay/Huntsville and westward to Manitoba border*
	Eastern	*include areas east of GTA/Central, roughly from Trenton north to Pembroke and eastward to Quebec border*
SM structure	Single tier	*Single tier municipal structure*
	Upper tier	*Two tier municipal structure where SM is upper tier*
	Separated	*Separated structure (or similar) where 1 municipality is designated as SM for entire service area (i.e. City/County)*
	DSSAB	*District Social Service Administration Boards*
	Other	*SM structure does not meet one of the above categories*
Program Type	Public Housing	*Defined as program type 1a + 1b in O. Reg 367/11 Schedule 1*
	Municipal NP (s.95)	*Defined as program type 6c in O. Reg 367/11 Schedule 1*
	Private NP (s.95)	*Defined as program type 5 in O. Reg 367/11 Schedule 1*
	Provincial Reform	*Defined as program type 6a + 6b in O. Reg 367/11 Schedule 1 (includes F/P + Prov. unilateral)*
	Lim. Dividend (s.26)	*Defined as program type 3 in O. Reg 367/11 Schedule 1*
	NP-LEM (s.26/27)	*Defined as program type 4 in O. Reg 367/11 Schedule 1*
	Urban Native	*Defined as program type 7 + 8 in O. Reg 367/11 Schedule 1 (includes pre'86 and post'85)*
	Rent Supp	*Defined as program type 2a + 2b in O. Reg 367/11 Schedule 1*
Client type	Senior	*Designated senior building, for those aged 65+*
	Single (non-senior)	*Individuals, less than 65 years of age*
	Family	*Couples, couples with children or single parents with children*
	Mixed client	*Designated project for multiple client types*
	Supportive	*Designated project for those with specific supportive housing needs*
Building type	Single/semi	*Single or semi-detached house(s)*
	Town/row house	*Townhouse or row house units with individual entrance*
	Apt. (walkup)	*Non-elevatored apartments, includes stacked townhouses*
	Apt. (low rise)	*Elevatored apartments 5 stories or less with common entrance*
	Apt. (high rise)	*Elevatored apartments 6 stories or more with common entrance*
	Mixed type	*Project has mixed building types*
Debt type	Mortgage	*Program insured mortgage, as found for NP properties as well as a few public housing projects*
	Debenture	*Program debenture, as found for public housing properties*
	Other	*Alternate non-program debt (neither insured nor under debenture)*

C. Data Quality Notes

A range of data was sourced in compiling the survey results for the study and a number of issues were encountered in their collection/analysis. To help qualify these results and the manner in which data was handled, supplementary data quality notes are being provided, organized by survey section.

Part 1 - Current Portfolio Information

Data requested from SMs was numerical in nature and sourced largely from both SMAIR information and from individual 5 year Federal funding flow tables. No attempt was made to validate submitted data, given the lack of reference data. There was a high rate of response but in a few instances, federal funding information at the program level was omitted by SMs. In other instances, project counts were not reported. As a result, some unit and cost averaging results were not able to be calculated. In other instances, clearly erroneous data was submitted, primarily in regards to project counts. In these instances, calculated results were excluded so as not to unduly influence over all averaging.

Part 2 – Good Practices

Data requested from SMs was experience-based and allowed a wide variety of individual responses. To synthesize results, cluster analysis was used to group like responses and then count their frequency. By its nature, the clustering process is somewhat interpretive and as such, SM responses have been classified based on assumed intent. Results are therefore reported to capture both commonality and differences in order to help characterize SM experience in the area of good practice.

Part 3 – Project Details

As the principal data collection part of the survey, data issues were most prevalent in Part 3. Project data requested from SMs required them to source information from many areas including budgets, financial statements, AIR's, etc. As SM source data, no attempt was made to validate submitted information. However, based on responses it is evident that SMs have varying capability to source and retrieve data, depending on the information systems they have and the information they collect. In a number of instances, data reported was incomplete, making it impossible to calculate certain test variables. As with Part 1 data, clearly erroneous information was suppressed and results excluded from analysis. Where data was miscoded, efforts were made to accurately interpret intent and data corrected accordingly. Efforts were made with SMs to submit discrete project data and in some instances, this meant that SMs used unit averaging or cost allocations to arrive at project-level figures. Were data was reported by SMs at a multi-project level, no attempt to disaggregate it was made so as to avoid misinterpretation. This was most common in the reporting of debt, subsidy and revenues/costs. It was also quite common in reporting capital demand and projected needs at EOA, although reporting rates were significantly lower here. In these instances where data gaps generated calculation errors or false test results, calculated data was suppressed and excluded from analysis to preserve data integrity

D. Data Tables

Average unit subsidy costs by Region (net of debentures)

