



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: May 13, 2024

Report: Community Housing Strategic Plan, Report CSSS24-006

Subject

A report to approve the first phase of the Community Housing Strategic Plan study.

Recommendations

That Council approve the recommendations outlined in Report CSSS24-006, dated May 13, 2024 of the Commissioner of Community Services as follows:

- a) That the Housing Needs Assessment, included as Appendix A, the City of Peterborough Housing Review Final Report, included as Appendix B, and the presentation by Tim Welch, from Tim Welch Consulting Inc. (TWC Inc.) be received for information;
- b) That staff be directed to implement key strategic priorities and recommendations presented by TWC Inc. for the City of Peterborough as Service Manager in order to maximize funding and provide the most value in achieving legislated housing targets;
- c) That staff return to Council in fall 2024 to present the Community Housing Strategic Framework for the End of Mortgage (EOM) and End of Operating Agreements (EOA) and proposed funding formula; and
- d) That the Commissioner of Community Services be authorized and directed to enter service and exit agreements with housing providers for projects under Housing Services Act, S.O. 2011, c. 6, Sched. 1, that reach End of Operating

Agreement or End of Mortgage in order to provide ongoing affordability for tenants and long-term sustainability for the project, in a form satisfactory to the City Solicitor.

Executive Summary

- The City of Peterborough, as the Service Manager for Housing for the City and County of Peterborough, oversees the delivery and administration of Rent Geared to Income (RGI) housing programs by Community Housing Providers
- Community Housing Providers operating under Operating and Mortgage Agreements for RGI housing are approaching, or have reached, expiry and new service agreements or exit agreements must be signed under the new amendments made to the *Housing Services Act, 2011*
- TWC Inc. was contracted to conduct a comprehensive review of the community housing portfolio and provide recommendations on how to continue to support community housing providers
- This report represents the first phase of this overall study which provides the overall legislative framework, analysis of the City's housing needs, and recommends key strategic recommendations to maximize funding and achieve legislated housing targets. Phase two will be presented during the last quarter of 2024 and provide additional detailed funding formulae and agreement framework details.

Background

The expiry of operating agreements, mortgages and debentures has been on the horizon since the download of housing in 2001 from the Province, but the responsibilities of housing providers and Service Managers beyond expiry was unclear. In 2022, the Province clarified the expectations for Service Managers and Community Housing Providers after these agreements end. The Community Housing system is currently undergoing a fundamental transformation. Community Housing provides subsidized housing for households with low and moderate incomes and refers to a series of programs that built deeply affordable housing from the 1950's to 1997. It is during this period that most RGI housing in Peterborough and across Ontario was built.

RGI housing was built through a series of federal and provincial funding programs that each had their own priorities and agreements. These agreements were overridden by the *Social Housing Reform Act 2001*, and subsequently the *Housing Services Act, 2011*. Broadly, Community Housing falls into two main categories of programs: Federal and Provincial Reformed. Both categories have units that are a mix of RGI and market, but there are some key differences:

Federal programs have Operating Agreements that expire, and with the expiry, there is no further obligation on their part to continue to deliver RGI housing. Federal RGI units do not count towards the City's Service Level Standard. The expiry for Federal programs is referred to as End of Operating Agreements or "EOA."

Provincial Reformed programs have mortgages that expire. At the expiry of the mortgage, the Housing Providers are not obligated to continue to provide RGI housing, but their RGI units are counted towards the City's Service Level Standard. This means that if a Provincial Reformed Housing Provider chose not to sign a new agreement with the City, those units would have to be replaced elsewhere in the housing system. The expiry for Provincial Reformed programs is called End of Mortgages or "EOM."

In Peterborough, the majority of mortgages associated with Federal projects have already reached their conclusion, signifying a significant milestone in the evolution of social housing within the region. To date, half of the Federal Housing Providers have opted to exit the City's housing portfolio: St. Barnabas (Hillmar Apartments), Tabernacle Court, Auburn Village and St. Giles Senior Citizens Residence. Projects that are still in the portfolio include Kinsmen Garden Court, Northminster Court, Millbrook Manor Phase I and Ontario Aboriginal Housing Services.

The City's Service Level Standard - the total number of RGI units that need to be provided - is 1569. In 2023, the first set of mortgages for Provincial Reformed housing providers in Peterborough began to expire. As of this report, five Provincial Reformed housing providers have reached the end of their service agreements and have signed interim agreements with the service manager. (Reports CSSS23-008 and CSSS23-025). These interim agreements ensure that there is ongoing support for RGI housing providers while the study conducted by the consultant is completed, reviewed and implemented.

As provincially funded projects transition into the End of Mortgage period, the City's primary objective is to support and protect them, to ensure the ongoing availability of 1569 RGI housing units.

Post End of Mortgage, the provincial subsidy provided for Provincial Reformed Housing Providers will not be provided, but the constraints of the *Housing Services Act's* funding formula will also not apply. It is up to the City to develop new agreements that support these projects to sustain their affordability into the future. The conclusion of both End of Agreement and End of Mortgage arrangements presents municipalities with a unique challenge, one they have not encountered previously. How to maintain the legislated service level standards of number of units in the overall system, at the same time that senior government funding for these units ends and maintaining these units in the most optimal means possible from both a financial and operational perspective.

Before the Housing Services Act, 2011 came into effect, the funding for social housing agreements and legislation remained largely unchanged for decades. Historically, the provincially prescribed funding formula operated under the assumption that once the mortgage was cleared, the project could sustain itself financially to cover operating

expenses and necessary capital repairs. However, this formula significantly underestimated the capital needed to maintain an aging housing inventory. Ongoing financial support for both operations and capital expenditures is needed, as many social housing providers will face deficits or lack sufficient reserves to fund crucial capital repairs.

Policy Implications and New Legislated Requirements

In 2022, the province of Ontario amended the Housing Services Act to include updated Service and Exit Agreement requirements, detailing both a new regulatory framework and funding approach. There are two options for Community Housing Providers under this new framework:

- 1) continue to offer social and/or affordable housing under a new agreement within a new community housing framework or
- 2) meet the prescribed requirements necessary to exit the community housing portfolio.

Housing Providers who have reached End of Mortgage but have yet to sign a new operating or exit agreement continue to be governed by the pre-existing Housing Services Act rules and funding formula.

New operating agreements

For Housing Providers at End of Mortgage/End of Agreement who wish to enter the 'new' community housing framework, the regulations require new operating agreements to provide for the sustainability of the physical asset and affordability for existing tenants. At a minimum, this means that the City must provide funding to subsidize RGI housing units, and housing providers must agree to select tenants from the Centralized Waiting List for RGI Housing.

Exit Agreements

If a Housing Provider and/or a Service Manager do not wish to enter a new service agreement, an Exit Agreement is required. Provincial Reformed Providers that wish to exit must continue to provide RGI to existing tenants and must continue to operate the project as an affordable housing project. For projects that are sold, the proceeds of the sale of the project must go towards affordable housing. Exit Agreements are intended to ensure that existing tenants are not displaced, and longstanding public investments are preserved.

It is critical moving forward that the City of Peterborough, as Service Manager, continue to build their relationships with the housing providers with upcoming expiring of mortgages and operating agreements, to minimize the loss of RGI units. Retaining current units is more responsive and more cost-effective than constructing new units. End of Mortgage provides an opportunity for the City of Peterborough to meet its Service Level Standard agreements and provide the needed number of units that we

are legislated to provide. Any negotiation with Housing Providers would need to be collaborative, to ensure that adequate funding is available to continue to provide RGI housing for eligible households.

Strategic Analysis- Community Housing Review Study

In December 2022, a Request for Proposals was issued for a consultant to prepare a report that models scenarios using the new requirements and flexibilities under the *Housing Services Act, 2011*. The successful proponent of the Request for Proposal was TWC Inc. (Tim Welch Consulting Inc.) The objectives for the study are:

- To establish a long-term strategic plan for community housing assets to ensure critical housing stock remains available for those who need it.
- To understand options for the most effective way to use funding to meet key priorities, while continuing to support the financial viability of its community housing partners.

To conduct this study, TWC Inc. reviewed and analyzed the most recent Building Condition Assessments conducted in 2021 and completed site visits. TWC Inc. engaged housing providers to collect information related to recent capital needs and expenditures.

The following recommendations were presented to city staff:

Strategic Priority Goals:

- 1) Improve System Performance: To foster exceptional quality assurance to improve operational procedures and minimize unit loss.
- 2) Enhance Operational Efficiency: Implement measures to improve efficiency of operations and system oversight
- 3) Maximize and Leverage Current Housing Portfolio and Opportunities: To develop individual plans site-by-site
- 4) Enhance System Growth of Housing Supply: To develop a sustained increase of supply of housing units to meet the needs of all residents across the housing spectrum.

To ensure that the new agreements meet legislative expectations and adequately support the long-term viability of social housing units originally funded by the province, TWC Inc. recommends that City staff adopt EOM/EOA best practices and also develop a Strategic Framework for End of Mortgage (EOM) and End of Operating Agreement (EOA). This Framework will include guiding principles, policy recommendations, new funding formulas and financial models to continue providing RGI housing sustainably.

The report includes substantial capital repair costs to ensure long-term sustainability of Community Housing Stock. These costs cannot solely be addressed through subsidies from the City of Peterborough. The housing strategic framework will be established to

guide the discussions with housing providers on what municipal investment is required for the continued provision of RGI units. It will also address funding opportunities through the Canada-Ontario Community Housing Initiative (COCHI.)

Further details and in-depth analysis about City of Peterborough's Community Housing Strategic Framework for EOM/EOA will be presented to council in the fall of 2024 which will include funding formula options and a financial forecast analysis.

Strategic Plan

Community and Well-being: Enhance and protect the health, safety, and well-being of all in our City. Provide robust, affordable and accessible sport, recreation, wellness, arts and social programs for people of all ages and abilities.

Governance and Fiscal Sustainability: Accountable, transparent, ethical, and responsible corporate governance and financial management that supports the needs of the community into the future. Proactively advocating for Peterborough's interests by working with other levels of government and optimizing strategic opportunities as they arise for the benefit of our City.

Engagement and Consultation

Consultations with housing providers for End of Mortgage and End of Operating agreements began as early as 2016 and have been conducted intermittently at quarterly City-led housing provider meetings and individual board meetings. Feedback from housing providers during these meetings was utilized by TWC Inc. to steer the project. Discussions and updates on End of Mortgage (EOM) and End of Operating Agreement (EOA) will continue in these forums as negotiations progress. Furthermore, feedback from housing providers collected through these interactions will continue to inform and refine the strategic framework for End of Mortgage.

Since July 2022, Housing staff have been meeting with other Service Manager jurisdictions to discuss local interpretations, approaches and management of projects entering the End of Mortgage phase. The housing team is also consulting with the city's legal staff to help develop new service and exit agreements for local use. Additionally, City of Peterborough Housing staff have collaborated with Ministry representatives and other service managers in nearby areas to ensure a consistent interpretation of the Housing Services Act, 2011 amendments, and to create exit and operating agreements.

Most recently, housing team staff attended an EOM/EOA forum hosted by the Housing Services Corporation. The event gathered service managers from across the province to share and learn about different strategies and approaches implemented in their respective communities. City of Peterborough staff were able to confirm that the methods and principles adopted by other jurisdictions for handling End of Mortgage were in line with the approach and best practices outlined by TWC Inc. for the City of Peterborough.

Budget and Financial Implications

The strategic housing framework for End of Mortgage (EOM) and End of Operating Agreement (EOA), set to be presented in fall 2024, will establish funding formulas for negotiating new service agreements with housing providers.

The consultant's report and the strategic housing framework will outline the long-term budgetary impacts on the City, which will be considered as new financial models are presented. Housing Services staff will examine internal financial analyses to identify operational and capital funding gaps for housing providers. They will also explore alternative funding models and available provincial-federal funding to stay within the approved municipal budget. Based on preliminary analysis, the housing team anticipates staying within the current operating base to support Housing Projects reaching End of Agreement and End of Mortgage.

The potential financial impact to the City is enormous as Appendix B outlines the impending capital liability and renewal costs to be upwards of \$45 million by 2031. The City net municipal budget contribution for Federal and Provincial housing portfolio is \$2.1 million and without proper planning, this annual budget could more than double.

As with all housing and homelessness programs, staff would continue to pursue all senior government funding options as they become available to offset the future operating and capital liabilities discussed in this report.

Conclusion

Community Housing is a publicly- funded asset and an important component of the local housing system for the City and County of Peterborough. Although legislation mandates Service Managers to fund rent-gear-to-income assistance and not capital repair costs, they are obligated to finance projects in a way that ensures sustainability and viability. Insufficient funding from the municipality poses a risk of loss of Rent Geared to Income housing units.

Attachments

Appendix A: Housing Needs Assessment

Appendix B: City of Peterborough Housing Review Final Report

Submitted by,

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City of Peterborough

Housing Needs Assessment City of Peterborough

July 31, 2023

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1. Introduction

The City of Peterborough is facing several challenges concerning the need for affordable housing. An aging population, increasing rental market prices, incomes moderately lower than the provincial average, and an older housing stock that doesn't meet the needs of shifting demographics, are all issues the City of Peterborough is facing right now.

Peterborough needs to explore a variety of options to address the intersectional challenges it is currently faced with.

1.1 Defining Affordable Housing

Definitions of affordability generally fall into one of two categories: income-based or market-based.

- Income-based: defines affordability in relation to income; housing is considered affordable if it costs less than a certain percentage of annual household income, typically 30%.
- Market-based: defines affordability in relation to average or median rents and ownership prices in a market area; housing at or below average or median market rents/prices is considered affordable.

Not all affordable housing is social and/or subsidized. There is a need for housing that is affordable for persons working at modest wages, sometimes referred to as “workforce housing” or “attainable housing.”

The Housing Continuum (Figure 1) is both a model that describes the range of housing options based on income and the form of housing, from homelessness to market housing, as well as a tool to evaluate the state of housing in a community. Individuals may move along the continuum at different points in their lives based on life circumstances, this is not always a linear path. Ideally, a community will have housing options available at all points on the continuum to meet the varying needs of its current and future residents. In instances where existing housing supply does not provide appropriate housing options, the Housing Continuum can be used to identify these gaps.

Figure 1: The Housing Continuum



1.2 The Wheelhouse Model

Developed by the City of Kelowna, the Wheelhouse model (Figure 2) is an alternative way of looking at housing options where housing needs are organized circularly. While the Housing Continuum suggests a linear progression towards market homeownership, the Wheelhouse recognizes that housing needs can move in any direction depending on one’s life circumstances. It also recognizes that ownership may not be an end goal nor achievable for certain individuals, and the importance of a variety of housing options for a diverse and inclusive housing system.

Figure 2: The Wheelhouse Model



Affordability of housing should not come as a sacrifice to two other important functions of housing: 1) Appropriateness and 2) Safety. Appropriateness of housing is determined by having enough bedrooms for each individual in a home per the National Occupancy Standard¹. Safe housing is housing that does not require major renovations or repairs and meets local/provincial and federal building and public health codes.

¹ The National Occupancy Standard was created in the mid-1980s by the federal, provincial, and territorial governments. It provides a common reference point for “suitable” housing, meaning how many people a given dwelling unit might accommodate given the number of bedrooms.

2. Demographic Analysis

2.1 Population

The City of Peterborough Service Manager area (County and City combined) has seen a 6.8% increase of population between the last two census periods, while the City alone has seen a 3.2% increase.

