HOUSING RESEARCH REPORT

Case Studies of Housing Projects with Operating Agreements that Have Ended – Part 1 & 2

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This study was conducted for Canada Mortgage and Housing Corporation (CMHC) and Natural Resources Canada (NRCan) under Part IX of the National Housing Act and the Program for Energy Research and Development (PERD). The analysis, interpretations and recommendations are those of the consultant and do not necessarily reflect the views of CMHC or NRCan.

Case Studies of Housing Projects with Operating Agreements that Have Ended

Final Report – Part 1

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Canada Mortgage and Housing Corporation

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EXECUTIVE SUMMARY

Purpose of the Study

Social housing was developed under numerous federal *National Housing Act* (NHA) programs through CMHC between the mid-1940s and early 1990s. Under these programs, the federal government provided funding towards the construction of social housing and – under some programs – ongoing federal operating support and rent supplements. Terms and conditions for the federal assistance were set out in long-term operating agreements between CMHC and social housing providers, spanning 25 to 50 years. Operating agreements have started to expire, with the majority expiring over the next ten years and the last one to end in 2038.

The objective of this research project was to document promising practices of former federally-assisted housing projects that have transitioned to a post-subsidy environment and continued to serve households in need. The research, carried out in 2015, aimed to support housing providers preparing for the end of their agreements and to provide insight to decision makers.

Methods & Scope of the Study

The scope of the study was limited to federally-assisted social housing projects under the NHA social housing programs, including co-operative, private non-profit and urban native housing, whose operating agreements have already ended. It did not include municipal non-profit housing, on-reserve housing programs or unilateral provincial housing programs. It should be noted that some of the organizations included in the study have housing assisted through federal as well as provincial housing programs.

A list of housing providers whose operating agreements have ended was provided by CMHC. Information was gathered through in-depth telephone interviews with representatives from housing organizations, as well as a review of information from the organizations' websites and existing documents. An analysis of CMHC's market rent data to assess local rents and market conditions compliments the information gathered from the housing providers.

Development of the Case Studies

A total of 23 interviews with housing operators were completed, including five housing co-operatives; 13 non-profit organizations; and five urban Aboriginal housing organizations. These housing projects ranged from small to large housing providers from across the country (from 33 to 2,550 housing units), including housing providers in bigger metropolitan areas and smaller centres. Housing types ranged from single-family homes to town houses and apartments and provided housing for all types of households, including seniors, families, and mixed household types.

From the 23 operators who were contacted, 13 full case studies were completed. These provide information about the umbrella organization (if applicable); the individual project; the strategies and decisions made in preparation for the end of the agreements; any changes to the physical buildings and/or the tenant mix, and the organizations' perspectives on key practices.

Key Practices & Additional Findings

Each case study identified between two and five key practices. Nine common themes were noted; based on the frequency of organizations reporting these practices were:

1. Planning ahead
2. Developing new business models, being entrepreneurial and innovative
3. Building partnerships, networks and support
4. Rebalancing tenant rent profiles to maintain affordability
5. Managing Capital (Property and Portfolio)
6. Strong Financial Planning of revenue and reserve funds to ensure financial viability of projects

7. Communicating with residents
8. Developing internal capacity, professional staffing and use of outside professional advice
9. Using equity in property to finance renovations or develop new housing

Housing providers also noted a number of other unique activities that could not easily be captured under one of the nine themes. A list of these practices can be found in Annex B and further details are available in the individual case studies.

The interviews also provided insight into a number of internal and external factors that may affect the activities undertaken by the housing provider. For example:

- The portfolio size and type of housing affect the need for portfolio-wide versus project-specific planning;
- Internal capacity (including both staff and board resources) affects planning for and the implementation of plans when the agreements ends;
- Tenant and community needs are an important component of plans for the future to take account of existing residents' needs and the objectives of the housing organizations (such as maintaining affordability and services for residents); and
- Local housing markets (average market rents and vacancy rates) are important to consider when agreements expire and organizations have flexibility to revise rents.

It is important to note that every housing provider is in a unique situation with varying conditions, needs and goals to balance. These variables will demand unique responses that align with the specific project. Housing providers should consider the appropriateness of the promising practices presented in this research in relation to their organization's mission and objectives.