		Part 1 - Average Unit Subsidy Costs								
		PH units	MNP-95 units	PNP-95 units	ProvRef units	LD-26 units	NP-LEM units	UN units	TransRS units	TOTAL units
Eastern	average	**$ 4,537**	**$ 2,785**	**$ 678**	**$ 5,347**	**$ -**	**$ -**	**$ 11,121**	**$ 5,238**	**$ 4,388**
	hi	$ 11,573	$ 3,903	$ 1,155	$ 6,959	$ -	$ -	$ 11,194	$ 6,814	$ 6,820
	low	$ 2,184	$ 1,331	$ 267	$ 4,680	$ -	$ -	$ 11,049	$ 2,554	$ 3,440
	std dev.	$ 3,497	$ 1,030	$ 369	$ 914	$ -	$ -	$ 103	$ 1,520	$ 1,305
	count	6	5	4	6	0	0	2	6	6
GTA/Central	average	**$ 4,029**	**$ 2,668**	**$ 796**	**$ 7,350**	**$ 10,284**	**$ 1,852**	**$ 11,616**	**$ 6,173**	**$ 5,721**
	hi	$ 9,071	$ 6,227	$ 1,391	$ 8,691	$ 10,284	$ 2,585	$ 13,610	$ 8,233	$ 7,233
	low	$ 1,981	$ 635	$ 351	$ 6,044	$ 10,284	$ 1,118	$ 10,047	$ 4,551	$ 4,785
	std dev.	$ 2,582	$ 2,300	$ 336	$ 830	$ -	$ 1,037	$ 1,819	$ 1,579	$ 887
	count	8	7	8	8	1	2	3	6	8
Southern	average	**$ 3,940**	**$ 1,708**	**$ 1,351**	**$ 6,259**	**$ -**	**$ -**	**$ 12,283**	**$ 5,000**	**$ 4,451**
	hi	$ 7,347	$ 3,127	$ 4,613	$ 7,380	$ -	$ -	$ 12,958	$ 7,250	$ 6,303
	low	$ 2,162	$ 761	$ 520	$ 5,335	$ -	$ -	$ 11,088	$ 1,992	$ 2,858
	std dev.	$ 1,871	$ 903	$ 1,162	$ 665	$ -	$ -	$ 855	$ 1,386	$ 1,260
	count	11	6	11	11	0	0	4	10	11
Northern	average	**$ 5,456**	**$ 4,795**	**$ 887**	**$ 6,806**	**$ -**	**$ 383**	**$ 10,427**	**$ 4,117**	**$ 5,692**
	hi	$ 13,328	$ 10,537	$ 1,652	$ 8,294	$ -	$ 383	$ 13,251	$ 7,254	$ 10,909
	low	$ 2,328	$ 717	$ 188	$ 5,434	$ -	$ 383	$ 7,865	$ 821	$ 3,846
	std dev.	$ 3,543	$ 4,063	$ 594	$ 1,098	$ -	$ -	$ 2,148	$ 2,385	$ 2,254
	count	8	6	5	8	0	1	8	6	8
TOTAL	average	**$ 4,438**	**$ 2,984**	**$ 1,013**	**$ 6,490**	**$ 10,284**	**$ 1,362**	**$ 11,155**	**$ 5,113**	**$ 5,048**
	hi	$ 13,328	$ 10,537	$ 4,613	$ 8,691	$ 10,284	$ 2,585	$ 13,610	$ 8,233	$ 10,909
	low	$ 1,981	$ 635	$ 188	$ 4,680	$ 10,284	$ 383	$ 7,865	$ 821	$ 2,858
	std dev.	$ 2,756	$ 2,579	$ 823	$ 1,076	$ -	$ 1,121	$ 1,787	$ 1,750	$ 1,571
	count	33	24	28	33	1	3	17	28	33