Table 1: Reported Census Population 2016 – 2021

Reporting Year	2016	2021
City of Peterborough Population	81,032	83,651
County of Peterborough Population	57,204	64,030
Service Manager Area (City and County combined) Population*	138,236	147,681

Source: Statistics Canada 2021 Census

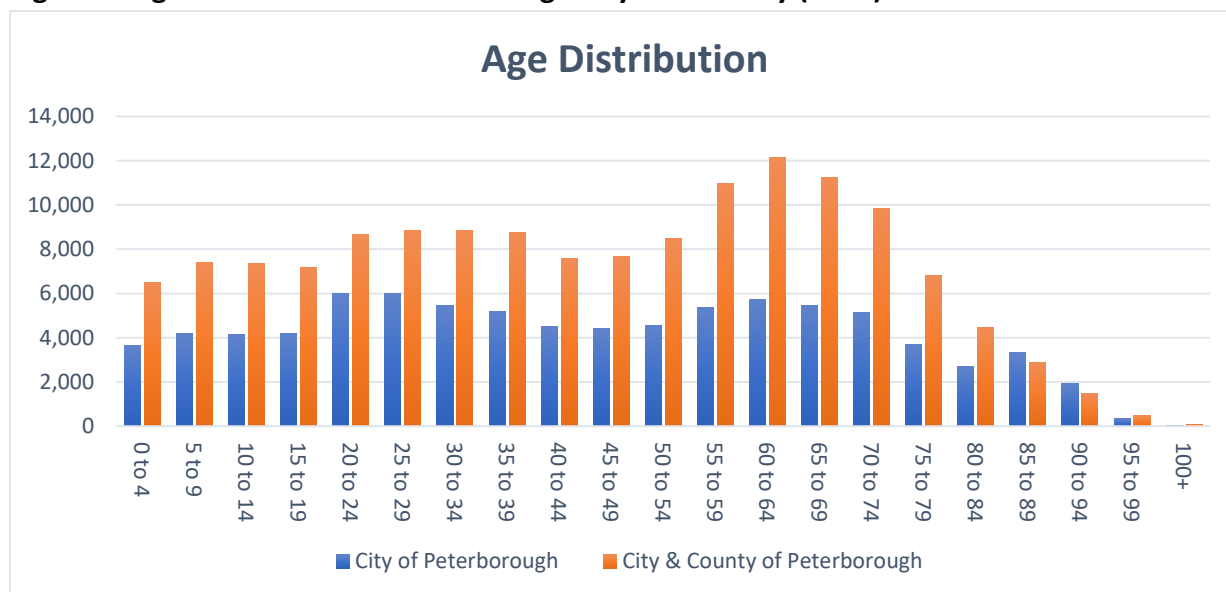
*The Service Manager Area, including the City and County data, is the regional area referenced in the Statistics Canada Census Data and matches the Service Manager’s jurisdiction.

The City of Peterborough City has a moderately older age profile than the provincial average, with 38% of the City’s population over the age of 55, compared to 33% for all of Ontario. Peterborough City and County’s median age is 47 and City’s is 43, which is also higher than the provincial median of 40.4 years of age.

This census data is pointing to a need for an increase in seniors housing, with accessibility considerations in design, as this population continues to age.

The National Occupancy Standard is **not** a rule, regulation, or guideline for determining if a given dwelling unit can be rented to or occupied by a given household but rather, is used to determine housing needs and conditions at the community, regional and national levels. CMHC, “National Occupancy Standard.” *CMHC SCHL*, 19 July 2022.

Figure 3: Age Distribution in Peterborough City and County (2021)



Source: Statistics Canada 2021 Census

2.2 Indigenous Population

Peterborough City and County has a larger percentage of residents who identify as Indigenous (4.9%), than the percentage of the population that identify as Indigenous in Ontario as a whole (2.9%). Table 2 has a more detailed breakdown of the Indigenous population in the service manager area. Peterborough's Indigenous population has been growing over the past five years, which means there will be a greater need for affordable Indigenous housing.

Table 2: Indigenous Population (2016-2021)

	Population with Indigenous Identity		Percentage of Total Population	
	2016	2021	2016	2021
Total	6,160	7,095	4.6%	4.9%
Male +	2,920	3,355	2.2%	2.3%
Female +	3,245	3,740	2.4%	2.6%

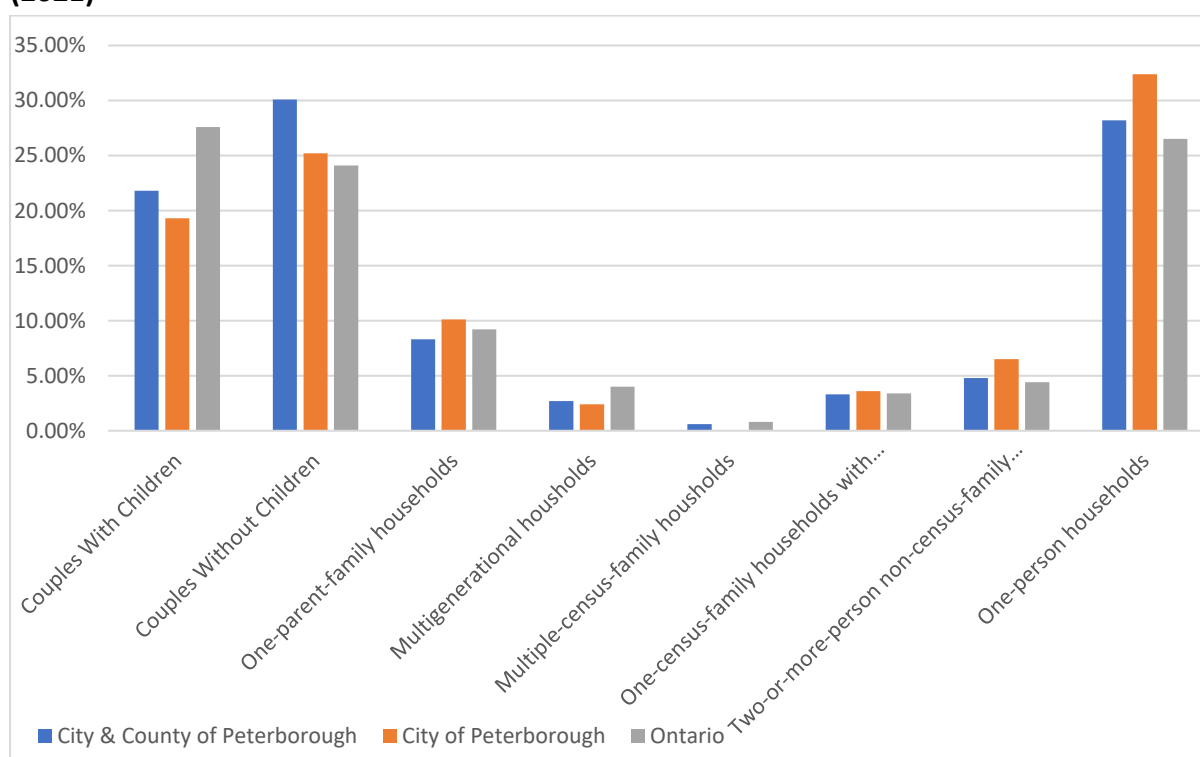
Source: Statistics Canada 2021 Census

The City of Peterborough has a recorded 4,040 individuals identifying as Indigenous, according to the 2021 Census. This amounts to 5% of the total population in the City. City data offers similar findings to that of the County.

2.3 Households

Peterborough City and County was home to 61,740 households, and 35,975 in the City alone, as of the 2021 Census. Households in Peterborough are primarily made up of couples without children, one-person households, and couples with children, and single parents with children. Other non-family households and multiple-family households make up the remaining. The current household mix suggests a demand for smaller ownership houses/condos and bachelor, one-bedroom, and two-bedroom apartments. Some key differences we can see between Peterborough and the rest of Ontario include, the large number of couples without children and the smaller percentage of couples with children.

Figure 4: Distribution of Household Types in Peterborough (City and County) and Ontario (2021)

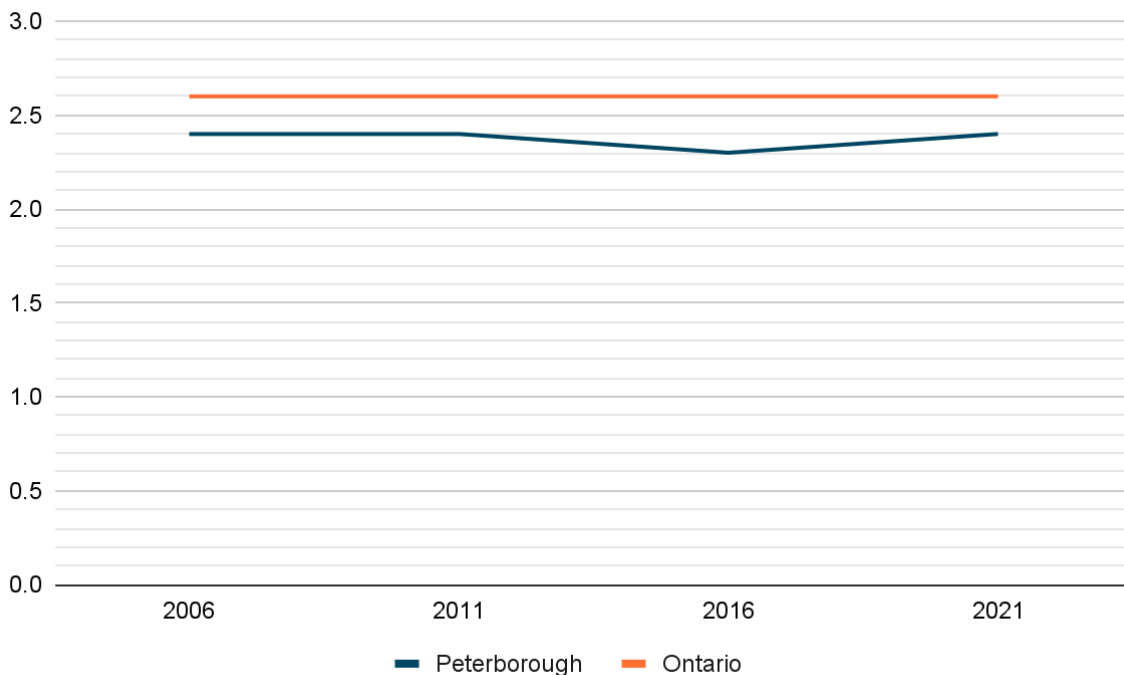


Source: Statistics Canada 2021 Census

Figure 5 summarizes the average housing occupancy in Peterborough City and County in comparison to the provincial average over the 2006 to 2021 period. This is expressed as the average number of persons per dwelling unit (P.P.U.).^[2] As shown, the P.P.U. in Peterborough has been consistently lower than that in the province. The current P.P.U. in 2021 is 2.4 in Peterborough, and 2.6 in Ontario.

²Average number of persons per unit (P.P.U.) defined as the total population divided by the number of occupied dwelling units.

Figure 5: City and County of Peterborough and Ontario – Average Household Occupancy (2006 to 2021)

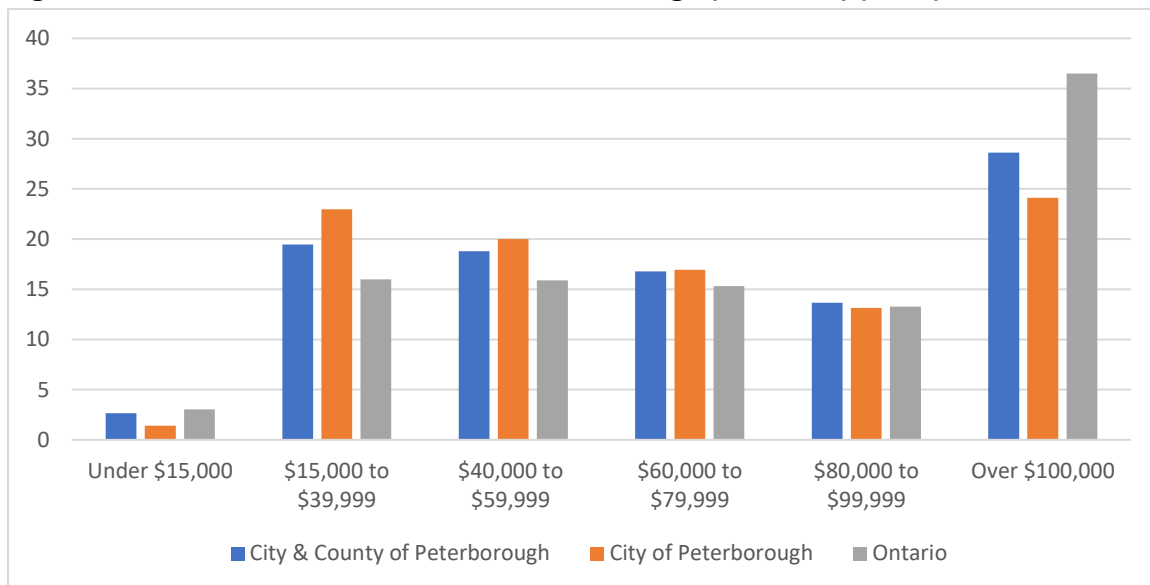


Source: 2006-2021 Statistics Canada Census data

2.4 Income

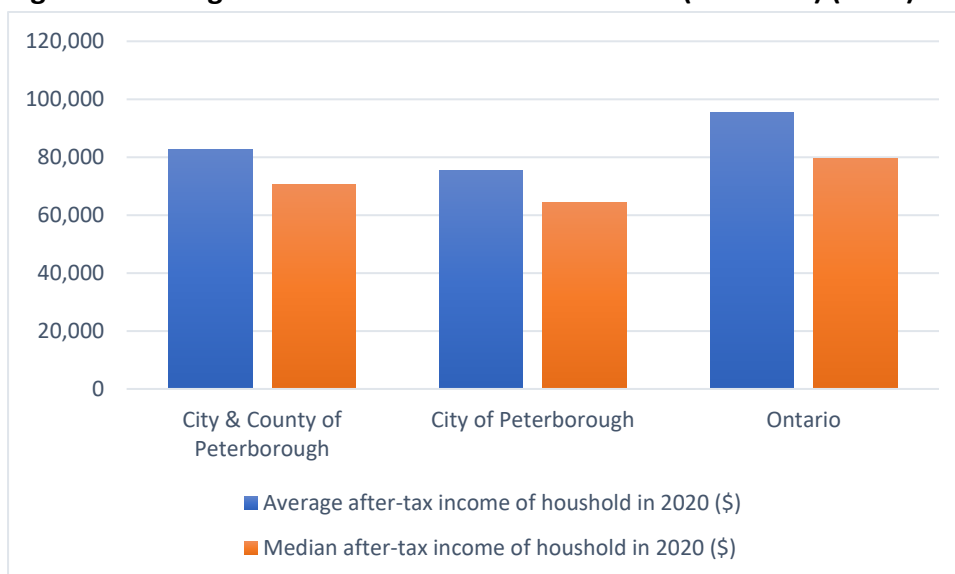
Peterborough has a larger share of lower-income households compared to the province of Ontario with 41% of households in the City and County earning less than \$60,000 per year after tax (compared with 35% in Ontario as a whole). Average and median household incomes are also lower in Peterborough (median 2020 after-tax household income of \$70,500 in the City and County and \$64,500 in the City alone) compared to the province as a whole (median 2020 after-tax household income of \$79,500). Incomes have implications for the cost of housing that will be considered affordable.

Figure 6: Household Income Distribution Percentage (After Tax) (2020)



Source: Statistics Canada 2021 Census

Figure 7: Average and Median Household Incomes (After Tax) (2020)



Source: Statistics Canada 2021 Census

3. Housing Metrics

3.1 Current and projected housing stock

As of the 2021 Census, the Peterborough Service Manager area had a total of 61,740 private dwellings. The majority of these (72.7%) are single-detached houses. This is similarly reflected with the majority of private dwellings in the City being single-detached houses as well (57.2%).

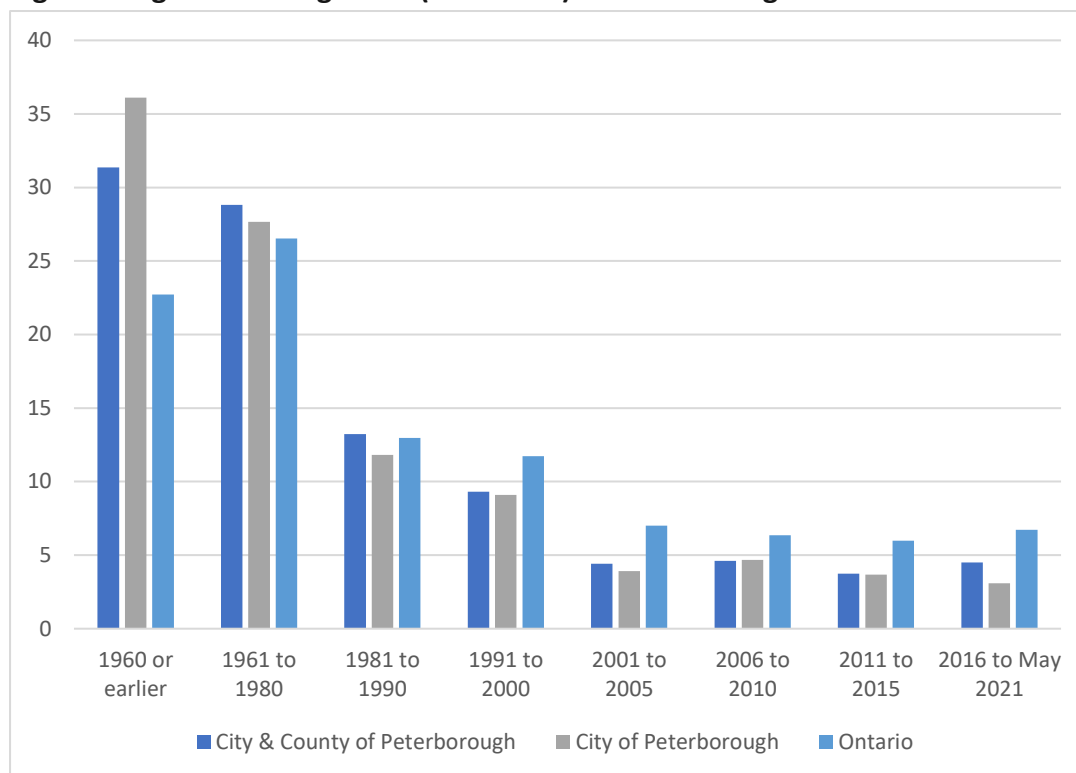
Table 3: Peterborough Private Dwellings

Dwelling Type	City & County of Peterborough		City of Peterborough	
	Number of Dwellings	Percentage of Total Dwellings	Number of Dwellings	Percentage of Total Dwellings
Single-detached house	44,870	72.7%	20,560	57.2%
Semi-detached house	945	1.5%	775	2.2%
Row house	3,220	5.2%	3,010	8.4%
Apartment or flat in a duplex	2,810	4.6%	2,605	7.2%
Apartment in a building <5 storeys	7,000	11.3%	6,400	17.8%
Apartment in a building with 5+ storeys	2,595	4.2%	2,585	7.2%
Other single-attached houses	115	0.2%	45	0.1%
Movable dwelling	190	0.3%	5	0.01%
Total	61,740	100%	35,975	100%

Source: Statistics Canada, 2021 Census of Population.