RÉSUMÉ

Objet de l'étude

Du milieu des années 40 au début des années 90, la SCHL a contribué à l'aménagement de logements sociaux en vertu de nombreux programmes relevant de la *Loi nationale sur l'habitation* (LNH). Aux termes de ces programmes, le gouvernement fédéral accordait des fonds pour la construction de logements sociaux et – dans le cadre de certains programmes – des fonds fédéraux permanents pour soutenir les ensembles résidentiels et offrir des suppléments au loyer. Les modalités de l'aide fédérale étaient encadrées par des accords d'exploitation à long terme (de 25 à 50 ans) conclus entre la SCHL et les fournisseurs des logements sociaux. Ces accords ont commencé à venir à échéance, la majorité d'entre eux prenant fin dans les 10 prochaines années (le tout dernier en 2038).

L'étude dont il est ici question avait pour but de documenter les pratiques des fournisseurs de logements sociaux anciennement subventionnés par le fédéral qui ont réussi leur transition après la fin des subventions et qui ont continué de servir les ménages dans le besoin. Effectuée en 2015, l'étude visait à aider les fournisseurs de logements à se préparer à la fin de leur accord et à éclairer les décideurs.

Portée de l'étude et méthodes employées

L'étude a essentiellement porté sur les ensembles de logements sociaux qui ont bénéficié d'une aide fédérale grâce aux programmes relevant de la LNH – notamment des coopératives d'habitation, des ensembles de logements privés sans but lucratif et des logements pour Autochtones en milieu urbain – et dont les accords d'exploitation étaient déjà arrivés à terme. Les auteurs n'ont pas inclus les logements sans but lucratif municipaux, les programmes de logement dans les réserves ni les programmes provinciaux unilatéraux. Il est à noter que certains organismes mentionnés dans l'étude possèdent des logements aidés à la fois par des programmes fédéraux et provinciaux.

La SCHL a remis aux auteurs une liste des fournisseurs de logements dont l'accord d'exploitation avait pris fin. Les auteurs ont recueilli des renseignements lors d'entrevues de fond menées par téléphone auprès de représentants d'organismes de logement. Ils ont aussi parcouru les sites Web des organismes ainsi que divers documents. Les renseignements obtenus des fournisseurs de logements ont été complétés par les données sur les loyers du marché produites par la SCHL afin d'évaluer les conditions du marché local et les loyers demandés.

Élaboration des études de cas

En tout, 23 fournisseurs de logements ont été interrogés, soit 5 coopératives d'habitation, 13 organismes sans but lucratif et 5 organismes de logement autochtones. Les ensembles d'habitation visés appartenaient à des fournisseurs de toute taille situés un peu partout au pays (portefeuilles de 33 à 2 550 unités), tant en zone métropolitaine qu'en région. Ces ensembles étaient constitués de maisons individuelles, de maisons en rangée et d'appartements et logeaient tous les genres de ménages, tels que des aînés, des familles ou un amalgame de ménages divers.

À partir des 23 fournisseurs contactés, 13 études de cas détaillées ont pu être réalisées. Celles-ci procurent de l'information sur l'organisme-cadre (le cas échéant), l'ensemble résidentiel concerné, les stratégies mises en œuvre, les décisions prises en prévision de la fin des accords, toute modification matérielle apportée aux immeubles et/ou la composition des locataires ainsi que les réflexions de l'organisme sur les principales pratiques appliquées.

Principales pratiques et constatations supplémentaires

Chaque cas étudié a fait ressortir entre 2 et 5 pratiques clés. Neuf thèmes communs ont pu être dégagés, en fonction de la fréquence avec laquelle les organismes ont signalé ces pratiques :

1. Planification
2. Élaboration de nouveaux modèles d'affaires, entrepreneuriat et innovation

3. Établissement de partenariats, de réseaux et de mesures de soutien
4. Rééquilibrage des profils de loyer des locataires afin de maintenir l'abordabilité des logements
5. Gestion des immobilisations (propriété et portefeuille)
6. Solide planification financière des revenus et des fonds de réserve pour assurer la viabilité des ensembles
7. Communication avec les résidents
8. Renforcement des capacités internes, personnel professionnel et recours aux conseils de spécialistes externes
9. Utilisation de l'avoir propre dans la propriété pour financer des rénovations ou créer de nouveaux logements

Les fournisseurs de logements ont aussi signalé d'autres activités uniques qui ne pouvaient pas être classées facilement dans l'un des 9 thèmes. On trouvera une liste de ces pratiques à l'annexe B ainsi que d'autres détails dans chaque étude de cas.