Average Federal funding by Region

		Part 1 - Average Federal Funding and Debentures per unit									
		PH funding (F) - incl. debt.	MNP-95 funding (F)	PNP-95 funding (F)	ProvRef funding (F)	LD-26 funding (F)	NP-LEM funding (F)	UN funding (F)	TransRS funding (F)	TOTAL funding (F)	Annual Debenture costs per unit
Eastern	average	**$ 1,406**	**$ 1,764**	**$ 2,017**	**$ 1,363**	**$ -**	**$ -**	**$ 14,837**	**$ 1,820**	**$ 1,503**	**$ 1,299**
	hi	$ 1,664	$ 2,071	$ 4,100	$ 2,085	$ -	$ -	$ 16,220	$ 2,748	$ 1,711	$ 1,546
	low	$ 1,174	$ 1,600	$ 1,021	$ 568	$ -	$ -	$ 13,455	$ 173	$ 1,137	$ 1,085
	std dev.	$ 160	$ 190	$ 1,411	$ 598	$ -	$ -	$ 1,955	$ 922	$ 215	$ 164
	count	6	5	4	6	0	0	2	6	6	6
GTA/Central	average	**$ 1,397**	**$ 1,559**	**$ 1,214**	**$ 1,678**	**$ 3,084**	**$ -**	**$ 9,053**	**$ 2,454**	**$ 1,740**	**$ 1,093**
	hi	$ 2,040	$ 2,056	$ 1,694	$ 2,235	$ 3,084	$ -	$ 12,214	$ 2,970	$ 1,919	$ 1,353
	low	$ 998	$ 979	$ 165	$ 1,182	$ 3,084	$ -	$ 3,356	$ 1,796	$ 1,589	$ 787
	std dev.	$ 394	$ 394	$ 586	$ 374	$ -	$ -	$ 4,944	$ 513	$ 145	$ 205
	count	6	6	6	6	1	0	3	4	6	6
Southern	average	**$ 1,113**	**$ 1,157**	**$ 2,149**	**$ 1,631**	**$ -**	**$ -**	**$ 12,124**	**$ 1,659**	**$ 1,378**	**$ 1,034**
	hi	$ 1,447	$ 1,681	$ 5,494	$ 2,311	$ -	$ -	$ 12,835	$ 2,175	$ 1,678	$ 1,279
	low	$ 859	$ 781	$ 1,143	$ 1,009	$ -	$ -	$ 11,146	$ 763	$ 1,087	$ 862
	std dev.	$ 203	$ 343	$ 1,470	$ 472	$ -	$ -	$ 797	$ 449	$ 183	$ 120
	count	10	6	10	10	0	0	4	9	11	11
Northern	average	**$ 1,964**	**$ 2,467**	**$ 1,386**	**$ 1,986**	**$ -**	**$ -**	**$ 9,721**	**$ 1,545**	**$ 2,138**	**$ 1,442**
	hi	$ 3,276	$ 3,990	$ 1,652	$ 3,415	$ -	$ -	$ 11,425	$ 2,546	$ 3,076	$ 2,223
	low	$ 1,079	$ 1,819	$ 1,182	$ 474	$ -	$ -	$ 7,796	$ -	$ 1,681	$ 935
	std dev.	$ 788	$ 1,021	$ 221	$ 1,111	$ -	$ -	$ 1,300	$ 956	$ 448	$ 448
	count	6	4	5	6	0	0	6	5	8	6
TOTAL	average	**$ 1,419**	**$ 1,666**	**$ 1,751**	**$ 1,660**	**$ 3,084**	**$ -**	**$ 10,910**	**$ 1,808**	**$ 1,668**	**$ 1,186**
	hi	$ 3,276	$ 3,990	$ 5,494	$ 3,415	$ 3,084	$ -	$ 16,220	$ 2,970	$ 3,076	$ 2,223
	low	$ 859	$ 781	$ 165	$ 474	$ 3,084	$ -	$ 3,356	$ -	$ 1,087	$ 787
	std dev.	$ 513	$ 666	$ 1,148	$ 662	$ -	$ -	$ 2,911	$ 738	$ 407	$ 285
	count	28	21	25	28	1	0	15	24	31	29

EOA date by Program = project count

	Program Type									
Debt retire date (EOA)	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	Grand Total	
2000						1			1	0.0%
2001			1						1	0.0%
2003			1						1	0.0%
2004						4			4	0.1%
2005						1			1	0.0%
2006						2			2	0.1%
2007						4			4	0.1%
2008			1	1		2			4	0.1%
2009			1	1		12			14	0.5%
2010			1	1		11			13	0.4%
2011		2	3	2		4	3		14	0.5%
2012		1	15			17	4	1	38	1.2%
2013			13	2		4	6		25	0.8%
2014			4	8	1	17	3		33	1.1%
2015		3	4	25	1	36	2		71	2.3%
2016		9	1	26	2	56	3		97	3.2%
2017	2	15	7	42	5	39	2		112	3.7%
2018		28		33	1	60	7		129	4.2%
2019		16	2	29	3	50	3		103	3.4%
2020		18	3	30	4	84	9		148	4.9%
2021		22		40	12	48	16		138	4.5%
2022	1	4	1	9	60	67	18		160	5.2%
2023		2	4		90	76	7		179	5.9%
2024			1	1	125	49	22		198	6.5%
2025		1	4	1	113	43	10		172	5.6%
2026		1	6		140	25	6	1	179	5.9%
2027		1	11		221	14	7	3	257	8.4%
2028			9		123	9	8		149	4.9%
2029			10	1	96	7	8		122	4.0%
2030			2		62	15			79	2.6%
2031		1			36	10			47	1.5%
2032					15	3			18	0.6%
2033					2				2	0.1%
2036						2			2	0.1%
2037						1		1	2	0.1%
no subsidy			6	1					7	0.2%
suppress	1	2	5	2	11	10	15	1	47	1.5%
(blank)			226	2	33	205	1	10	477	15.6%
Grand Total	4	126	342	257	1,156	988	160	17	3,050	100.0%
	0.1%	4.1%	11.2%	8.4%	37.9%	32.4%	5.2%	0.6%	100.0%	