As of May 2021, 31% of Peterborough Service Manager area and 36% of Peterborough City were estimated to be 60 years or older, with 60% (City & County) and 64% (City alone) estimated to be 40 years or older. Compared to the rest of Ontario, Peterborough City and County's housing stock is generally older with less than 9% of private dwellings constructed within the last 10 years (over 12% in Ontario).

Figure 8: Age of Housing Stock (% of Total) in Peterborough and Ontario



Source: Statistics Canada, 2022

3.2 Housing Tenure

Housing tenure falls under two categories – owner-occupied and tenant occupied. Within the City and County of Peterborough in 2021, 72.5% of housing units are owner occupied and 27.5% are tenant occupied. This is a notably lower share of renter households than the provincial average of 31.6%.

However, it is important to note that within the Peterborough Service Manager area, the City of Peterborough has a much higher percentage of renter households than both the Service Manager area as a whole and the Province, with over 40% of households being renter occupied.

Table 4: Housing Tenure (2021)

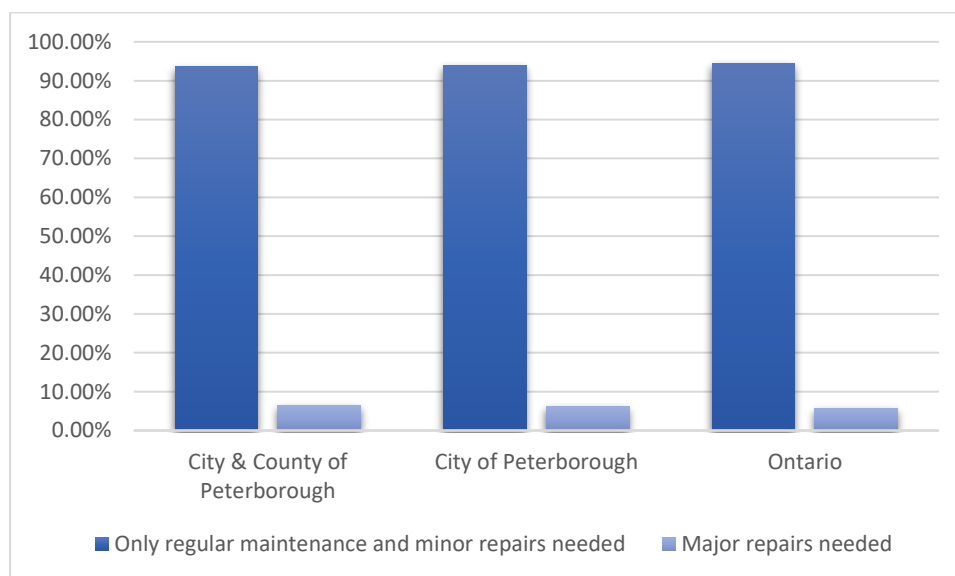
	Peterborough (City and County)		Peterborough (City)		Ontario	
	Number of Households	Percentage of Total Households	Number of Households	Percentage of Total Households	Number of Households	Percentage of Total Households
Ownership	44,725	72.5%	21,375	59.4%	3,755,720	68.4%
Rental	16,955	27.5%	14,610	40.6%	1,724,970	31.6%

Total	61,740		35,980		5,491,200	
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Source: Statistics Canada 2021 Census

Figure 9 illustrates the condition of dwelling units in Peterborough County and City. The conditions of Peterborough City and County's housing are fairly similar to the provincial average with a slightly higher percentage of housing in need of major repairs, 6.4% compared to 5.7%, with the City alone falling in the middle.

Figure 9: Peterborough and Province of Ontario Percentage of Housing Requiring Major Repairs, 2021



Source: Statistics Canada 2021 Census

3.3 Housing Market Indicators

As of the 2021 Census, Peterborough City and County had a total of 61,740 private dwellings, with the City alone totalling 35,980 total private dwellings. The Dwellings by Number of Bedrooms table below illustrates the most common types of dwelling based on bedroom count as of 2021.

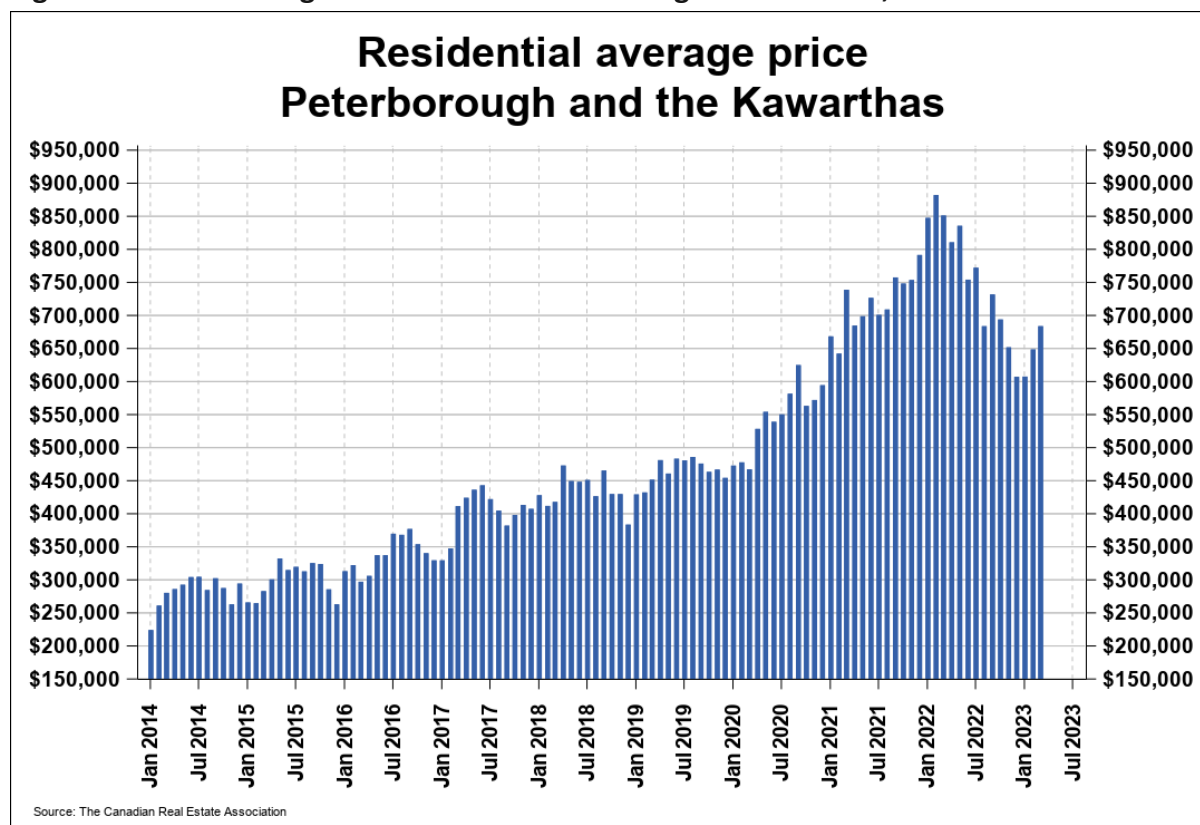
Table 5: Dwellings by Number of Bedrooms, 2021

	1-Bdrm. or less	2-Bdrm	3-Bdrm	4+-Bdrm	Total
City & County of Peterborough	6,255	13,730	23,700	18,065	61,740
City of Peterborough	5,210	9,290	12,195	9,275	35,980

Source: Statistics Canada 2021 Census

Despite one person households and couples without children making up almost 60% of all households in Peterborough City and County, only 10% of dwellings have one bedroom or less, and only 22% are 2-bedroom dwellings. This suggests that many one and two person households are living in larger/more expensive dwellings, some due to choice, but some due to a lack of availability.

Figure 10: Peterborough and the Kawarthas Average House Prices, 2023



As seen in Figure 10, average house prices rose dramatically from January 2020 to Spring of 2022 throughout the City and County of Peterborough. Prices dropped during 2022 and have leveled off in 2023, but the averages still remain a lot higher than pre-covid rates. And with the significant increase in interest rates over the past 9 months, the cost of carrying a mortgage of the same amount has increased about 25%. With affordable ownership less attainable, there is an increased need for affordable rental options.

3.4 Housing Forecast

The housing forecasts are discussed in both the City of Peterborough’s Official Plan (OP), as well as the County’s separate OP.

Peterborough City and County seeks to provide a range of housing types and densities to respond to the varying needs of the growing population based on demographic, income, market, and special needs considerations. It is encouraging residential intensification

development to fill the missing middle need in the region. However, their specific growth data is not updated, so a better more local source will be the City of Peterborough data.

The City of Peterborough is expected to continue to have significant population growth over the next 10 years.

To manage this growth, the City of Peterborough will continue to develop and optimize strategic growth areas and support the housing and population growth expected in the City. The City of Peterborough's OP prioritizes an appropriate and adequate mix of housing types to provide for both current residents and new growth. Some of the listed priority housing types are affordable, accessible and special needs housing, with an annual affordable housing target of 20% of the increase in housing stock across the City.

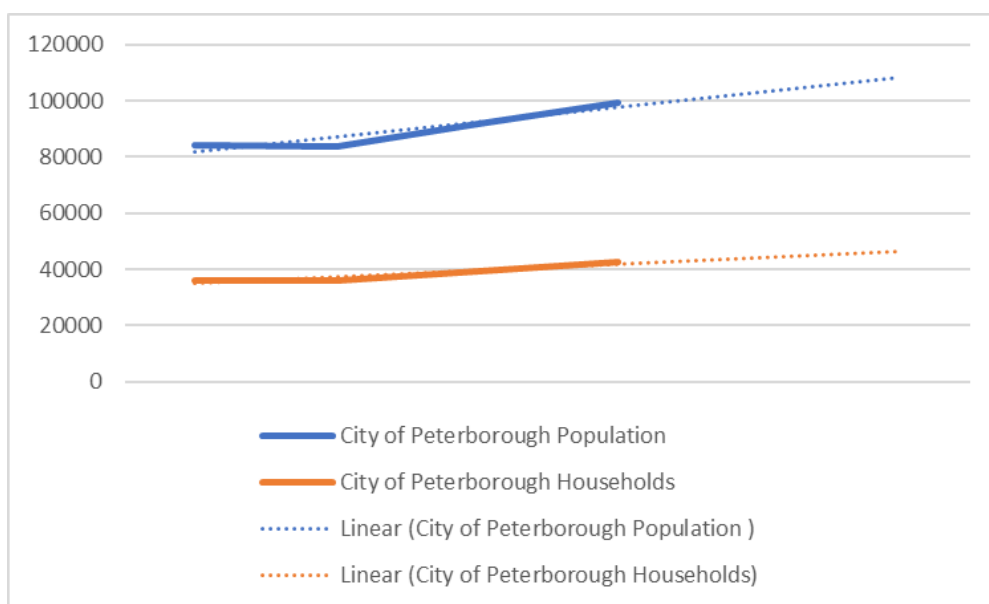
The City is committed to maintaining the ability to accommodate residential growth for a minimum of 15 years.

To achieve the affordability target set by the City, initiatives have been adopted which include promoting infill developments, more compact developments, and developing educational material to increase awareness on innovative/non-tradition housing models.

3.5 Population and Housing Growth Outlook, 2023-2031

The City of Peterborough is expecting continued growth over the next 10+ years. Figure 11 Illustrates a forecasted population growth of over 10,000 individuals over the next 10 years and over 4,000 newly occupied households.

Figure 11: The City of Peterborough's Population and Occupied Household Forecast, 2019-2031



Source: Statistics Canada and Hemson Consulting Report, 2019

Forecast population and housing growth in the City of Peterborough are expected to be driven by few key growth drivers including:

- Residential intensification in the built-up area and development in the designated greenfield areas, in specific, Chemong West and Coldsprings. Services in both are intended to accommodate both the residential and non-residential uses.
- Intra-provincial migration, where residents are moving to the City of Peterborough from across the province.

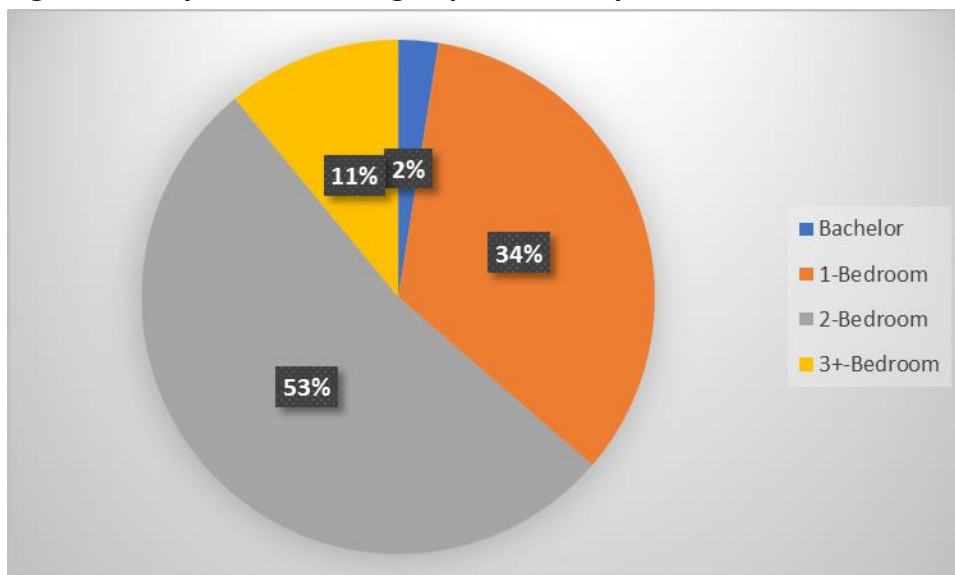
Forecast population and housing growth in the City and County of Peterborough are expected to be driven by a couple different key growth drivers including:

- migration from both within Canada and international immigration.
- the County is central cottage country location.

3.6 Rental: Units

In October 2022, the City of Peterborough had a total of 6,663 rental apartment units, the majority of which are 2-bedroom, according to CMHC Primary Rental Market Statistics Report (Figure 12). Table 6 shows that the number of units of each size have seen very little change over time, with very little fluctuation over the last 4 years. From 2021 to 2022 there was a total increase of 2.6%.