Les entrevues ont aussi fait ressortir des facteurs internes et externes qui pourraient avoir une incidence sur certaines activités entreprises par le fournisseur de logements. Par exemple :

- La taille du portefeuille et le type de logements influent sur le besoin de planifier à l'échelle du portefeuille ou de chacun des ensembles.
- La capacité interne (qui comprend les membres du personnel et les ressources du conseil d'administration) a un effet sur la planification et la mise en place de stratégies lorsque les accords prennent fin.
- Les besoins des locataires et de la collectivité s'avèrent un aspect important des plans dressés pour l'avenir puisqu'il faut tenir compte des besoins actuels des résidents et des objectifs visés par les organismes de logement (comme le maintien de l'abordabilité et des services pour les résidents).
- Les caractéristiques du marché de l'habitation local (loyers moyens du marché et taux d'inoccupation) sont d'importants facteurs à considérer à l'échéance des accords d'exploitation, car les organismes peuvent alors revoir les loyers.

Il est important de noter que la situation de chaque fournisseur est unique, les circonstances, les besoins et les objectifs à atteindre variant de l'un à l'autre. Ces variables exigeront des interventions propres à chacun d'eux selon les besoins de chaque ensemble de logements. Ces fournisseurs devront se pencher sur la pertinence des pratiques prometteuses exposées dans ce rapport à l'égard de la mission et des objectifs de leur organisme.

DISCLAIMER

CMHC and ASA Associates Inc. would like to thank all the housing providers, their Board members and staff who participated in case studies for this study. Participation in this study was entirely voluntary and we appreciate the time taken to share their experiences and information.

This project was funded by Canada Mortgage and Housing Corporation (CMHC), but views expressed are those of the author(s) and do not necessarily reflect the views of CMHC. CMHC's financial contribution to this report does not constitute an endorsement of its contents.

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Section 1. INTRODUCTION

1.1. Context, Purpose and Scope of the Research

Social housing was developed under numerous federal *National Housing Act* (NHA) programs through CMHC between the mid-1940s and early 1990s. Under these programs, the federal government provided funding towards the construction of social housing and – under some programs – ongoing federal operating support and rent supplements. Terms and conditions for the federal assistance were set out in long-term operating agreements between CMHC and social housing providers, spanning 25 to 50 years. Operating agreements have started to expire, with the majority expiring over the next ten years and the last one to end in 2038.

This report summarizes the findings of interviews with 23 housing projects, carried out by ASA Associates Inc. for Canada Mortgage and Housing Corporation (CMHC) in 2015. The research documented promising practices of housing projects that were formerly under a long-term operating agreement for social housing and that have continued to viably operate their projects and to serve households in need. The research is aimed to share key practices to:

1) support housing providers that are preparing for the end of operating agreements of social housing projects in their portfolio; and

2) offer insights to decision makers about opportunities for the transition of social housing in order to facilitate effective policy and program responses.

The scope of the research included housing projects built under federal social housing programs by co-operatives and non-profits, including those owned by urban native groups. Outside of the scope were public housing (including municipal non-profits), on-reserve housing and unilateral provincial housing programs.

For each project, information was gathered about the housing provider and the housing project whose agreement had ended, with a focus on the provider's strategies to prepare for the end of the operating agreement; key decisions and steps taken based on context and circumstances; any changes in the housing provided; and the provider's perspective on key practices and lessons learned.