EOA date by Program = unit count

	Program Type									
Debt retire date (EOA)	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	Grand Total	
2000						18			18	0.0%
2001			45						45	0.0%
2003			18						18	0.0%
2004						120			120	0.1%
2005						52			52	0.0%
2006						198			198	0.1%
2007						147			147	0.1%
2008			16	26		127			169	0.1%
2009			1	40		600			641	0.3%
2010			8	40		404			452	0.2%
2011		70	10	24		252	37		393	0.2%
2012		16	272			620	49	10	967	0.5%
2013			270	179		171	53		673	0.4%
2014			300	253	157	798	26		1,534	0.8%
2015		54	336	1,808	149	1,449	42		3,838	2.0%
2016		318	308	1,784	26	2,412	38		4,886	2.6%
2017	104	707	545	3,178	166	2,339	26		7,065	3.7%
2018		848		2,304	30	3,006	77		6,265	3.3%
2019		888	130	2,138	62	3,557	16		6,791	3.6%
2020		519	158	1,933	122	6,074	103		8,909	4.7%
2021		874		2,467	319	4,293	112		8,065	4.3%
2022	1	66	16	738	2,358	4,481	147		7,807	4.1%
2023		24	488		5,735	3,998	90		10,335	5.5%
2024			49	20	6,429	2,273	58		8,829	4.7%
2025		142	150	22	5,621	3,124	82		9,141	4.8%
2026		30	398		8,301	1,440	49	50	10,268	5.4%
2027		20	840		13,134	657	112	179	14,942	7.9%
2028			424		9,608	1,129	59		11,220	5.9%
2029			1,257	32	7,177	833	172		9,471	5.0%
2030			175		4,368	2,101			6,644	3.5%
2031		32			2,857	960			3,849	2.0%
2032					1,440	425			1,865	1.0%
2033					33				33	0.0%
2036						493			493	0.3%
2037						105		31	136	0.1%
no subsidy			573	47					620	0.3%
suppress	27	262	405	26	557	500	82	-	1,859	1.0%
(blank)			6,041	59	94	33,642	6	282	40,124	21.2%
Grand Total	132	4,870	13,233	17,118	68,743	82,798	1,436	552	188,882	100.0%
	0.1%	2.6%	7.0%	9.1%	36.4%	43.8%	0.8%	0.3%	100.0%	

Annual Net Federal Funding at EOA Date for Reporting Projects

Note: net of debentures

	Program Type											
Debt retire date (EOA)	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	Grand Total	Share of Total	Cumulative Total	Share of Total
2000						$ 26,053			$ 26,053	0.0%	$ 26,053	0.0%
2001			$ -						$ -	0.0%	$ 26,053	0.0%
2003										0.0%	$ 26,053	0.0%
2004						$ 934			$ 934	0.0%	$ 26,987	0.0%
2005						$ 3,988			$ 3,988	0.0%	$ 30,975	0.0%
2006						$ 250,393			$ 250,393	0.3%	$ 281,368	0.3%
2007						$ 6,832			$ 6,832	0.0%	$ 288,201	0.3%
2008			$ -						$ -	0.0%	$ 288,201	0.3%
2009						$ 14,289			$ 14,289	0.0%	$ 302,490	0.4%
2010			$ -	$ 20,559		$ 14,474			$ 35,033	0.0%	$ 337,523	0.4%
2011			$ -	$ 6,142		$ 9,372	$ 459,416		$ 474,930	0.6%	$ 812,453	1.0%
2012			$ -			$ 262,660	$ 539,567		$ 802,227	1.0%	$ 1,614,680	1.9%
2013			$ -	$ 538,110		$ 87,914	$ 438,876		$ 1,064,900	1.3%	$ 2,679,581	3.2%
2014			$ -	$ 279,406		$ 235,002	$ 196,929		$ 711,337	0.9%	$ 3,390,917	4.1%
2015		$ 88,284	$ -	$ 1,489,055		$ 1,387,707	$ -		$ 2,965,046	3.6%	$ 6,355,964	7.6%
2016		$ 132,200		$ 1,406,503	$ 23,448	$ 1,929,173	$ 127,130		$ 3,618,453	4.3%	$ 9,974,417	12.0%
2017	$ -	$ 289,638	$ -	$ 1,219,663	$ 151,939	$ 2,937,299	$ 86,908		$ 4,685,448	5.6%	$ 14,659,865	17.6%
2018		$ 456,669		$ 621,341	$ 35,172	$ 1,959,654	$ 505,063		$ 3,577,898	4.3%	$ 18,237,763	21.9%
2019		$ 303,918	$ -	$ 770,370	$ 106,066	$ 3,194,514	$ 140,488		$ 4,515,355	5.4%	$ 22,753,118	27.3%
2020		$ 689,150	$ -	$ 614,478	$ 222,397	$ 3,626,261	$ 555,650		$ 5,707,936	6.9%	$ 28,461,054	34.2%
2021		$ 915,309		$ 1,388,276	$ 449,875	$ 2,576,291	$ 835,940		$ 6,165,690	7.4%	$ 34,626,745	41.6%
2022	$ 2,979	$ -	$ -	$ 246,272	$ 2,869,500	$ 3,863,483	$ 441,599		$ 7,423,833	8.9%	$ 42,050,578	50.5%
2023		$ 26,366	$ -		$ 4,330,110	$ 2,263,423	$ 914,704		$ 7,534,603	9.0%	$ 49,585,180	59.5%
2024			$ -	$ 266,285	$ 5,019,397	$ 957,469	$ 509,443		$ 6,752,594	8.1%	$ 56,337,774	67.7%
2025			$ -	$ 36,661	$ 2,909,674	$ 1,139,593	$ 524,619		$ 4,610,547	5.5%	$ 60,948,321	73.2%
2026		$ 189,095	$ 60,351		$ 3,511,620	$ 388,692	$ 368,460		$ 4,518,218	5.4%	$ 65,466,539	78.6%
2027			$ -		$ 6,168,411	$ 295,923	$ 325,530	$ 35,978	$ 6,825,842	8.2%	$ 72,292,381	86.8%
2028			$ 54,444		$ 3,082,770		$ 292,773		$ 3,429,987	4.1%	$ 75,722,368	90.9%
2029			$ -	$ 59,502	$ 4,343,096		$ 1,181,473		$ 5,584,071	6.7%	$ 81,306,439	97.6%
2030			$ -		$ 1,117,190				$ 1,117,190	1.3%	$ 82,423,629	99.0%
2031		$ 48,998			$ 120,616				$ 169,614	0.2%	$ 82,593,243	99.2%
2032					$ 66,246				$ 66,246	0.1%	$ 82,659,489	99.3%
2033										0.0%	$ 82,659,489	99.3%
2036										0.0%	$ 82,659,489	99.3%
2037										0.0%	$ 82,659,489	99.3%
no subsidy										0.0%		
suppress	$ -	$ -		$ 51,421	$ 474,387	$ 88,748		$ -	$ 614,555	0.7%	$ 83,274,045	100.0%
(blank)			$ -			$ -			$ -	0.0%		
Grand Total	$ 2,979	$ 3,139,627	$ 114,795	$ 9,014,043	$ 35,001,914	$ 27,520,142	$ 8,444,567	$ 35,978	$ 83,274,045	100.0%	$ 83,274,045	100.0%
	0.0%	3.8%	0.1%	10.8%	42.0%	33.0%	10.1%	0.0%	100.0%			