Figure 12: City of Peterborough Apartments by Unit Size, October 2022



Source: CMHC Primary Rental Market Statistics

Table 6: Number of Peterborough Private Apartment Units, 2019-2022

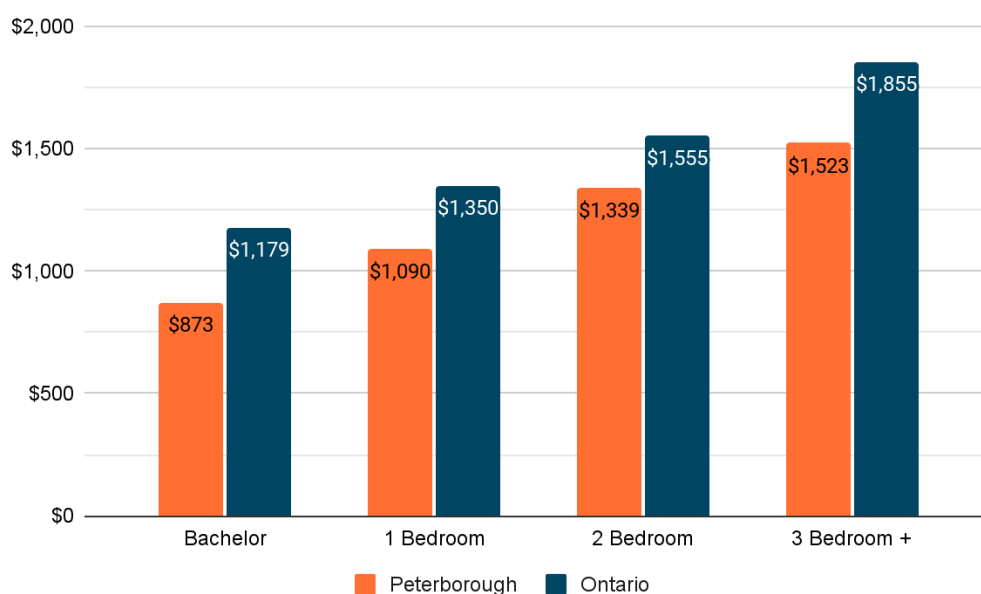
	Oct-19	Oct-20	Oct-21	Oct-22
Bachelor	179	177	160	168
1 Bedroom	2,142	2,153	2,168	2,254
2 Bedroom	3,447	3,449	3,444	3,509
3 Bedroom +	723	721	722	732
Total	6,491	6,500	6,494	6,663

Source: CMHC Primary Rental Market Statistics

3.7 Rental: Average Prices

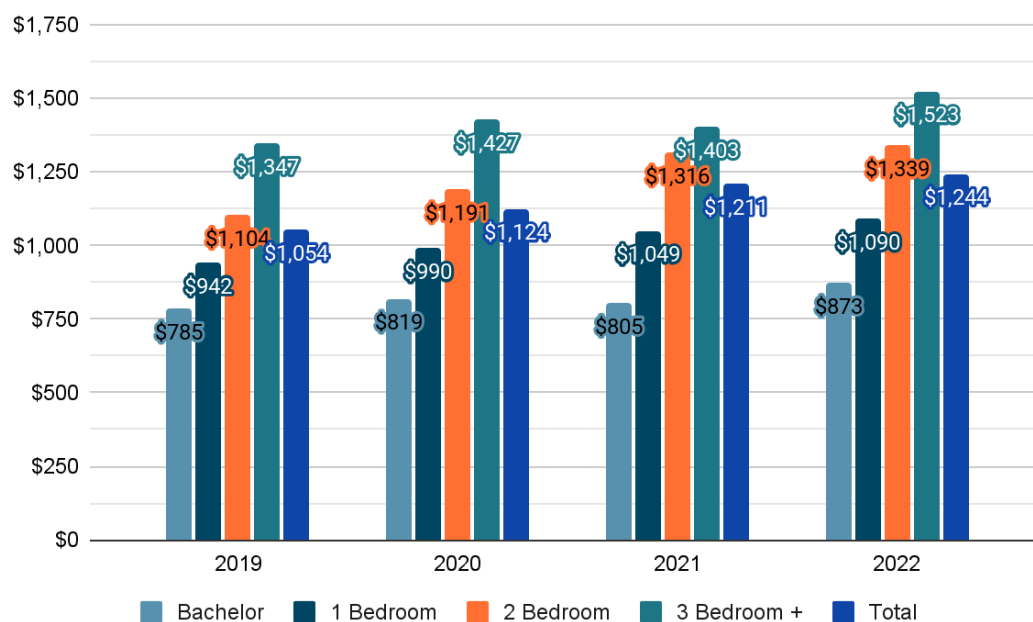
As of October 2022, CMHC reported the average price of a one-bedroom unit in the City of Peterborough to be \$1,090 per month and a two bedroom at \$1,339 per month. The average price for an apartment across all unit types was \$1,244 in the City, which is an increase of 15.3% since 2019. Figure 13 compares these prices to the Province, and Figure 14 shows change in prices over time for the different unit types.

Figure 13: City of Peterborough and Ontario Average Rental Prices by Unit Type, October 2022



Source: CMHC Primary Rental Market Statistics

Figure 14: City of Peterborough Average Rental Prices by Unit Type, 2019-2022



Source: CMHC Primary Rental Market Statistics

However, the CMHC rental market survey does not reflect the actual rents that individuals and households in the City of Peterborough are currently experiencing when trying to rent an apartment in 2023.

A brief survey of social media sites was undertaken in May 2023, seen in appendix 1, and typical rents for advertised apartments are in the range of \$1,600 to \$1,800 for a one-bedroom apartment and \$1,800 to \$2,100 for two-bedroom apartments.

3.8 Rental: Vacancy Rate

A vacancy rate of 3% is generally considered to be an acceptable balance between supply and demand for rental housing. Vacancy rates below this may push up rents as tenants compete for fewer available units.

The rental vacancy rate in the City of Peterborough as of October 2022, reported by CMHC, was 1% as an average for all types of units. Table 7 demonstrates how vacancy rates for the City of Peterborough, since 2019, have stayed below the 3% mark. As a comparison, Table 8 shows Ontario's vacancy rates through the same period. With vacancy rates well below the Provincial ones in the past two years, it is clear that the City of Peterborough has a tight rental market with high competition that may be fuelling increased rental prices.

Table 7: City of Peterborough Private Apartment Vacancy Rates

	Oct-19	Oct-20	Oct-21	Oct-22
Bachelor	5.5	0.6	1.3	**
1 Bedroom	2.2	2.6	0.9	1.1
2 Bedroom	1.8	2.8	1.0	1.2
3 Bedroom +	1.5	2.0	1.8	0.2
Total	2.0	2.6	1.0	1.0

Source: CMHC Primary Rental Market Statistics

Table 8: Ontario Private Apartment Vacancy Rates

	Oct-19	Oct-20	Oct-21	Oct-22
Bachelor	2.7	5.0	6.2	2.6
1 Bedroom	2.1	3.6	4.2	1.9
2 Bedroom	1.9	2.7	2.6	1.6
3 Bedroom +	1.5	2.9	2.4	1.5
Total	2.0	3.2	3.5	1.8

Source: CMHC Primary Rental Market Statistics

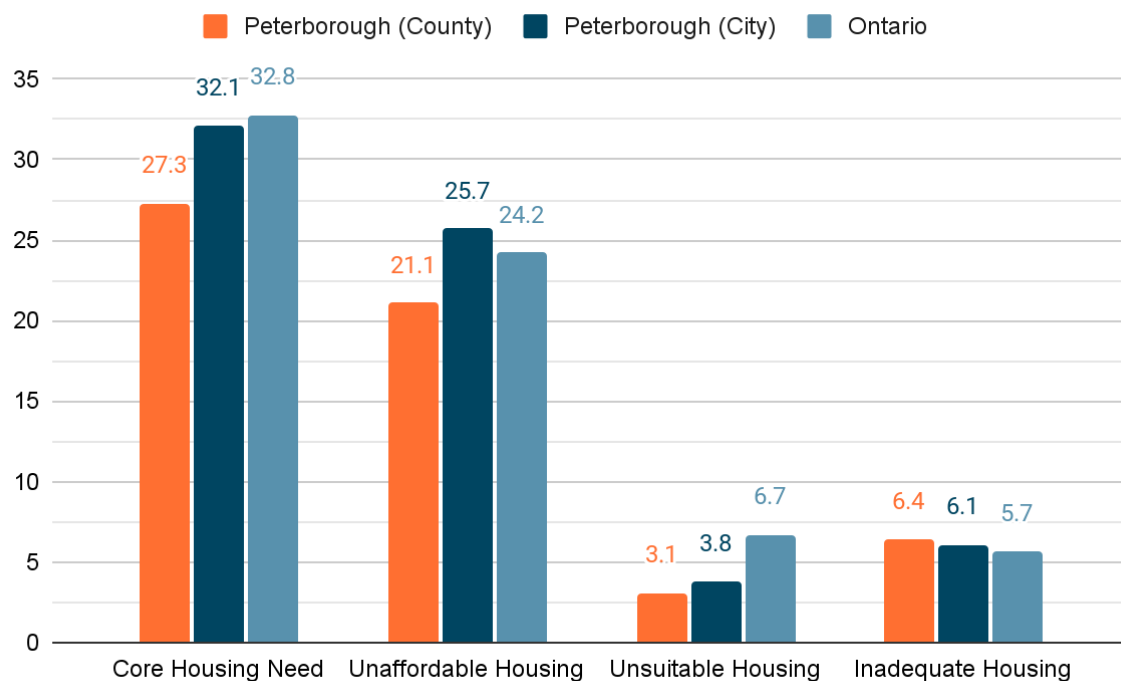
4. Affordability Indicators

4.1 Core Housing Need

Core Housing Need is defined as households living in an unsuitable, inadequate or unaffordable dwelling that cannot afford alternative housing in their community. It refers to whether a private household's housing falls below at least one of the indicator thresholds for housing adequacy, affordability or suitability, and would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable. Unaffordable housing is defined as a household that spends more than 30% of its income on shelter costs. Inadequate housing is defined as a household that lives in a dwelling in need of major repairs. And unsuitable housing is described as when a household does not have enough bedrooms according to the National Occupancy Standard.

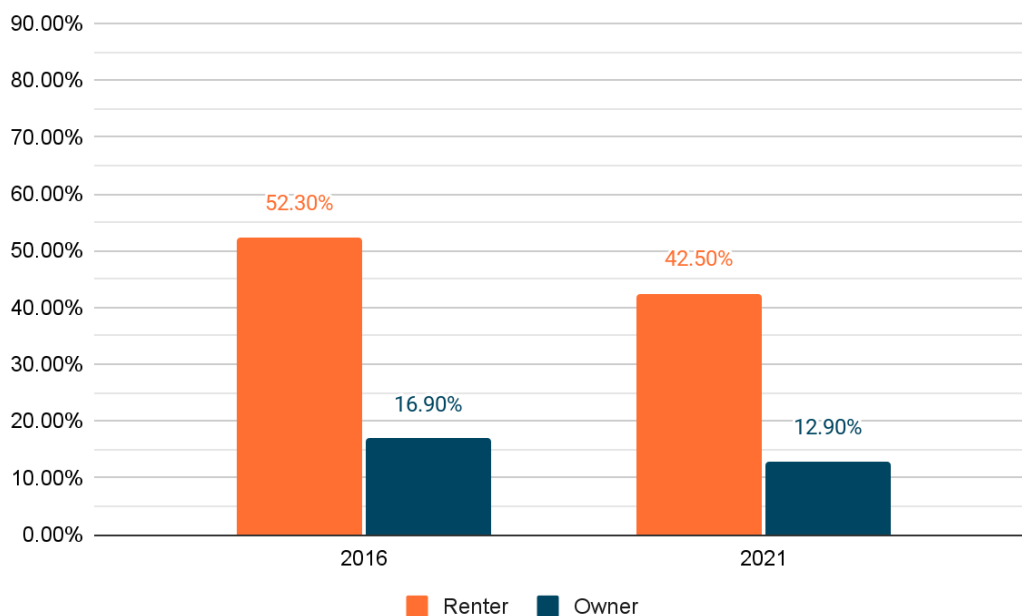
In 2021, 27.3% of households in the Peterborough Service Manager area were in core housing need. The City of Peterborough and the province as a whole had higher rates of households in core housing need at 32.1% and 32.8% respectively. Housing affordability is the largest factor contributing to households being in core housing need. Figure 16 shows that a greater proportion of the City of Peterborough's renter households (42.5%) live at unaffordable standards, compared to owner households (12.9%). Although rates of unaffordability have dropped for both renters and owners from 2016 to 2021, the disparity between renters and owners living at unaffordable rates have increased.

Figure 15: Households in Core Housing Need, Peterborough and Ontario, 2021



Source: Statistics Canada 2021

Figure 16: City of Peterborough Households Living Unaffordably by Tenure Type, 2016-2021



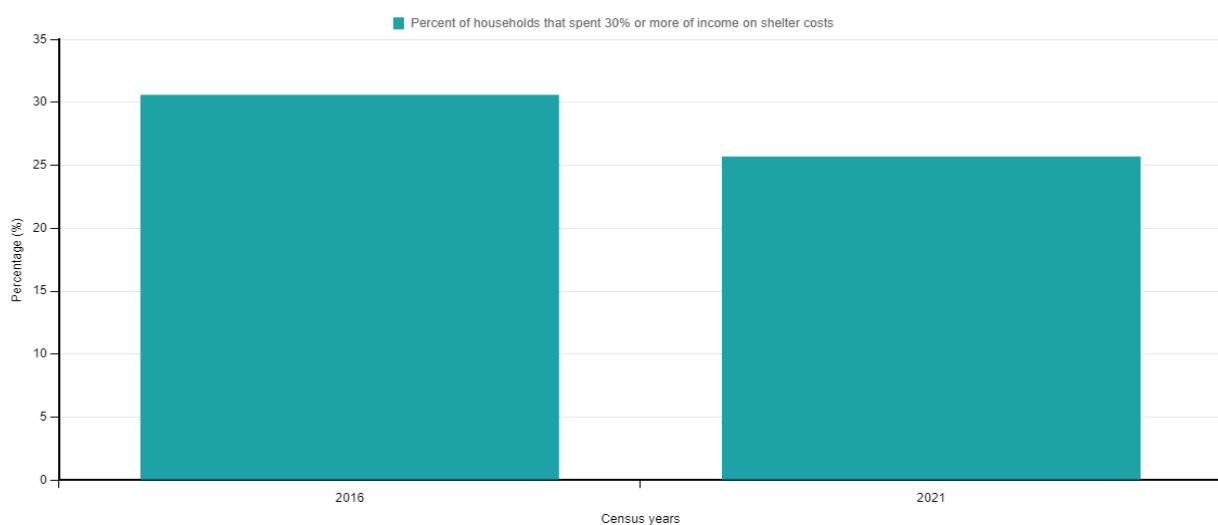
Source: Statistics Canada 2021

The below figures from Statistics Canada show the percentage of households living with unaffordable prices in both the City of Peterborough as well as the City and County of Peterborough. The relatively large decrease in rates between 2016 and 2021 is likely due to

factors surrounding the COVID 19 pandemic, a large part of that being the CERB financial relief program. With CERB payments having stopped since 2021, and rental housing costs have been increasing throughout Ontario, it is likely that the percentage of households dealing with unaffordable rates has increased back up to 2016 levels, if not higher.

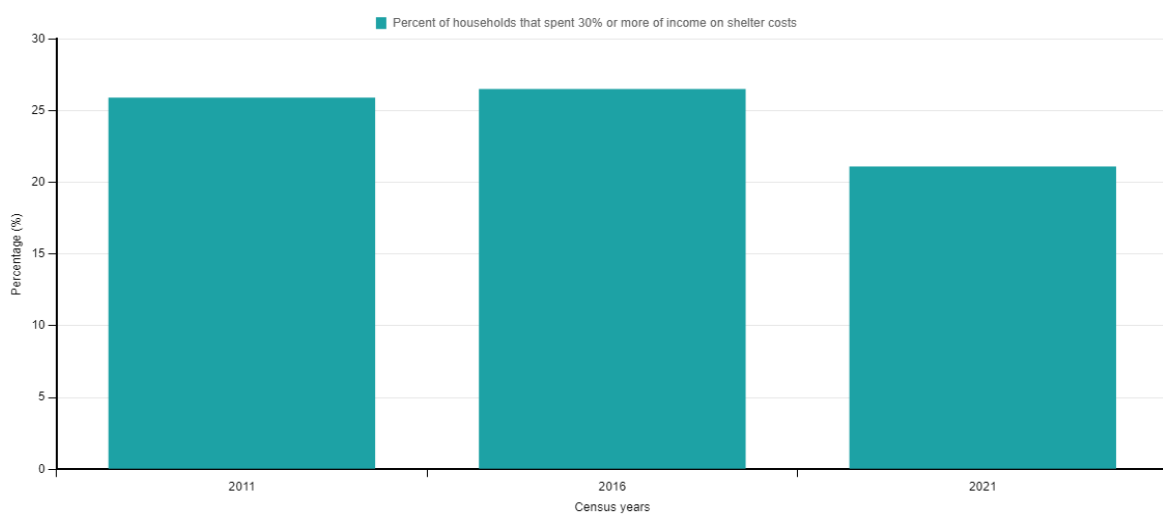
Another thing to note from the below figures is how the percentage of housing unaffordability is greater within the City of Peterborough versus Peterborough City and County. The City of Peterborough's 2021 percentage was 25.7%, whereas the City and County's was only 21.1%.