Most of the case studies focused on a project where the operating agreement had ended by 2015. However, in a few cases, the research covered a broader range of housing as a result of the following factors:

- **Nature of the housing portfolio owned:** Under some programs (e.g. Urban Native Housing Program and Rural and Native Housing Program) the housing was in the form of single family homes, with each dwelling having a separate CMHC agreement. Housing providers with this type of 'scattered' portfolio manage the housing collectively. Therefore, it was more relevant to focus on planning for the portfolio than to discuss decisions about individual homes; and,
- **Multiple agreements expiring**: Housing providers may have multiple properties with expired agreements, and yet more to expire in the coming years. Some of these providers took a more strategic portfolio-based approach in their planning rather than focusing on specific projects. Therefore, the case studies dealt with the overall portfolio.

1.2. Research Objectives

The study was designed to address the following four guiding questions, identified by CMHC:

1. What conditions were housing providers confronted with leading up to and at the end of the operating agreements?
2. What were key factors in maintaining or improving project viability?
3. What financial and other strategies did housing providers use to continue serving households in need?
4. What are important insights and lessons learned that could help other social housing providers in the transition to a post-subsidy environment?

The scope of the study was limited to federally-assisted social housing projects under the NHA social housing programs, including co-operative, private non-profit and urban native housing, whose operating agreements had already ended. It should be noted that some of the organizations included in the study have housing assisted through provincial as well as federal housing programs.

Details pertaining to the first guiding question about the initial conditions were harder to tease out. The other guiding questions about key factors in maintaining viability, financial and other strategies, and lessons learned produced much clearer information. Therefore, this report and the accompanying case studies were not always able to provide the full context of conditions leading up to the end of operating agreements, but offer significant other useful information about maintaining viability, planning and strategy, and lessons learned.

1.2.1. Six Step Methodology

Development of the case studies involved six steps:

1. **Contacting Housing Organizations:** Beginning with a list of housing organizations whose operating agreements had ended, the researchers reached out by telephone and email to invite housing organizations to participate in the study. In some organizations, there was difficulty finding the right person to interview due to there being limited paid staff, and turnover of staff and/or Board members. In some cases volunteer Board members had to be contacted. Participating organizations received copies of the interview questions in advance to allow them to prepare their responses before the interview.
2. **Compiling background Information for the organizations:** Researchers compiled information from the organizations' websites and existing documents. This information was validated with the housing organization during the interview.
3. **Conducting in-depth telephone interviews:** Most interviews were one to two hours in length and some situations involved several interviews. Some interviews were with the senior staff member (CEO, general manager or director) of the organization, while others included several people from the organization (such as the manager and head of finance or operations), or Board members. In a few cases, interviews involved representatives of management companies that worked with the organization. The interviews included open-ended questions to obtain their views. The study did not include pre-determined categories of key practices.
4. **Confirming Additional information:** Information from the interviews and organizations' websites was verified with the organization. Follow-up emails and telephone calls were completed in many cases to confirm data from the interviews and to obtain clarification as required. Relevant information was added into the draft case study reports.
5. **Analyzing CMHC rental market data:** Relevant information from CMHC rental market reports was extracted for the local market area for each case study. The main purpose was to summarize average rents in the private market and compare these to the monthly rents or housing charges in housing projects with expired operating agreements.[1] Using existing rental market data meant that the case studies were based on the Fall 2014 CMHC

[1] Housing charges are what members in co-operatives pay, similar to rent.

rental market data, the most current data available at that time. Most of the case studies were completed before November 2015 when the Fall 2015 rental data was released.

6. **Validation of all draft case study reports by the housing organizations**: Draft case study reports were sent to the persons interviewed to ensure their perspective was included and accurately conveyed in the report. The groups provided photographs of their projects and the drafts were revised and provided to CMHC for final review and edits.