Part 3 - Data counts for projects & units

Project Count	**Program Type**								
SM region	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	Grand Total
Eastern		36	38	23	195	150	45	1	488
GTA/Central	1	68	252	75	557	346	26	11	1,336
Northern	3	8	6	24	57	137	57	4	296
Southern		14	46	135	347	355	32	1	930
Grand Total	4	126	342	257	1,156	988	160	17	3,050

Unit Count	**Program Type**								
SM region	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	Grand Total
Eastern		1,520	1,432	736	8,806	11,883	242	-	24,619
GTA/Central	66	2,556	9,094	8,862	39,901	47,831	401	543	109,254
Northern	66	304	228	1,086	1,664	3,384	386	9	7,127
Southern		490	2,479	6,434	18,372	19,700	407	-	47,882
Grand Total	132	4,870	13,233	17,118	68,743	82,798	1,436	552	188,882

Part 3 - Data counts for units at NOI by EOA test

Sum of Total units		**Program Type**								
SM region	NOI @ EOA test	Lim. Dividend (s.26)	Municipal NP (s.95)	NP-LEM (s.26/27)	Private NP (s.95)	Provincial Reform	Public Housing	Urban Native	suppress	**Grand Total**
Eastern	fail		315	680	145	5,784	11,568	224		18,716
	pass		1,205	752	591	2,953	227	18		5,746
	suppress					69	88		-	157
Eastern Total			1,520	1,432	736	8,806	11,883	242	-	24,619
GTA/Central	fail		71	1,170	5,155	19,820	1,534	151		27,901
	pass	66	2,156	240	2,207	7,201	178		61	12,109
	suppress		329	7,684	1,500	12,880	46,119	250	482	69,244
GTA/Central Total		66	2,556	9,094	8,862	39,901	47,831	401	543	109,254
Northern	fail	1	272	8	100	760	240	277		1,658
	pass		32	204	929	669	24			1,858
	suppress	65	-	16	57	235	3,120	109	9	3,611
Northern Total		66	304	228	1,086	1,664	3,384	386	9	7,127
Southern	fail		109	44	1,257	9,171	11,800	383		22,764
	pass		328	1,634	4,499	4,373	2,299			13,133
	suppress		53	801	678	4,828	5,601	24	-	11,985
Southern Total			490	2,479	6,434	18,372	19,700	407	-	47,882
Grand Total		132	4,870	13,233	17,118	68,743	82,798	1,436	552	188,882

EOA survey - Part 2 roll-up

	2.1 - Monitoring & tracking N=32, multiple responses possible		
	Question	**Basic Responses**	**Synopsis**
a.	How do you define operational viability for housing projects in your service area?	• Maintain adequate reserves (14) • Active Board (13) • Financial stability (12) • Sound management (9) • Generate modest annual surplus (9) • Building is in good conditions (9) • No deficit (8) • Balanced budget (5) • Minimal vacancy loss (5) • Compliant with operating agreement and/or legislation (5) • Capital plan/Prevent. maintenance plan in place (4) • Policies are up to date (3) • Financial reporting is timely and accurate (2) • Low arrears (3) • Ability to function without any additional funding (3) • Ability to pay mortgage and taxes (2) • Minimal resident complaints/good tenant relations (2) • Contingent liability minimized • Risk management practices in place • They meet housing standards • Staff/board getting training • Sufficient cash flow • Best practices are in place • n/a	SM's typically measure a project's viability based on: • Stable financial position • Adequate reserves • Sound management and/or governance • Good building condition
b.	What tools do you currently use to monitor project viability?	• AIR's + financial statements (28) • Operational reviews (25) • On-going communication/meetings with staff (10) • Site visits (10) • Budgets/subsidy requests (8) • Building Condition Audits (7) • Attend board meetings (4) • Quarterly or monthly reports (4) • Replacement reserve studies (3) • Review of board minutes (2)	To monitor project viability, SM's most commonly use: • Annual information returns and the associated subsidy reconciliation process • Operational reviews To supplement project monitoring, they also use: • Interaction with staff/Board • Site visits