Figure 17: Households that spent 30% or more of income on shelter costs, Peterborough (City), 2016 to 2021



Source: Statistics Canada 2021

Figure 18: Households that spent 30% or more of income on shelter costs, Peterborough (City & County), 2011 to 2021



Source: Statistics Canada

Core Housing Need also affects different demographics in different ways. Table 9 illustrates how different people/persons are proportionally affected. In particular single parent households seem to have the highest percentage of living in Core Housing Need, followed by single person households. The data in Table 9 includes all non-farm, non-band, non-reserve private households that reported their incomes and shelter information.

Table 9: Households/Percentage of persons with Core Housing Need, 2016

	# of Households in Core Housing Need	% of Households in Core Housing Need
One Person Households	3505	27.6%
Couple with Children Household	735	6.1%
Couple without Children Household	945	6.3%
Lone Parent Household	1490	29.1%
Multiple Family Household	35	4.5%
Other Non-Family	510	21.3%
Total	7220	15.1%

Source: CMHC Housing Market Information Portal

4.2 Affordable Prices and Rents

Table 10 shows affordable rents and house prices for average and median incomes based on 2021 Census data using the 30% affordability threshold. An individual earning the median income could afford an ownership price of approximately \$132,858 and a monthly rent of approximately \$930. Individuals earning the average income in the City of Peterborough could afford a slightly higher ownership price of approximately \$167,715 and monthly rent of \$1,174. Affordability data has been compiled by economic family structure³.

³ In statistics, a household and an economic family are distinct concepts that are used to measure and analyze different aspects of a population's structure and economic well-being. Here's an explanation of each:

Household: A household refers to a group of people who live together in the same dwelling and share common living arrangements. A household can consist of one person living alone, a family group, or unrelated individuals

The median and average incomes and thus affordability thresholds for one-person households remain close to the median and average incomes for individuals in the City of Peterborough. This figure encompassed all individuals over the age of 15, including seniors and those on social assistance and employment insurance.

For couple-only economic families making the median before-tax income \$83,000, the affordability thresholds would be \$296,429 for home ownership and \$2,075 per month in rent. For couples with children taking home the median before-tax income of \$124,000 annually, the affordability thresholds would be \$442,858 for home ownership and \$3,100 a month for rent. Lastly, the median income for single parent families residing in the City of Peterborough was \$63,200. Their affordability thresholds would be \$225,715 for home ownership and \$1,580 a month in rent.

Table 10: Affordable Prices and Rents Based on Average and Median Income in the City of Peterborough

	2020 Before-Tax Income based on 2021 Census data	Affordable Price at 30% of Income	Affordable Rent at 30% of Income
Average Income for Individuals	\$46,960	\$167,715	\$1,174
Median Income for Individuals	\$37,200	\$132,858	\$930
Average Income for One-Person Households	\$46,400	\$165,715	\$1,160

living together. It is a broader concept that encompasses both family and non-family living arrangements. In household statistics, individuals are grouped based on their residence and living arrangements.

Economic Family: An economic family, also known as a family unit, is a more specific concept that focuses on the economic interdependence of individuals living together. An economic family consists of a group of two or more individuals who live in the same household and are related to each other by blood, marriage, common-law partnership, or adoption. It includes both nuclear families (parents and their children) and extended families (including grandparents, aunts, uncles, etc.).

The main difference between a household and an economic family is that a household represents a broader group of people living together, regardless of their relationship or economic interdependence, while an economic family specifically focuses on related individuals living together and sharing economic resources.

Median Income for One-Person Households	\$36,800	\$131,429	\$920
Average Income for Couple-Only Economic Family	\$95,500	\$341,072	\$2,388
Median Income for Couple-Only Economic Family	\$83,000	\$296,429	\$2,075
Average Income for Couple-with-children Economic Family	\$142,800	\$510,000	\$3,570
Median Income for Couple-with-children Economic Family	\$124,000	\$442,858	\$3,100
Average Income for One-Parent Economic Family	\$73,500	\$262,500	\$1,838
Median Income for One-Parent Economic Family	\$63,200	\$225,715	\$1,580

Source: Statistics Canada 2021 Census

Income data from the 2021 Statistics Canada Census was utilized to calculate average and median incomes and was not adjusted for inflation, as we know that salaries have in many instances, not kept pace with the inflationary pressures in the market and with respect to housing costs since 2020.

When compared to average house prices as illustrated in Section 3.3, Figure 10, as well as Section 3.6, the problem becomes apparent. Both house prices and average rents have risen dramatically since 2020.

4.3 Non-Market Housing

There are 15 existing non-market community housing providers currently operating under agreement with Peterborough as the Service Manager and they offer a total of 1684 units. There are six more housing providers with expired operating agreements. Table 11 demonstrates the breakdown of the number of units each provider offers and how many of them are RGI units.

Table 11: Community Housing in City of Peterborough under Service Manager, 2023

Existing Housing Providers	Number of Units	Number of RGI Units
AOTS Community Homes Inc.	39	39
Hilliard Park Non-Profit Homes Inc.	50	39
Kairos Non-Profit Homes Inc.	12	12
KPP/Thrive Housing and Support	71	66
Kinsmen Garden Court	66	66
Kiwanis Club of Scott's Plains	40	40
Leta Brownscombe Co-operative Homes Inc.	80	73
Marycrest at Inglewood	60	41
Millbrook Non-Profit Housing Corporation	44	22
Otonabee Non-Profit Housing Corporation	21	12
Peterborough Housing Corporation	818	818
PHC- Sunshine Homes	110	94
St. John's Retirement Homes Inc.	102	70
YWCA Peterborough	40	40
Ontario Aboriginal Housing Services	131	131

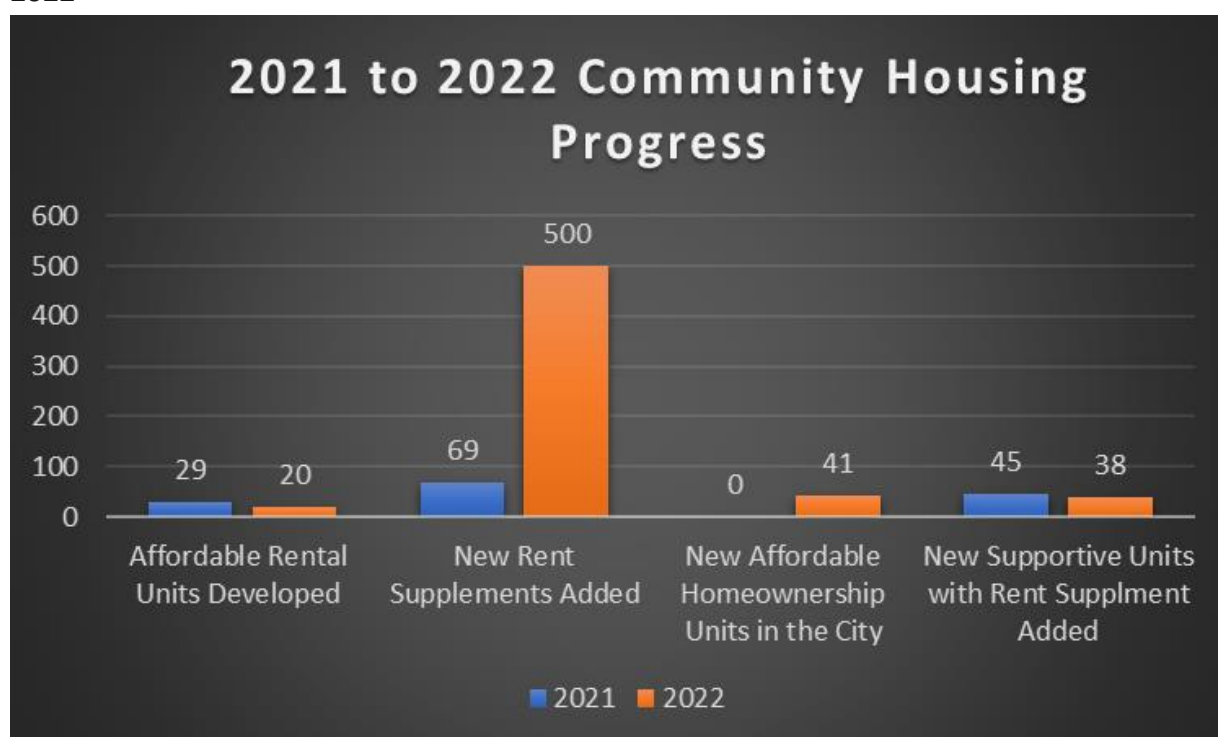
Source: City of Peterborough

The community housing providers have a range of target demographics that they cater. For example, the YWCA focusses on supporting women who are victims of violence and do not allow men into their facilities. As well, several providers such as Kinsmen Garden Court, Millbrook Non-Profit Housing Corporation, Otonabee Non-Profit Housing Corporation, and St. John's Retirement Homes Inc., all have specific mandates to support seniors.

In order to meet the supply demand of housing in Peterborough City and County by 2029, 580 additional RGI Supportive Housing Units are needed, 2,680 new rental units, and 796 affordable homeownership units. In 2022, 38 RGI supportive housing units were built, 20 additional affordable rental units, and 41 new affordable homeownership units. Additionally, 295 new market homeownership units were developed.

Additionally, Figure 19 Illustrates the progress the City and County of Peterborough has made on community housing initiatives. While new rent supplements drastically increased from 2021 to 2022, there were less affordable rental units developed and less new supportive units with rent supplements added in 2022.

Figure 19: Community Housing Progress in the City and County of Peterborough, 2021 to 2022



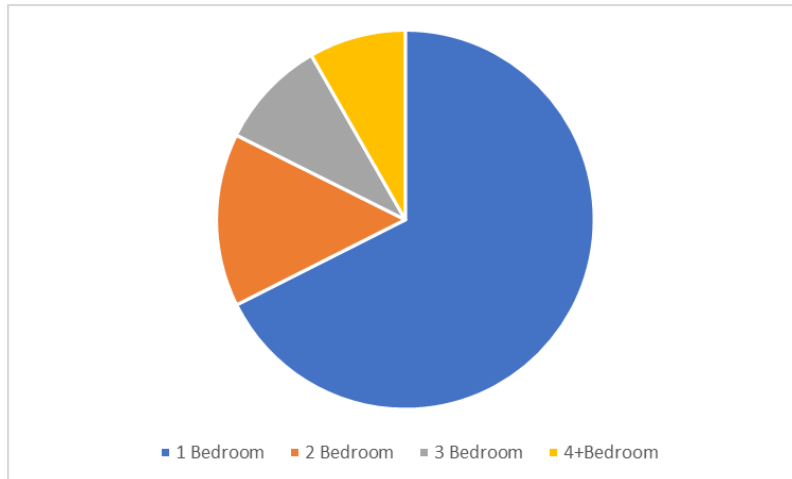
Source: City of Peterborough, Service Manager

In order to reduce the short-term vacant units in the community housing stock in the City and County of Peterborough and to comply with the Housing Services Act, The City of Peterborough, as Service Manager, has a centralized waitlist.

Figure 20 illustrates the waitlist breakdown by bedroom needs as of July 2023. The Service Manager reported across the City and County a total of 1,808 people on the waitlist with the largest need being 1,222 single bedroom units. Furthermore, it was listed in their 2022 Housing Homelessness Progress Report that there was a 34% increase in Social Housing Waitlist applications in 2022 as compared to 2021. This reflects a growing need for more

affordable housing supply across the City and County of Peterborough; specially for more single bedroom room units.

Figure 20: Central Waitlist, July 2023 in the City and County of Peterborough



Source: City of Peterborough, Service Manager

To address several of affordable housing supply issues, the City and County of Peterborough has begun working on developing a new company, name to be determined, that will begin project managing new city affordable housing developments. While the city would hold ownership, the Peterborough Housing Corporation would be the property managers. This new initiative could help support further affordable housing in the region.

4.4 Homelessness & Shelter Services

The transient and often hidden nature of homelessness is such that it is difficult to capture the total number of people experiencing homelessness at any given time. The existing infrastructure for supporting homelessness consists of one shelter for youth and families, one women’s shelter, one men’s shelter and an overflow shelter.

The development of a ten-year Housing and Homelessness Plan was required by all service managers under the Province of Ontario’s Housing Services Act (2011) and the city approved its ten-year plan in 2013. The City of Peterborough published a 2022 update on their 10-year plan.

In the Service Manager area, it was reported by the District Service Manager that on average 306 people per month were experiencing homelessness in 2022. Table 12 demonstrates that average occupancy in the Men’s shelter is 97%, with an average of 31 stays per night. This demonstrates a dire need demographic that must be to be addressed. But the percentage of average occupancy for the men’s shelter is only slightly higher than the rest of the shelters as the overflow shelter is constantly being relied on to support the abundance of homeless individuals in the region. In 2022, the overflow shelter served 671 unique individuals and it operated 24/7, offering beds to 32 individuals per night.

Table 12: Shelter Usage in Peterborough City & County, 2022

Shelters	Average Occupancy	Average Stays per Night
YES Shelter for Youth and Families	70%	21
Cameron House for Women	76%	9
Brock Mission for Men	97%	31
Overflow Shelter	80%	25

Source: City of Peterborough, Service Manager

Fortunately, in 2022, 296 people shifted from homelessness to housing in the City and County of Peterborough. In order to maintain this progress, the City and County of Peterborough are dedicated to developing strategies and housing targets to meet a broad range of community needs. This includes Indigenous peoples, people with disabilities, people with mental health and addictions challenges, survivors of domestic violence, seniors, people with developmental disabilities, children and youth, immigrants and refugees, and persons released from provincially funded institutions.

5. Summary

The City and County of Peterborough continue to experience population growth and an increasing need for affordable housing. From the findings in this report, there are some key takeaways to note:

- From 2016 to 2021 there was a population growth of 6.8% and increasing at a very steady pace.
- 41% of the population is over the age of 55, hence over the next 10-15 years, the need for more senior related services will increase, including accessible dwelling units and senior care facilities.
- The indigenous population continues to grow, and more indigenous focussed housing will be required.
- Of the 61,740 private dwellings in Peterborough, as of 2021, 31% were estimated to be 60 years or older, with 60% estimated to be 40 years or older, which means that some builds may soon require major renovations. This also raises the need for more new purpose-built housing supply.
- More units would also support decreasing the cost of housing as prices have continued to increase beyond pre-covid prices.
- 29.1% of lone parent households are in core housing need. It is recommended that more affordable housing units cater towards this demographic.

- All shelters are at least 70% full on average every night. This speaks to the continued need for an increase in supportive and affordable housing.