		• Trending or ad-hoc analysis (2) • Risk assessment (2) • Approval of capital expenditures (2) • Vacancy reports (2) • Complaints (2) • Audits • SM directives • Training opportunities • Annual wait list reviews • RGI reviews • Proof of insurance • Deficit reduction plans • Targeted provider reviews • Preventive maintenance plans • Tenant file reviews • Tracking via IT info system	• Report/subsidy monitoring
c.	What remedial measures do you as SM use to address projects whose operating viability is at risk?	• Meet with Board (13) • Supervisory management and/or agreement (7) • Meet with staff (7) • More supervision (6) • More training (6) • Quarterly/Monthly review of financials, arrears and or vacancy loss (6) • Pre-PID action plans/process (5) • Mentorship programs with sector agencies (4) • Establish deficit reduction plan (4) • More accountability measures (4) • Additional subsidy (3) • PID/on-notice/trigger letters (3) • Operating/capital loans (2) • Review of Board packages (2) • Financial planning assistance (2) • Interim/adjusted Board (2) • SM approval of operating expenses (2) • SM approval of capital expenditures (2) • Move to benchmarked funding formula • Retain external expertise • Capital planning assistance • Allow provider to retain 100% of operating surpluses when reserves are	SM's use a broad range of remedial measures to help get projects back 'on track' ranging from supportive approaches to direct accountability. Most common approaches involve: • Meeting with the Board and/or staff • Putting in place more formal means of supervision/oversight • Increasing the frequency of monitoring • Providing supplementary financial assistance

		under-funded • Maintain share of market units, increase market rents • Increase non-rental revenue • Target plan adjustments • Seek written explanation for areas of concern • Operational reviews • Reduction in subsidy until compliant • Follow MMAH and regulatory guidelines • Meet with group's auditor • Move to Receivership	
d.	Do you currently track debt retirement (EOA) dates for all projects in your portfolio? If so, how? If not, why not?	• Yes, by spreadsheet (20) • Yes, by information system (4) • Yes, by finance dept. • Informally via operational reviews • Only for federal projects • Only by provider (not at project level) • Not yet (5)	• Most SM's are tracking debt retirement dates at the project level in one way or another, mainly by spreadsheet • A few are not tracking these dates at all but suggest they are going to
e.	Do you currently track federal funding and its anticipated stepdown at the project level? If so, how? If not, why not?	• Yes (10) • Yes, just starting to look at this issue (3) • Only through use of data release five • Only based on MMAH five year funding schedule (2) • Only at portfolio level using Prov. gazette numbers (4) • Informally through ops reviews • No, not yet (8) • No, since funding and subsidy do not always match • No, don't feel it's worth time required • Need more info on federal funding of RS programs to be able to track (3)	• Significantly fewer SM's track federal funding at the project level and slightly fewer track but not at that level of detail • A similar number do not track federal funding • Limited details on how tracking is done but assumed also by spreadsheet

2.2 - Determining Impacts Pre-EOA	N=32, multiple responses possible		
	Question	***Basic Responses***	***Synopsis***
a.	What project obligations do you as Service Manager have regarding projects post-EOA?	• Keeping service level standards (9) • Continuing to fund LHC (5) • Continuing to fund RS (2) • Meeting legislative requirements • Local commitment to provide affordable housing indefinitely • Obligations to fund affordability in projects extended by SHRRP and REI	• General understanding that SLS need to be maintained • Wide range of other responses, suggesting very different levels of understanding regarding SM obligations

<table>
<tr><td></td><td></td><td>programs (2)
• None for federal, RGI targets for prov. reform and RS (2)
• Only ones with an REI agreement
• Only ones transferred by MMAH with funds owing
• Only federal agreements expire, no obligations thereafter
• Uncertain at this time (3)
• Waiting for provincial clarification (3)
• Depends on how you interpret SLS obligations
• None that we are aware of (2)</td><td></td></tr>
<tr><td>b.</td><td>Have you done analysis of potential EOA impacts in your service area? If so, what were your findings?</td><td>• No, not yet (22)
• Starting to look at this but no conclusive findings yet (2)
• Only from perspective of overall federal decrease
• Yes informally for a few providers using (ONPHA?) worksheet
• Yes – but only at a high level
• Some analysis completed – RS subsidy can be used in place of regular subsidy post EOA but SM costs jump dramatically
• Yes – most feds will be sustainable w/o subsidy, provincials will continue to struggle/fail without some help
• Yes – only one project is viable
• Yes – public housing cost increases will outweigh debenture saving (150%), federals only slightly more costly, UN will have savings, prov unilateral will have savings BUT savings to SM's not always good for provider – high RGI providers may come calling for $'s
• Yes – Excluding LHC, almost all units viable if RGI rents are allowed to move to affordable levels</td><td>• Most SM's have not done any EOA analysis
• Where analysis has been done, results are patchy but it is clear that at least some projects will require assistance to be viable</td></tr>
<tr><td></td><td>If not, what tools would help you identify and assess EOA impacts on projects?</td><td>• Financial + forecasting tools (8)
• Templates (5)
• Not sure (3)
• Training workshops (2)
• Building assessment tools
• Asset Planner
• Training on how to do EOA assessments
• Process maps
• Tracking system for projects
• Governance assessment tools
• Board/NP toolkit
• Funding request template for providers
• Best practices from other jurisdictions</td><td>SM's identified a wide range of tools they would find helpful in order to assist with EOA. Most common were:
• Financial and forecasting tools
• Templates
• Training initiatives