6. Appendices

Appendix 1

Peterborough Rentals Comparison Chart 2023

Rental Units	Rent	Utilities Included	Parking	Square Footage	Address	Average price per square footage	Approximate year built
Kingswood II	\$1499- \$1656 -1br \$1967 -2br \$1999- \$2259 -3 br	Heat and Water	Indoor: \$75 per month	694 sq.ft. - 1br 907 sq.ft. - 2br 1139 sq.ft. - 3 br	1001 Talwood Dr	\$2.08	1977
1211 Goodfellow Rd.	\$1599 - 1br \$1799- \$1894- 2br \$2208- 3 br	Heat and Water	Outdoor parking: extra cost Unknown	623 sq.ft. - 1br 813 sq.ft. - 2br 1167 sq.ft. - 3br	1211 Goodfellow Rd.	\$2.24	80's
Cambridge Court	\$1849 - \$2125 - 2br	Heat and Water	Indoor: \$75 per month	907 sq.ft. - 1br 988 sq.ft 2br	1189 Talwood Court	\$2.10	1980
Time Square Apartments	\$1715 - bach. \$1810- \$1910 - 1br	Water	Outdoor parking included	350 sq.ft. - Bach 550 sq.ft. - 1br	201-211 Hunter St. E	\$4.14	2000's
138 Simcoe	\$1549- \$1799 1br	Water	None included: acces to city lot	497-718 sq.ft.	138 Simcoe St.	\$2.76	2021
836 Talwood Dr	\$1532-bach. \$1599- \$1822- 1br \$1799- \$2037 -2br \$2049-3br	Heat and Water	Outdoor parking included	381sq.ft.- bach. 660 sq.ft. - 1bd 955 sq.ft. - 2bd 1082 sq.ft - 3bd	836 Talwood Dr	\$2.63	70's
Tarawood Place	\$1825 - 1br \$1950 - 2br \$2250 - 3br	Heat and Water	Outdoor Parking included	633 sq.ft. - 1br 945 sq.ft. -2br 1028 sq.ft. - 3 br	2199 Walker Ave	\$2.38	1978

CSSS24-006 Appendix A: Housing Needs Assessment

TVM 384 Rogers	\$1600 -1br	Heat and Water	Outdoor Parking included	719 sq. ft.	384 Rogers St.	\$2.23	2000's
TVM 175 Hunter	\$1750 -1br \$2050 -2br	Heat and Water	Outdoor parking included	843 sq.ft. - 1br 990 sq.ft. -2br	175 Hunter St. E	\$2.08	2000's
Church Court	\$1049-1br \$1199 -2br	Heat and Water	Indoor: \$75 per month	615 sq.ft. - 1br 730 - 2br	1 Church St	\$1.67	1971
Myrtle Terrace	\$1000 -Bach	Heat and Water	Outdoor: \$30. Indoor: \$50	550 sq.ft.	20 St. Lukes ave	\$1.82	70's
TVM 365 Armour	\$2100 -1br \$2400- \$2600 -2br	Heat and Water	Parking Unknown	918 sq.ft. 1br 1039-1100 sq. ft. 2br	365 Armour Rd.	\$2.34	2020's
Delta Apartments	\$1715 -1br \$2085 -2br	Heat and Water	Outdoor and underground parking at an extra cost	599 sq.ft. - 1br 719 sq.ft. -2br	909 Clonsilla Avenue	\$2.88	70's
555 Bonnacord	\$2799 - 2br	Heat and Water	1 parking space included	844 sq.ft.	555 Bonnacord St.	\$3.32	2023

January 19, 2024

Prepared for

City of Peterborough

City of Peterborough Housing Review: Final Report

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Executive Summary

The City of Peterborough has conducted a portfolio review of the community housing stock in their Service Manager jurisdiction, to identify areas of success and growth opportunities. The review aims to create a long-range strategic plan for community housing in the City and County of Peterborough. Recommendations and action items have been developed to support the region in meeting its housing targets and regulatory obligations.

The City of Peterborough serves as the Service Manager for housing administration in the City and County. They are responsible for managing the housing system, developing the 10-year housing and homelessness plan, creating partnerships with local agencies, and managing the Centralized Waiting List.

This review highlights the need for affordable housing in Peterborough, especially for seniors and lone-parent households. To address these needs, the Service Manager works with 14 local housing providers and Peterborough Housing Corporation to offer affordable units.

Within this review, an analysis of the current conditions of the housing stock, through capital repair costs and a 20-year forecast, emphasizes the importance of maintaining units in good repair. It also highlights the need for site-specific redevelopment and strategic planning to ensure sustainability.

The next steps include prioritizing retention, regeneration, redevelopment, or disposal of properties and discussing benchmarks for minimum housing quality standards. It is also recommended to hire a team with technical knowledge of asset management to support the operations and budgeting of the community housing stock.

Additionally, the City of Peterborough is working on developing a Municipal Services Corporation (MSC) for Affordable Housing to alleviate debt capacity issues and enable new approaches to rental housing development.

This portfolio review aims to increase housing options, prevent the loss of current affordable units and support the enhanced operational management of the housing portfolio in Peterborough.

A. Introduction

The City of Peterborough, as Service Manager, has been diligently working to examine their current housing portfolio to identify areas of success and areas for potential growth. This review's goal is to provide the foundation for a long-range strategic plan for community housing stock in the City and County of Peterborough. Peterborough's 10-Year Housing and Homelessness Plan sets an ambitious path to achieve several key priorities to end homelessness and build new housing. Hence, the portfolio review examines scenarios where it is feasible for the City of Peterborough as Service Manager to influence the expansion of the affordable housing stock and to ensure the long-term operations of existing housing units. A range of recommendations and action items were developed to support the City and County of Peterborough in reaching its housing targets while meeting its regulatory obligations.

This portfolio review was conducted at such an important time, when housing needs are at an all-time high, and the demand for affordable housing options in Peterborough is critical to addressing the overall well-being of the community. It should be recognized that between Peterborough Housing Corporation and the local housing providers, Peterborough has a significant asset base of community housing stock. Maintaining the stock in good condition and ensuring operating sustainability is of the utmost importance to provide consistent support for those in need of affordable housing.

B. The City of Peterborough as Service Manager

In 2001, Ontario downloaded the operational responsibilities for social housing to municipalities, which led to the creation of 47 Consolidated Municipal Service Managers (CMSMs) or Service Managers for short. The City of Peterborough is the designated service system manager for the City and County under the Housing Services Act (2011) and is responsible for housing administration for community non-profits and co-ops transferred from the Provincial and Federal governments. As the Service Manager, the City of Peterborough is responsible for nine jurisdictions which include: The City of Peterborough, Municipality of Trent Lakes, Township of Asphodel-Norwood, Township of Cavan Monaghan, Township of Douro-Dummer, Township of Havelock-Belmont-Methuen, Township of North Kawartha, Township of Otonabee-South Monaghan, and Township of Selwyn.

Under the provisions of the Ontario Housing Services Act (2011) (HSA), Service Managers have several key responsibilities including, the management and oversight of the housing system, system planning and development of the local 10-year housing and homelessness plan, creating partnerships with local agencies to deliver support services, developing local housing policies and standards, and the management of the

Centralized Waiting List, to name a few. Service Managers act as the stewards for the Province, administering and implementing provincial legislation.

While much of the operating legislation and policy requirements are set out in the HSA, the Federal government passed the National Housing Strategy, which helps to provide much of the capital funding for housing development, through the Canadian Mortgage and Housing Corporation (CMHC).

Furthermore, part of the responsibility of the Service Manager is to maintain **Service Level Standards**, set by the provincial government, which establish the number of rent-geared-income units available within the affordable housing system. From 2020 to 2022, Peterborough has met their prescribed standards of 1,569 affordable units. In 2022, within the City and County of Peterborough housing stock, 1,332 units of RGI housing were provided, with the remainder of affordable units being rental supplements, to meet the required service levels.

C. Current State of Affordable Housing

In the City and County of Peterborough, community housing is provided by 14 local housing providers (non-profits, co-ops and Indigenous providers) and Peterborough Housing Corporation, all under an operating agreement with the Service Manager. Currently, local providers offer 796 units, 663 of them RGI and PHC own 1,216 total units, with 880 rent-geared-to-income rental units.

To establish the overall need for affordable housing in Peterborough, a Housing Needs Assessment was created in September 2023. The findings from the Needs Assessment illustrate that:

- 41% of the population is over the age of 55, hence over the next 10-15 years, the need for more senior related services will increase, including accessible dwelling units and senior care facilities.
- Of the 61,740 private dwellings in Peterborough, as of 2021, 31% were estimated to be 60 years or older, with 60% estimated to be 40 years or older, which means that some builds may soon require major renovations. This also raises the need for more new purpose-built housing supply.
- More units would also support decreasing the cost of housing as prices have continued to increase beyond pre-covid prices.
- 29.1% of lone parent households are in core housing need. More affordable housing units for this demographic are needed.

This needs analysis sheds light on several community related housing targets, demographic needs and waitlist data that are further examined in the community housing report. Reliable details by bedroom size are available for only approx. 50% of the total units. Because of the lack of current bedroom size information, we have used the distribution of bedroom sizes in the SHS Revitalization Plan of 2015 as a reference for comparison purposes.

As of December 2023, there are 1514 households on the Centralized Waiting List (CWL) awaiting an RGI unit. Of these, 1020 households (67.4%) requested a one-bedroom unit, 235 households (15.5%), a two-bedroom unit, 138 households (9.1%), a three-bedroom, and another 121 households (8%) requested four or more bedrooms.

Table 1: Comparison of Demand from Households on Centralized Waiting List and Supply of Social Housing and PHC Stock, November 2015

Number of Bedrooms	Demand as Per Waiting List (%)	Supply of all Social Housing Units (%)	Supply of PHC Units (%)
Bachelor / One Bedroom	79.3%	56.0%	58.6%
Two Bedrooms	14.4%	18.2%	11.3%
Three Bedrooms	3.2%	20.4%	21.6%
Four Bedrooms	2.0%	4.1%	5.9%
Five Bedrooms	1.2%	1.2%	2.5%

Table 2: Comparison of Demand from Households on Centralized Waiting List and Approximate Supply of Social Housing and PHC Stock, December 2023

Number of Bedrooms	Demand as Per Waiting List (%)	Supply of all Social Housing Units (%)	Supply of PHC Units (%)
Bachelor / One Bedroom	67.4%	56.0%	58.6%
Two Bedrooms	15.5%	18.2%	11.3%
Three Bedrooms	9.1%	20.4%	21.6%
Four Bedrooms	4.8%	4.1%	5.9%
Five + Bedrooms	3.2%	1.2%	2.5%

As shown in Tables 1 and 2 above, since 2015 there has been a significant reduction in demand for Bachelor/one bedroom units and a corresponding increase in demand for family size units.

A review of data collected from the Service Manager Annual Information Returns (SMAIR) for 2021 and 2022 compared with December 2023 waiting list information indicates a **reduction** in households on the waiting list over the past three years. In Dec 2021 there were **1699 households** on the CWL reducing to **1570** in December 2022 and further reducing to **1514** in December 2023, an overall decrease of **10.9 %**. The substantial decrease of 10.9% is due to multiple factors including a delay in waitlist updates during the height of COVID and post-COVID evictions that were backlogged that created vacancies in housing. As the service manager works through the backlog, more recent data is showing an increase in these figures again.

To meet demand and housing needs, community housing providers currently offer 796 affordable units as outlined in Table 3. These units are all offered below market rent and RGI units being even more deeply affordable.

Table 3: Local Non-Profit, Co-operative, and Indigenous Housing Providers

Housing Provider	# of Current Units	# of RGI Units	Operating Agreement Expiry
AOTS Community Homes Inc. (Chemong Village)	39	39	2029
Thrive- Hilliard Park Non-Profit Housing	50	39	2029
Thrive-Towerhill Village	71	66	2028
Kairos Non-Profit Housing	12	12	2026
Kinsman Garden Court	66	66	2027
Kiwanis Club of Scott's Plains	40	40	2026
Leta Brownscombe Co-Operative	80	73	2023
Marycrest at Inglewood	60	41	2027
Millbrook Non-Profit Housing	44	22	2023
Northminster Court	40	12	
Otonabee Municipal Non-Profit Housing Corporation	21	12	2023
St. John's Retirement Homes Inc.	102	70	2023
YWCA Peterborough	40	40	2026
Ontario Aboriginal Housing Services	131	131	
Total	796	663	

A key current challenge for the Service Manager is addressing the end of operating agreements to prevent the loss of affordable units. It will be important for the Service Manager to work in partnership with housing providers with expiring operating

agreements to strike a “**new deal**” to ensure there is no loss of affordable or RGI units. In general, this may require the Service Manager to provide subsidies in the form of RGI or rent supplements to ensure the continuation of affordability for the residents. This issue is a priority and needs to be addressed with a sense of urgency.

Included in this analysis is a breakdown of housing providers and when their operating agreements/mortgages expire. Please see **Appendix 2** for best practices that the city can adapt when approaching the end of an operating agreement with a local housing provider.

Since beginning this review, the Service Manager has facilitated several property sales of community housing stock, as well as purchases. To provide a consistent analysis, the properties considered for this review were those owned in September 2023. Any sales or purchases after this timeframe were not a part of this review, however, it is understood that the proceeds from these sales will be vested with a newly established Municipal Services Corporation that will leverage these funds to develop new affordable housing.

D. Peterborough Housing Corporation

In 2016 multiple studies were conducted to support the revitalization and development of PHC housing stock.

In 2016 SHS Consulting published the PHC Revitalization Plan, providing several recommendations to help PHC determine a way forward to ensure the sustainability and expansion of the portfolio. The scope of this report recognizes, evaluates and builds on SHS’s recommendations. After examining the three-year capital requirements for community housing providers (CHP) and PHC, some key findings of this study were the high expenditures at PHC's 169 Lake St - Westlake Tower and St. John's Retirement Homes Inc. among CHPs emphasize diverse property needs. PHC requires \$13,957,191 compared to CHP's \$8,000,486, underscoring the urgency for sustained commitment to housing enhancements. Detailed capital cost breakdowns show PHC's focus on structural enhancements while CHP allocates resources to "Building Interiors," reflecting distinct property improvement approaches. This financial trend reinforces the need for strategic, property-specific planning to ensure effective resource allocation and long-term sustainability for PHC’s portfolio.

Additionally, the 2016 Revitalization Plan noted the need for PHC to develop more affordable one-bedroom units. Peterborough has experienced a significant population increase over the last ten years and the need for more affordable units for singles and smaller households is just as important in 2023 as it was in 2016. Specifically, PHC

should be looking into increasing purpose-built rentals for low to moderate income households.

Furthermore, as recommended in the 2016 study, PHC needs to continue to carefully monitor their supply of both new and old housing stock as it grows through the redevelopment and revitalization process, to preserve its portfolio and meet the needs of its clients.

E. Municipal Services Corporation for Affordable Housing

Currently, the City of Peterborough is working on developing a [Municipal Services Corporation \(MSC\) for Affordable Housing](#). The MSC would be incorporated pursuant to the [Municipal Act, 2001](#) and in accordance with Ontario [Regulation 599/06](#). The MSC would allow the City, as Service Manager, to be able to retain control over the planning, priorities, and activities of the MSC by virtue of being its sole shareholder.

Currently in Peterborough, PHC's financial statements are consolidated with the City's financial statements, meaning that any debt taken on by PHC is a draw against the City's non-tax supported debt capacity. This consolidation of debt is a limiting factor for future affordable housing development under PHC because, as of April 2022, PHC has a total of \$43.2 million in debt issued or approved to be issued associated with PHC's affordable housing projects, which is being added to the total municipal debt. The debt capacity issue is a significant barrier to moving forward with PHC's Capital Financing and Community Revitalization Plan created in 2016.

Additionally, an MSC that operates as a Government Business Enterprise (GBE) would alleviate debt capacity issues for the City, which would enable new approaches to developing rental housing. Any debt incurred by the MSC functioning as a GBE would not be considered as part of the City's debt capacity limitations. The transfer of these properties to the MSC would alleviate the impacts of these projects on the City's debt capacity while providing a clear opportunity to meet the goals of PHCs redevelopment plans.

It would also allow the new MSC to use various borrowing models, partnerships with the private sector, and to leverage these properties to be able to redevelop and add units. A plan would need to be established with PHC to not only transfer the affordable projects to the new MSC's ownership but also transfer key properties to be redeveloped over time. Shared service arrangements with PHC would reduce administrative costs associated with the MSC. Removing affordable housing project debt from PHC's books should allow more flexibility for them to invest in capital repairs to increase the quality and sustainability of their housing portfolio.

F. Current Peterborough Portfolio Conditions

As part of the portfolio review, a current capital cost review and 20-year forecast were conducted for the PHC portfolio. From an analysis of Building Condition Assessment data, capital repair costs were forecasted for both Peterborough Housing Corporation and community housing providers for the next 20 years to provide insight into the total cost required to maintain the number of current units in a state of good repair in the City and County of Peterborough.

The 2020 BCAs for municipal buildings in Peterborough provide a foundational understanding of current conditions and future maintenance needs. The Asset Planner system, crucial for managing BCA data, categorizes components into seven disciplines, estimating a total of \$122,564,812 for maintenance and capital work between 2023 and 2042. Distinct trends in future repair costs and annual maintenance costs emerge for Peterborough Housing Corporation (PHC) and community housing providers (CHP). PHC's annual maintenance costs are projected to rise significantly, reaching approximately \$57.38 million by 2042. The per-unit analysis underscores diverse maintenance needs, emphasizing the importance of property-specific assessments. **The Facility Condition Index (FCI) highlights escalating costs due to deferred maintenance, urging proactive, property-specific strategies for sustainable management.**

To support the analysis of the current housing stock, this review offers a site-by-site breakdown of each housing provider. The method of analysis used to forecast capital needs is the facility cost index (FCI). Each site profile provides information on the building, the split between RGI and market units on the property, and major capital improvements, outlining priority projects.

Additionally, the analysis of the CHP and PHC portfolio, informed by an asset planner, reveals escalating maintenance costs. **Over a 10-year period, PHC faces a 2023 capital liability of \$10,453,993, while CHP's renewal cost is projected at \$31,087,075 by 2032.** Both entities fall under a "Good" categorization, but sustaining it requires timely capital repairs. **Without intervention, the overall cost is expected to exceed \$45 million.** The individualized methodology identifies priority projects, addressing discrepancies in the asset planner and emphasizing proactive management amid rising capital costs. The potential for site-specific redevelopment opportunities underscores the need for strategic planning and approvals, ensuring effective resource allocation and long-term sustainability. Due to missing data, operating costs were not included in the profiles.