SM's also identified a number of information sharing initiatives that they felt would be of value.</td></tr>
</table>

		• Clarifications on SM's legal authorities regarding providers • Release of federal funding info to help with budgeting • Sharing of facilities information among SM's • Sharing of impact analysis among SM's • Quantifying costs of NOT housing displaced tenants • Profiling of non-RGI units lost/withdrawn from program (i.e. federals) • Independent survey of provider intentions at EOA	
c.	To what extent will EOA and the step down of federal funding impact on your ability to maintain service levels?	• Unlikely that we can maintain current standards (11) • Don't know that yet (9) • More pressure on local tax dollars (6) • Expect it will have a big impact (5) • Increased impact on SM-funded rent supplements (4) • Increased municipal funding required • Net increase in costs up to 2021, net savings thereafter to 2031 • Decreased our rent revenue already and it will get worse • Depends on willingness of providers to continue providing RGI	Most SM's felt that they would not be able to maintain SLS or did not yet know if they could. Others felt certain that there would be a significant impact on municipal subsidies or the local property tax base.
d.	What precautions/strategies are you taking as SM to mitigate potential impacts on projects prior to EOA?	• None (6) • Up to date building condition audit for all providers (5) • Preliminary conversations with providers (5) • Plan to increase rent supplement support over time (5) • Beginning to review and broaden understanding on issue (4) • Waiting for provincial/legal clarifications (3) • Maintaining sound financial status (2) • Discussion with Council (2) • Commitment from Council to make regular contributions to capital reserve fund for LHC • Strategic management of mortgage renewals • 10 year financial plan on SM housing reserve/impacts • Reports to committee/province • Lobbying via sector organizations to maintain senior government funding (Prov + feds) • Project level analysis of EOA impacts for portfolio • Modeling to explore factors and leverage assets • Re-financing strategies to retain provider commitments • Capital-based provider agreements rather than RGI-based • Training providers on asset planning • Amalgamations of smaller providers to ensure sustainability • Allow surplus retention based on business case	While many SM's have reported not doing EOA analysis, they are reporting precautionary steps to mitigate possible impacts. Most notable responses were: • Starting to review the issue and engage in discussions with providers • Updating BCAs for providers • Planning to use RS as primary 'bridge' for keeping units affordable A wide range of other strategies, from financial planning and resources to advocacy were also noted.

		• Assist providers in better management practices • Maximize use of SHRRP • Provide additional subsides • Provide secured loans • Move projects into SHRA funding model (i.e. benchmarked formula) • Transition strategies for in-situ tenants for projects anticipated to be imminent departures (i.e. slotting onto waiting list)	
e.	In your experience, are housing providers in your area taking sufficient steps to plan for EOA?	• No (13) • No, we don't understand the impact fully either (2) • Some but not all (4) • Capacity/ability to provide analysis very limited (2) • Larger ones yes, smaller ones no (2) • Only those immediately affected (2) • Some federals can't wait to leave • Informal discussions only • Don't know (3)	Many SM's report that providers are not taking steps or don't have capacity. Where they are, its generally larger SM's or those facing imminent EOA dates.

2.3 - Handling Post-EOA projects (complete this section ONLY if you have projects that are post-EOA) N=16, multiple responses possible			
	Question	***Basic Responses***	***Synopsis***
a.	Do you have any projects in your area where principal debt has been retired (i.e. EOA has occured)? If so, how many?	• Yes, one LHC debenture (3) • Yes, one project • Yes, three projects • Yes, one S.26 and one S.95 • Yes, one in 2007 • Yes, four federal groups • Yes, three at end of 2010 (S. 26/27, S.95) • Yes, two projects • Yes, seven NP's some LHC debentures • Yes, one S.95, two LD's and one S. 27 • Yes, four projects all LHC • Yes, one project • Yes, one project terminated agreement early • Yes but no real info is available on them	• Of those reporting EOA projects, most reported only one • EOA projects reported covered a range of older housing programs (many with federal funding of some kind)
b.	Are these post-EOA projects still contributing to fulfillment of your service level standards? If so,	• Yes, all LHC properties with RGI units (4) • As LHC properties, shareholder still provides funding (2) • Yes, nothing has changed • Yes, using an agreement to maintain RGI	• For EOA projects that are LHC-based, SM's have adopted a 'business as usual' approach for RGI –