To summarize the findings of the profiles created, **the overall conditions of the properties reviewed were generally positive.** There is a need to establish a capital investment strategy to ensure the sustainability of the units, over the next 20-30 years.

G. Recommendations

To maximize funding to provide the most value in achieving their housing targets, there are four recommended goals for the City of Peterborough as Service Manager:

1. Improve System Performance
2. Enhance Operational Efficiency
3. Maximize and Leverage Current Housing Portfolio and Opportunities
4. Boost System Growth of Housing Supply

Appendix 1 offers a detailed outline of all goals, strategic priorities, recommendations and subsequent actions items.

Goal 1: Improve System Performance

The objective of this goal is to foster exceptional quality assurance, improve operational procedures and minimize unit loss. There are 4 recommendations that will help achieve quality system performance and sustainability:

- Enhance System Leadership
- Improve End of Mortgage & Operating Agreement Practices
- Improve Management Oversight
- Create a housing profile to monitor needs and supply to inform planning

Potential action items to address these recommendations include:

- Clarifying the role and responsibilities of the City of Peterborough as the Service Manager
- Creating guidelines for service providers on what is required as they reach End of Mortgage/Agreement
- Developing risk management policies and protocols

Goal 2: Enhance Operational Efficiency

The objective of this goal is to implement measures to improve the efficiency of operations and system oversight. There are 5 recommendations that will help reduce operational costs, build internal capacity and improve data management:

- Maximize Rental Supplements
- Implement Energy Efficiencies
- Investigate Shared Service Activities
- Review Staffing Model
- Improve Digital Documentation Collection and Coordination

Potential action items to address these recommendations include:

- Accelerating capital replacement/maintenance activities that reduce energy/operating costs
- Undertaking a full staffing review to determine an appropriate staffing model that recognizes roles, responsibilities, and oversight
- Establish processes for document review and data collection for each provider

Goal 3: Maximize and Leverage Current Housing Portfolio and Opportunities

The objective of this goal is to develop individual plans site-by-site. There are 5 recommendations that will assist in assessing the current housing portfolio opportunities:

- Review the site-by-site report and set priorities for regeneration or sale opportunities
- Ensure Quality of Community Housing Units
- Support information sharing and support to housing providers for amalgamations and mergers
- Ensure Building Condition Assessments are up-to-date and capital repair plans are developed and implemented.
- Review tenants of PHC & Community Housing providers to assess alignment of housing needs and current accommodations

Potential action items to address these recommendations include:

- Reviewing necessary capital repairs and renovations of current housing stock to meet quality standards of residents.
- Providing information sessions for providers regarding the opportunity and value of amalgamations and mergers. Showcase success stories, include legal advice and process information.
- Identifying gaps in services and supports for vulnerable tenants (i.e. seniors, victims of violence)

Goal 4: Boost System Growth of Housing Supply

The objective of this goal is to develop a sustained increase of supply of housing units to meet the needs of all residents across the housing spectrum. There are 3 recommendations that will support an increased number of affordable, transitional, and supportive housing units:

- Acquire Existing Units
- Develop Service Expansion Strategy
- Incentivize Development

Potential action items to address these recommendations include:

- Developing a strategy for the immediate expansion of housing options to meet critical needs, engaging critical stakeholder partners.
- Investigating Bridge Housing approaches (transitional supportive housing models) to address the needs of vulnerable and unsheltered individuals
- Offering a tax incentive for building affordable and supportive housing through Community Improvement Plans, etc.

H. Next Steps

Aligned with the recommendation in Appendix 1, the next steps would be to encourage prioritizing both PHC and CHP properties for retention, redevelopment, regeneration or disposal. These steps would inform funding priorities.

The Service Manager will be working to ensure the long-term viable operation of housing assets and quality of life for residents. Moving forward, the City of Peterborough will be discussing benchmarks for minimum standards for housing quality, including structural integrity and internal aesthetics to ensure a safe and quality living space for residents.

Additionally, to support the Service Manager in reaching their housing objectives, the City of Peterborough should consider a capacity assessment of the technical asset management staff at PHC and MSC to identify any training required to ensure high quality support. The Service Manager responsibility related to oversight of the asset management requires the City to ensure staff have sufficient training and support to monitor progress, ensure tracking of asset needs and regular updates on the condition of buildings.

I. CONCLUSION

The City of Peterborough, as Service Manager for the City and County of Peterborough, has supported an analysis of the community housing portfolio with a focus on increasing housing options, specifically for supportive and affordable housing. By embarking on this process, the Service Manager is looking to mitigate long-term risk and improve operational management of the overall housing portfolio.

Throughout the study, several common themes arose that should be noted to address moving forward.

- Concerns about the loss of housing units as the end of the operating agreements and mortgages approaches and the need for guidance on negotiating a new agreement. Focus on developing standard procedures and mandates to prevent unit loss should be a priority.
- Growing trend of transitional housing units being used for more 'permanent' housing due to the lack of affordable units to support movement/transition. Transitional housing units need to be used for its intended purpose/mandate. The current trend is a more costly approach and reduces access to transition supports for other clients.
- Growing need for more seniors affordable supportive housing options.

The City of Peterborough as Service Manager has an extensive portfolio to manage and is encouraged to continue working towards its goals and supporting those most in need of affordable housing in Peterborough.

J. Appendices

Appendix 1- Recommendation Chart

Appendix 2- Best Practices for End of Operating Agreements

Appendix 1- Peterborough Portfolio Review Recommendations

STRATEGIC PRIORITIES	RECOMMENDATIONS	ACTIONS	IMPLEMENTATION TIMING			
Goal 1: Improve System Performance						
<i>Objective: To foster exceptional quality assurance to improve operational procedures and minimize unit loss.</i>			2023	2024	2025	2026
1.1 Quality System Performance and Sustainability	1.1.1 Enhance System Leadership	Clarify roles and responsibilities of the City of Peterborough as the Service Manager				
		Explore opportunities to engage senior leaders to guide decision making	IP			
	1.1.2 Improve End of Mortgage & Operating Agreement Practices	Develop a standard policy and business process for supporting community providers as they reach End of Mortgage/End of Operating Agreement				
		Create guidelines for service providers on what is required as they reach End of Mortgage/Agreement				
		Establish a clear standardized timeline of actions required between providers and the Service Manager as End of Mortgage approaches				
		Create a standard renewal agreement for all community providers reaching End of Mortgage				
	1.1.3 Improve Management Oversight	Create an information database with access to all provider agreements, letters, data and financial information				
		Communicate the roles, responsibilities, and function of the service manager and provider				
		Develop a plan for annual operational review of the housing system				
		Develop a risk management policy/protocol (i.e. management letters)				
		Develop a protocol for managing projects in difficulty				
		Establish and communicate clear local operating rules and policies for housing providers				
		Develop a checklist of all reports required to be submitted by service providers including specific due dates, timelines, and content of each report. The checklist and sample reports to be shared with all service providers				
		Review the 2016, Operational Review Report for PHC that outlines key findings and recommendations and provide an update on the status.				
	Ensure financial controls are in place for annual financial reviews of all community providers' budgets, capital reserves, rent supplement agreements, etc.					

		Establish a performance measurement and reporting strategy for annual updates to Council.				
1.1.4 Create a housing profile to monitor needs and supply to inform planning		Compile data profile on current client profiles, unit suitability, waiting list details from existing sources				
		Review housing profile to determine optimal utilization of existing assets - ongoing data input to support planning				
		Develop a profile to forecast future needs to inform strategies and investments.				

Goal 2: Enhance Operational Efficiency

Objective: Implement measures to improve efficiency of operations and system oversight

	2023	2024	2025	2026
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	2023	2024	2025	2026	
2.1 Reduce Operational Costs	2.1.1 Maximize Rental Supplements	Review current rent supplement agreements and commitments with each provider			
		Transfer coordination and management of rent supplements back under the jurisdiction of the Service Manager	IP		
	2.1.2 Implement Energy Efficiencies	Facilitate information sharing and workshops on energy efficiency funding programs			
		Accelerate capital replacement/maintenance activities that reduce energy/operating costs.			
2.1.3 Investigate Shared Service Activities	Explore opportunities for regular maintenance activities like snow removal, waste pick-up, pest control, inspections etc. to be coordinated and cost shared among providers and the Service Manager for greater efficiency.				
2.2 Build Internal Capacity	2.2.1 Review Staffing Model	Undertake a full staffing review to determine an appropriate staffing model that recognizes roles, responsibilities, and oversight.			
		Recruit experienced staff to support the ongoing management and expansion of affordable housing opportunities in Peterborough.			
2.3 Data Management	2.3.1 Improve Digital Documentation Collection and Coordination	Facilitate Asset Planner training sessions for all staff and provide annually to ensure consistency and accuracy			
		Complete annual reviews of asset planner to ensure consistency and validation of the information			
		Establish processes for document review and data collection for each provider			
		Create a readily accessible information system for current housing and homelessness information (i.e. Waitlist, turnover for the system, etc.)			

		Explore and implement software solutions to support the collection of housing and homelessness information.				
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Goal 3: Maximize and Leverage Current Housing Portfolio and Opportunities

Objective: To develop individual plans site-by-site

			2023	2024	2025	2026
3.1 Assess Current Housing Portfolio Opportunities	3.1.1 Review site-by-site report and set priorities for regeneration or sale opportunities	Liase with the housing provider owners/boards to investigate development/intensification opportunities and take steps to move the sites to "shovel ready" status for future funding opportunities				
		Continue efforts to disperse underperforming detached houses and use the proceeds to fund new development opportunities				
		Review properties with single detached houses that could accommodate additional units				
	3.1.2 Ensure Quality of Community Housing Units	Review the necessary capital repairs and renovations of current housing stock to meet quality standards for residents.				
		Develop a capital investment plan to support the ongoing operation of the existing housing units.				
		Ensure resident comfort and marketability of current units.				
	3.1.3 Support information sharing and support to housing providers for amalgamations and mergers	Provide information sessions for providers regarding the opportunity and value of amalgamations and mergers. Showcase success stories, include legal advice and process information.				
		Facilitate and support matching program for providers interested in amalgamations and mergers				
	3.1.4 Ensure Building Condition Assessments are up-to-date	Support updates to Building Condition Assessment reports (BCAs)				
	3.1.5 Review tenants of PHC & Community Housing providers to assess alignment of housing needs and current accommodations	Evaluate housing initiatives and impact on vulnerable persons.				
Identify gaps in services and supports for vulnerable tenants (i.e. seniors, victims of violence)						

Goal 4: Enhance System Growth of Housing Supply

Objective: To develop a sustained increase of supply of housing units to meet the needs of all residents across the housing spectrum.

			2023	2024	2025	2026
4.1 Increase number of affordable housing units	4.1.1 Acquire Existing Units	Conduct a review of existing potential affordable housing stock from private, government, and non-profit that could be purchased or leased to expedite repurposing or retrofitting for immediate service responses.				
		Create an investment strategy to sustain the increase of supply.				

4.2 Increase number of transitional and supportive housing units	4.2.1 Develop service expansion strategy	Develop a strategy for the immediate expansion of housing options to meet critical needs, engaging critical stakeholder partners.				
		Investigate Bridge Housing approaches (transitional supportive housing models) to address the needs of vulnerable and unsheltered individuals				
		Review municipal policies and bylaws to support improved processes for affordable and supportive housing construction				
	4.2.2 Incentivize development	Offer a tax incentive for building affordable and supportive housing through Community Improvement Plans, etc.				
		Organize education and engagement opportunities for developers and landlords to discuss programs and opportunities				
		Call for expression of interest to collaborate with developers and landlords				

LEGEND

IP Actions have been taken to commence the work

Appendix 2- Best Practices for Cities and Housing Providers at the End of an Operating Agreement

End of Mortgage (EOM), which has traditionally aligned with the Expiring of an Operating Agreement (EOA), can be a complex time when both the Service Manager and housing provider have important decisions to make. This guide will be broken down into three sections. The first will offer some key terminology that will help support this report. The second segment will provide a step-by-step process for both parties as they reach the EOA and consider entering a new agreement. The final section will focus on key best practices that should be considered to help ensure a successful operating agreement (OA).

Terms and Definitions

[Homeless Hub](#) offers definitions and background information on key information pertinent to understanding this document.

Expiring Operating Agreement (EOA) refers to the expiry of the operating agreements that are in place for each social housing project which has a term ending date after which the housing provider will have no mortgage payment and will receive no further subsidy. For the purposes of this guide, EOA shall also refer to End of Debenture and End of Mortgage.

An Operating Agreement (OA) is a contract between a housing provider and CMHC, the Province of Ontario (via Service Manager), or both, which sets out the amount, duration and conditions of the subsidy provided for a project.

The central policy that governs actions and requirements surrounding EOA is the Ontario [Housing Services Act](#) from 2011. Outlined are several requirements of the Service Manager both before and after the expiry of an OA. The figure below illustrates the obligations based on the program of funding of the housing provider.

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
<i>Def'n of Program per O.Reg 367/11 Schedule 1</i>	<i>Programs 1(a) + 1(b)</i>	<i>Program 6(c)</i>	<i>Program 5</i>	<i>Programs 6(a) + 6(b)</i>	<i>Program 3</i>	<i>Program 4</i>	<i>Programs 7 + 8</i>	<i>Programs 2(a) + 2(b)</i>
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

Source: Re/Fact Consulting, Social Housing End Dates in Ontario Report, Oct. 2012

To maintain financial viability in a post-EOA environment, it is more challenging for buildings that house a high percentage of Rent-Geared-to-Income residents, and those with five or fewer projects in their portfolio, if they decide not to enter into a new agreement. As the [Ontario Municipal Social Services Association](#) explains, “there is recognition that the current approaches will not sustain the asset in the long term. As a result, there is the need to re-think how the assets are best managed and how to best facilitate a system that supports local decision making.”

Recommended End of Agreement Process

The issues surrounding End of Operating Agreements/End of Mortgage have been examined in depth since 2006 as it was apparent that many 25- and 30-year operating agreements and mortgages would be expiring in the coming years. The key concern and challenge was the potential loss of federal/provincial subsidy, which would impact resident affordability and project viability in the coming years.

Providers have been busy evaluating all options to move forward in a new operating environment. When the OA expires, there are no more government subsidy payments, no more requirements to make financial or administrative reports to the Service

Manager, province or CMHC, and unless refinanced, there will be no more mortgage payments to make. Although the housing provider will have greater control over the financial management and decision-making processes of a project, it may be vulnerable to revenue deficits, insufficient capital reserves, and major project renovations and repairs. The Expiry of an Operating Agreement can provide a chance to explore a range of opportunities for a housing provider and project. The [Ministry of Municipal Affairs and Housing in Ontario](#) states that “one of the key objectives of social housing modernization is to minimize disruptions arising from social housing operating agreements and/or mortgages expiring, with associated federal subsidies expiring and to maintain the sustainability of social housing providers and the households assisted.”

Step 1: Reviewing the Current Operating Agreement

As the agreement is set to expire, the housing provider should ensure that the Board and administrators know and understand the existing Operating Agreements for all projects in their portfolio, especially the expiry dates. Having a firm grasp of the components of the current agreement, including relevant legislation, will lead to a more informed, productive discussion when creating a new OA.

It is also necessary for the board of a housing provider to re-evaluate and establish their vision and priorities moving forward. The new service agreement system opens options that may not have been possible under the old HSA rules. It is recommended that providers contact their sector organizations, i.e., ONPHA, CHF, CHRA, etc. to discuss what tools and resources, promising practices may be available to assist them to work through EOA/EOM issues. Further, providers may also wish to engage their local housing networks to work collaboratively with others in the community facing a similar situation.

Step 2: Determine the Financial Viability

Assessing the financial performance and physical condition of a project is essential for the long-term viability of individual projects, and a non-profit's/co-op's complete portfolio, especially when operating in a post-EOA environment.

This section outlines what is involved in assessing project financial viability, as well as up-to-date information on four variables: the project's revenue, operating expenses, capital replacement reserves, and the physical condition. Figure 1, drawn from a report published by [BC Housing](#), explains these key factors.