re fact consulting

	what are the most significant factors that help maintain their tenant affordability?	• Yes, using rent assistance agreement that was leveraged through mortgage discharge approval • Yes, affordability factor include no mortgage, good PM and strong commitment to affordable housing for seniors • Affordability factors include eliminated mortgage payments, volunteer PM and allocations of costs across other properties • No because as a federal project, not part of SLS (3) • No, not contributing to SLS but are still providing RGI to some tenants • Unable to assess if RGI being provided	therefore they continue to contribute to SLS • Other projects that were federal-based are not – mixed results on affordability • Limited results on which to base factors that helped maintain affordability (other than the fact that they continue to be funded by SM)
c.	For post-EOA projects **not** providing affordable housing now, what were the most significant factors in thier movement away from tenant affordability?	• N/A (8) • Revenue required to maintain affordability (impossible in small rural communities) • No obligation to stay, they wanted out of RGI business • Want greater flexibility in tenant placement, not obligated to use CWL – not sure of degree to which they are still affordable • All post EOA's maintain some affordable units but balance are at competitive market rates to support financial viability • Unable to determine	• The majority of EOA projects did not fall into this category • Apart from economic realities, the desire for more flexibility was a factor in moving away from tenant affordability
d.	What practices did you employ to ensure your SM obligations and objectives were met while maintaining housing provider relationships post-EOA?	• LHC owned and managed so full control by SM (4) • Federal project so no formal obligations (2) • Post EOA relationship is about needs of both parties • Agreement to maintain rent levels for in-situ tenants • Entered into rent assistance agreement to retain RGI, provided support to help provider transition to this 'new' relationship • Housing Coordinator does annual follow-up • Other projects in provider portfolio remain 'in-program' • Not able to engage providers, no response to requests	• For LHC projects, SM control was more direct • More dialogued approach for other projects • Limited dialogue for federals who simply wanted out
e.	Based on your experience, what SM strategies do you feel are most effective in supporting a project's operational viability post-EOA?	• Support for operational viability post EOA (2) • Having a good relationship with the provider • Work with provider to assess viability and plan for EOA (e.g. sunsetting of RGI's) • Having REI agreements has helped • Maintain regular financial reporting • Knowledge, good governance, assets in good shape • Keep building up reserves, max. contributions • Providers keep operating surplus but must direct them to capital	Wide array of SM strategies were identified, most aimed at supporting operational viability post-EOA in the areas of: • Maintaining good relationships • Promoting financial health • Establishing sufficient reserves

		reserves • Applying Prov. benchmark rules on reserves to LHC • Allow S.95 to create operating surpluses • Encourage REI participation to defray operating costs • Target energy efficiency replacements to gain savings • Council support is essential • No grant, only loans to support continued reporting/compliance • Ability to withhold subsidies is only thing that works, so no strategies set • No experience to draw upon	• Seeking operating savings through capital funding initiatives (e.g. REI, energy efficiency)
f.	Based on your experience, what SM strategies do you feel are essential to maintain tenant affordability post-EOA?	• Extending funding (3) • Rent supplements and/or housing allowances (3) • Consistent on-going funding by feds/province • Continuation of RGI-type subsidies • Target RS to OW/ODSP recipients at full shelter costs to leverage assistance funding • Maximize rent increase for market units, increase revenue wherever possible • Changes to the regulations to make it mandatory • Need to have some incentives (e.g. REI funding) • Groups with surplus should be obliged to provide subsidy since they own project free & clear gained on taxpayers tab • Working with Board to fulfill original mandate • Offer opportunities for redev of sites/relocation of portfolio • Not sure right now • No experience to draw upon	SM strategies identified for tenant affordability primarily related back to securing or targeting funding
g.	Based on your experience, what SM strategies do you feel are critical to support asset sustainability or regeneration post-EOA?	• Adequate fed/prov funding to support SM efforts • Dedicated regeneration funding/loans accessible to providers or SM's • SM funding • Maintain City reserve fund for capital/major repairs, accessible via provider business case • Borrowing against the assets of LHC • Use asset leveraging and support strategic asset decisions using tools like FCI • Policies that support building up adequate reserves (operating and capital) • Forecasting tools (operating and capital) • Planning for major capital items • Need to understand impact of rebuilding some projects	• Funding resources, whether secured externally or generated internally, are seen as a primary need for sustainability and regen • Having additional tools for planning and maintaining accountability arrangements with providers was also noted

		• Tracking changing demographic needs • SM involvement • Commitment from housing provider to continue to operate as NP • Obligations should be extended when assistance is extended - i.e. some form of accountability/contribution agreement (2) • Providers responsible for both (sustainability & regen), SM involvement only as needed • Can groups maintain NP status if big surpluses and no subsidy to tenants? • No experience to draw upon	

E. Related Research & References

- “Courage Under Fire: Addressing the Challenges and Opportunities of a Post-Operating Agreement World in Social Housing”, Keith Ward for Canadian Housing and Renewal Association and Social Housing Services Corporation, June 2011
- “Social Housing End Dates – Service Manager Perspectives”, Social Housing Services Corporation, 2010
- “Was Chicken Little Right? Case Studies on the Impact of Expiring Social Housing Operating Agreements: Ontario Addendum”, Connelly Consulting for Social Housing Services Corporation, September 2006
- “Was Chicken Little Right? Case Studies on the Impact of Expiring Social Housing Operating Agreements”, Steve Pomeroy – Focus Consulting in association with Garry Charles, Allan Gaudreault and Paul Connelly for Canadian Housing and Renewal Association, September 2006
- “Guaranteeing a Future: The Challenge to Social Housing as Operating Agreements Expire”, Connelly Consulting, Focus Consulting and Dowling Consulting, June 2003