Figure 1: Financial Viability Factors

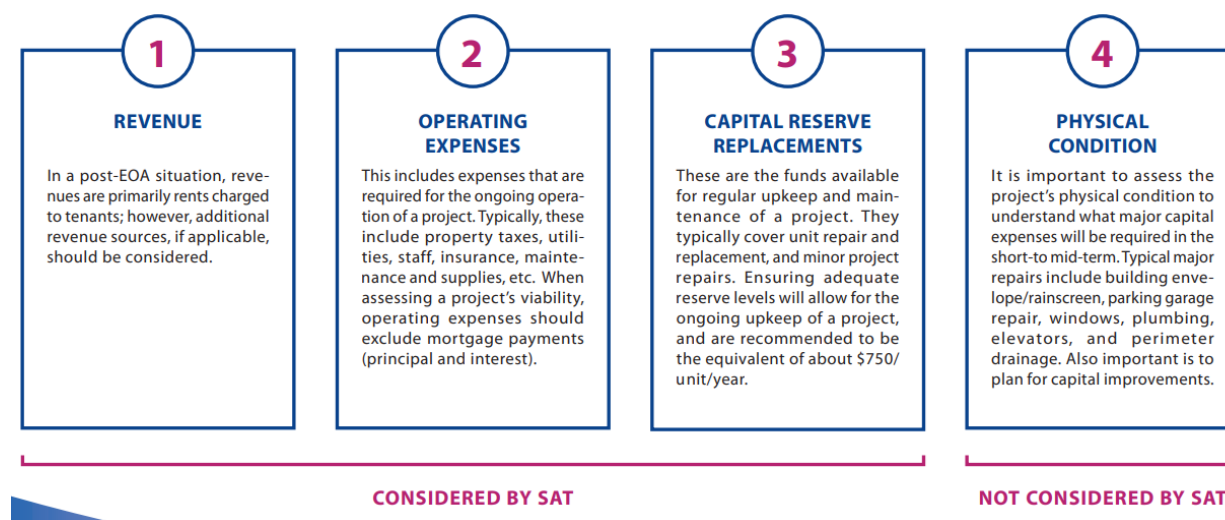


Figure 1 mentions SAT, which stands for [Simplified Assessment Tool \(SAT\)](#). SAT is a spreadsheet template developed by Steve Pomeroy for the Canadian Housing and Renewal Association (CHRA) and five provincial housing associations. It is used by provinces across the country as a tool to assist societies determine project viability currently, and at EOA. The SAT is premised on both the mortgage and the subsidy ending and calculates financial viability in the absence of both. The tool also provides a basic test to explore whether the project capital replacement reserve is sufficient to manage normal replacement. The model uses a proxy of \$750 per unit per year in capital replacement for the remainder of the operating term (i.e., through to expiry).

While the SAT can help with the first three factors, in order to best comprehend a building's physical condition, it is important to conduct a Building Conditions Assessment (BCA). A BCA will offer in-depth feedback on the exterior and interior of a building and the future costs to maintain and repair. Another tool to support in understanding the physical condition of the building is the Facility Condition Index (FCI). The FCI measures and quantifies the physical condition of the housing building. It allows a comparison of apartment buildings, townhome complexes and scattered units by communicating the condition of all types of buildings into one translatable number in a percentage. It is calculated as the percentage of the total amount of repairs, replacements and maintenance needed, divided by the current replacement value of the project components. For example, British Columbia uses the FCI as an indicator of the physical conditions of their social housing stock. As well, the City of Toronto also considers the FCI as a financial viability indicator.

Step 3: Review Other Factors

To prepare for the EOA, several factors must be considered to determine the best option moving forward for a housing provider:

- Legal Definitions and Implications

- Mandate and Clientele
- Social Sustainability
- Projects on Leased Land
- Site Assessment
- Change of Management
- Tenant Concerns
- Organizational Capacity
- Fund-raising

These factors will help shed light on the overall feasibility/desirability for a provider to enter into a new OA and how to do so successfully.

Step 4: Explore and Assess Options

In April 2016, [Ontario](#) published a breakdown of options that should be explored both pre-EOA and post-EOA. This report was later remodelled by BC Housing. Figure 2 illustrates these options, which are relevant to providers and Service Managers in Ontario and provinces across the country.

Often at this step, some boards of directors will pause to review their purpose for continuing to deliver affordable housing and may decide to develop a new strategic plan and undertake a detailed asset review. Many boards will be left with a number of decisions, including whether they wish to remain in the affordable housing business, or if they would prefer to just operate as a private sector owner. Ideally, discussions at this stage will include the Service Manager or provincial staff (if not in Ontario) to determine what kind of resources will be made available to continue operating housing at an affordable level.

FIGURE 2: PRE- AND POST-EOA OPTIONS

	IMPLEMENTABLE	
	PRE-EOA	POST-EOA
1. IMPROVING REVENUE		
▶ Adjust rents and/or rent mix	(✓)	✓
▶ Explore options for new or extend subsidy agreement	(✓)	✓
▶ Pursue strategic partnerships	✓	✓
▶ Diversify portfolio	✓	✓
▶ Intensify building(s)/land	(✓)	✓
▶ Planning for site redevelopment	✓	✓
▶ Redevelop entire site	x	✓
2. RAISING CAPITAL		
▶ Apply for grants	✓	✓
▶ Refinance	(✓)	✓
▶ Sell land/assets	x	✓
3. FINDING OPERATIONAL EFFICIENCIES		
▶ Share services and/or space	✓	✓
▶ Implement energy efficiency upgrades	✓	✓
4. TRANSFERRING ASSETS		
▶ Acquire assets (property & management)	(✓)	✓
▶ Transfer assets	(✓)	✓

- ✓ Implementable without BC Housing/CMHC approval
- (✓) Implementation conditional to BC Housing/CMHC approval
- x Not implementable

It is important to note that depending on a non-profit's or co-op's circumstances, there may be more than one option that could be sequentially or concurrently implemented.

The first option illustrated in Figure 2 is increasing revenue. Several options can increase revenue, especially if a project is currently or anticipated to have insufficient revenue to cover operating expenses and contribute towards capital reserves. The second is increasing capital in order to help fund major or minor repairs. These options may be used in conjunction with revenue-increasing options, especially if they are intended to provide capital to ensure long-term viability. Third is finding opportunities for increasing operational efficiencies, such as reducing operating expenses, thereby decreasing the need for added revenue sources. The fourth option is to transfer assets. Depending on a provider's capacity, an option for consideration is to transfer assets to another non-profit. In so doing, operational efficiencies may be increased, and access to necessary capital may be available, especially if assets are transferred to a larger provider with a diverse and viable portfolio.

Step 5: Consult and Finalize the Preferred Option(s)

Before making this decision, the Board will benefit from communicating and consulting tenants and staff. If those most affected are not communicated with regularly and consulted at key milestones, there is a likelihood that misinformation will circulate, potentially leading to additional unit vacancies, staff turnover, or both.

Step 6: Implementation Plan of Preferred Options

Providers have several options on how they choose to proceed, including partial or full redevelopment, contemplating amalgamation with another provider, or maintaining a good funding relationship to keep operating as usual, to name a few. The planned implementation of the preferred option(s) will be important for a number of parties, especially if a partial or complete redevelopment of the site is contemplated. These parties include tenants, staff, potential lenders, potential donors, and neighbours of the project. If the housing provider has sufficient in-house resources, it may choose to develop an implementation plan and carry out the preferred option(s). However, if the option(s) are complex and likely to take months or years to complete, a provider will usually need outside resources to assist in carrying out the plan.

Consulting resources may be required for:

- Developing and carrying forward a fund-raising campaign
- Assisting the Board and staff with changing management or developing a new strategic plan.
- Coordinating municipal approvals, design, tendering, and construction on behalf of the provider

Recommended Best Practices for End of Agreements

In July 2023, the Co-operative Housing Federation of Canada (CHFC) provided an in-depth [report](#) on best practices when approaching the expiry of an operating agreement and how to approach creating a new one. This document along with other municipal

examples will guide these recommendations to offer the options to consider when approaching an EOA.

Approaching a new OA as a Partnership

It is imperative when discussing a new OA that both the Service Manager or CMHC and the housing provider approach negotiations understanding the importance of a mutually beneficial partnership. The Service Manager and the housing provider should engage in discussions well in advance of EOM. The Service Manager should provide funding for services, or help the provider access funding for services so that they can prepare for negotiations (such as BCA, Asset Management Plan, Strategic Plan, legal advice). If the provider is a co-op, they should reach out to CHF Canada or their regional federation for support.

The EOA offers an opportunity for a win-win for both parties involved, but most importantly for residents. To help start negotiations on the right foot, think about what shared priorities everyone is hoping to get out of service and exit agreements.

What do co-ops want out of Service and Exit Agreements?

- Financial stability
- To offer good quality homes
- To live our co-op principles and values (or non-profit)
- To offer a mixed-income housing community, including Rent-Geared-to-Income (RGI) subsidy and help for people in need of housing

What do Service Managers want out of Service and Exit Agreements?

- Stable, well-managed housing communities
- To provide homes to households on their Central Waiting List
- The homes are in good condition with no urgent repairs
- The cost of providing households rental assistance is reasonable in comparison to other non-profits and co-ops in the area
- To increase the number of affordable homes available in their community

With these priorities in mind, both parties can begin communications seeking to optimize their partnership moving forward.

It is recommended that a new OA needs to be sustainable for both parties. The agreement must be for at least 10 years. This means it is crucial that the financial plan works without ongoing additional funding requests and that the level of reporting and accountability is appropriate to the funding and reasonable for both the provider and Service Manager staff.

An example of a major metropolitan area focusing on this approach is Toronto, Ontario. [Toronto](#) is working to develop a new partnership model with housing providers facing

the end of their operating agreement, to mitigate the risks presented by expiry and take advantage of the opportunities.

In order to lead to a successful partnership, the City of Toronto held consultations with housing providers under the City's administration as well as federally administered co-operatives in Toronto that are approaching EOA to document associated issues, opportunities and risks. Feedback from these consultations suggested that most housing providers want to continue with their mission to provide housing to low- and moderate-income households. Beyond the short-term goals of the partnership, the City is also underway in developing frameworks to support its long-term goals while helping to achieve the City's housing stability goals. The partnership framework outlines principles, outcomes, and roles and responsibilities. It also sets guidelines under which the City would execute agreements to ensure long-term affordability or other benefits.

Moreover, the [County of Lambton](#) is also approaching the conversation with housing providers from a partnership approach to continue to provide Rent Geared to Income (RGI) units at the end of their operating agreement. Whether the providers were previously federally or provincially funded, the County will develop new partnerships with social housing providers to support them in continuing to provide RGI units at the end of their agreement/mortgage.

Single Standardized Contract

Developing a standardized renewal OA is a great method to begin the discussion with providers reaching EOM. This provides efficient and easy access for the Service Manager and ensures consistency throughout the Service Manager's region. For example, London, Ontario city council recently brought forth the motion to standardize a single contract for their housing providers entering a new OA.

Establish a Financial Plan

A well-developed financial plan will ensure the housing provider has the money to meet the vision it has established for itself post-EOM and is better able to fund education, community development, and new initiatives.

As well, establishing clear streams of funding from the Service Manager in order to subsidize RGI units and maintain the housing in a "satisfactory state of repair and fit for occupancy." Subsequent financial capital can be attained through adequate housing charges, grants, and refinancing. It should be possible for a non-profit housing provider to receive a reduction or forgiveness of property tax on RGI units. The ability to refinance to pay for capital work identified in the financial plan is available as well. The Service Manager should not need to approve the new financing. Any outstanding loans or financing from the Service Manager should be forgiven. The financial plan should include a provision that surpluses will be directed to capital reserves or a development fund. The Service Manager and housing provider should both be open to innovative additional funding initiatives, including funding for the development of new units at the time of negotiation. A new service agreement should provide the flexibility for the

provider to develop new homes, and join or form a new entity like a land trust or larger cooperative in the future.

To illustrate the importance of a financial plan, [Greater Sudbury](#) published in their housing report that with public housing stock being 40-70 years old, many of the units need significant capital repairs at EOA. Hence, to maintain a satisfactory state of repair, Service Managers are bound to address these capital issues either through funding or other revitalization strategies.

Reporting and Accountability

[CHFC](#) offers an in-depth analysis of the importance of reporting and accountability in the partnership between a Service Manager and the housing provider. As a best practice, periodically a housing provider should undergo voluntary performance self-evaluation. Evaluating the performance as an organization is a common business best practice for both non-profit and for-profit organizations. HSA co-ops and non-profits have traditionally not had sufficient operating budgets to allow this. As new OA are being discussed, self-evaluation should be part of the strategic plan and budgeted for. The results of the self-evaluation could be shared with Service Managers.

There are several recommendations on how to best follow through with reporting and ensuring accountability:

- OA should transform this part of the relationship so that reporting and accountability are based on outcomes that can be measured.
- The reporting and accountability structure should be tangible and useful, helping the housing provider improve its operations.
- One of the long-term goals should be a partnership between federations and Service Managers to assist co-ops with a strategic plan that complements the financial plan that is required by the regulations.
- Reporting requirements should be focused on RGI funding, which is the basis of the funding under service agreements. It's suggested that it is reasonable for a provider to submit the following reports: quarterly subsidy reconciliation; annual auditor's report; annual proof of sufficient insurance coverage for the property; annual report on progress on their strategic plan which may include management and governance initiatives; and annual report on progress against the asset management or financial plan.
- Consent to share information with the federations, like the information that federal co-ops share through The Agency. This consolidated information helps the federations in their advocacy efforts with all levels of government.
- Mandatory training for new Board of Directors and annual training for existing Board of Directors (helping the housing provider to meet its principles of Education, Training, and Independence)
- Mandatory staff/management training each year.
- Periodic updating of the BCA.

Prescribing Dispute Resolution Process

The purpose of the dispute resolution process should be to attempt to ensure the successful implementation of the Service Agreement for the duration of the agreement. A dispute resolution system should be based on the following principles:

- Both parties make good-faith efforts to resolve any dispute.
- Reasonable notice periods should be given at each stage of the process. The notice periods should reflect the co-op governance model.
- An overriding goal of the process is to protect affordable housing and to ensure the long-term sustainability and success of co-operative housing.
- The rights of co-op members will be protected.
- Neutral outside professionals are used when appropriate. Each party of the agreement should be able to initiate a dispute based on agreed-upon terms in the service agreement when in their opinion the terms of the agreement are not being upheld. Before a formal dispute resolution process is started, each side should attempt to resolve the issue and provide a potential solution. If these informal attempts to resolve the issue are unsuccessful, either party should be able to initiate a formal dispute resolution process. The service agreement should set out reasonable timelines so that the issue gets dealt with quickly.

Housing providers have found that the current system is overly prescriptive. A key part of transforming the HSA system through the service agreement process is ensuring that a new system of resolving problems is based on partnership rather than the old compliance and enforcement system.

Interim Funding

Negotiating and signing a service agreement will take time. It might not be completed by the time a housing provider reaches EOM. If an agreement is not signed by the time a provider reaches EOM, the provider ends up being penalized financially because the original HSA funding model continues to apply. Co-ops, not-for-profits, and public housing providers should not be penalized unfairly because of these delays.

A best practice to consider in order to ensure continued adequate service is for full RGI funding to continue for any provider post-EOM until a fair service agreement is signed. In cases where the provider's fiscal year and EOM date do not line up with the Service Manager's fiscal year, both parties are willing to be creative to arrive at an interim funding solution. For example, the District Municipality of Muskoka, in their [10 Year Housing and Homelessness Plan](#) established a strategy to maintain Service Level Standards after the expiry of operating agreements/mortgages.

Communicating RGI Targets

When an OA expires, under service agreement regulations, it is possible to reset the number of RGI units that are offered by a housing provider. This may be of interest to providers due to the changing market conditions and economic realities. If a provider

decides to decrease the number of RGI units they offer, there are several important factors to consider:

- There should be clear lines of communication prior to EOA with the Service Manager on their intentions
- Providers that are interested in refinancing as part of their capital and financial plan should check to ensure that the RGI target does not have an unintended impact on their ability to refinance. This should be done early, because many lenders may want to see a longer-term agreement that guarantees RGI funding, especially if the number of households on RGI is high.
- Providers should also be aware that a decrease in RGI targets might affect their ability to qualify for the Non-Profit HST Rebate. Housing co-ops can claim a non-profit rebate if at least 40% of your co-op's revenue comes from government funding.

It is important that Service Managers are open to negotiation if a provider is interested in renegotiating the RGI targets so that they better reflect the vision of their community. RGI targets can be temporarily waived when the rental market makes it difficult to maintain the RGI targets (e.g., when current households no longer qualify for RGI but there is little turnover because of low vacancy rates and high housing costs).

Additional Resources

For more information, please refer to:

[Canadian Observatory on Homelessness](#)

[Ontario Non-Profit Housing Association](#)

[Co-operative Housing Federation of Canada](#)

[Ontario EOA Guide](#)