1.2.2. Methodological Limitations

Three major challenges were addressed during the study:

- **List of Projects with Expired Operating Agreements**: A challenge encountered throughout the study was securing the participation of housing providers. Initially, CMHC compiled a preliminary list of 60 housing providers to be interviewed. Efforts to reach these groups were only partially successful. As a mitigating step, an additional list of names was provided part-way through the study and additional contacts were provided by CMHC regional staff.
- **Coverage of Three Types of Housing Organizations:** As the first phase of case studies was completed, the coverage of housing types and regions was reviewed to ensure the sample selection was balanced. The decision was made to increase coverage of housing co-operatives, Urban Aboriginal housing groups, and add more examples in regions with fewer cases. These efforts were somewhat successful in expanding coverage of a variety of cases.
- **Turnover of Knowledgeable Organizations' Staff or Board Members:** The study involved interviews with a staff, board member or manager who was knowledgeable about the organization's housing before and after operating agreements expired. As individuals had retired or were difficult to reach, or new management arrangements had been put in place, the study found that some gaps in information could often not be addressed. In smaller organizations where there is limited paid staff, it was often possible to interview a board member. However, interviewees that were newer or board members were sometimes unfamiliar with the original social housing program or operating agreement. Due to these challenges, there was insufficient information to complete some of the originally intended case studies.

Thus, full case studies outlining details of a project were possible for 13 of the housing operators (See Part 2). The summary that follows contains information from all 23 projects that were contacted.

Section 2. PROFILE OF HOUSING PROJECTS STUDIED

2.1. Types of Housing Organizations

The organizations contacted for this project include housing providers in large metropolitan centres and smaller cities from across the country[2]. The non-profit housing organizations covered in this study were generally smaller community-based groups. As such, it is important to note that the housing projects profiled in this report are illustrative rather than representative. They are not a statistical sample of social housing in Canada or of projects whose operating agreements have ended.

Table 1: OVERVIEW OF CASE STUDY ORGANIZATIONS (n=13)

Housing Organization (alphabetically by type)	City, Province	Housing Portfolio of Organization[3]	
		Client Group	# of Housing Units
Housing Co-operatives [3]			
Jenny's Spring Housing Co-operative	Saint John, NB	Families	33
Sarcee Meadows Housing Co-operative	Calgary, AB	Families	380
Twin Pine Village Housing Co-operative	London, ON	Families	82
Non-Profit Housing Organizations [6]			
Bethania Mennonite	Winnipeg, MB	Seniors	634
Centretown Citizens Ottawa Corporation	Ottawa, ON	All	1,600
Homes Unlimited	London, ON	All	456
Norfolk Housing Association	Calgary, AB	All	114
Pineview Home for Seniors	Sarnia, ON	Seniors	94
Victoria Park	Hamilton, ON	All	2,550
Aboriginal Housing Providers [4] (See Note [i])			
CanAm Housing	Windsor, ON	Families	94
Carleton Housing	Lloydminster, SK	Families	82
M'akola Group of Societies	Victoria, BC	All	1,600
Namerind Housing	Regina, SK	All	350

The housing organizations varied widely in terms of the size of their portfolios, ranging from a co-operative with 33 housing units to a large non-profit with 2,550 units. They included all types of housing from single-family homes to townhouses and apartments. In general, the key characteristics of the 23 housing organizations profiled in this study included:

<u>*Co-operative Housing:*</u>

- Generally built for family housing, mostly row housing or townhouses with larger (3 and 4 bedroom) units for larger families;

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[2] Although organizations in each province and territory were contacted, due to limited information, it was only possible to complete one case study in the Atlantic Provinces, and none from the Territories.

[3] These figures include all housing units owned and managed by the organization in 2015. The totals include both federally assisted and provincial housing program units, For example, the Provinces of Ontario and British Columbia have provided financing for non-profit housing independently of the federal programs. Some groups provided supportive or assisted living housing units and the numbers of units include these. Some organizations provide property management services for other non-profits or housing co-ops. The numbers of units managed are included in the total number of units. Units in projects with expired CMHC agreements are included in the total portfolio numbers, provided that the properties are still owned by the organizations.

- Generally comprised of fewer than 100 units; and,
- Generally built in the 1970s.

Non-Profit Housing:

- Varied from smaller housing organizations (many serving seniors) to medium-sized organizations (with more properties) to large corporations with a variety of housing units.[4]
    - Small (bachelor and 1 bedroom) units in projects for seniors. These projects ranged from ground-oriented designs to medium-rise apartments in larger cities;
    - Duplexes, triplexes, row and townhouses for all types of tenants;
    - Medium- to high-rise apartment buildings for families, couples and single people; and,
    - A mix of housing built in the 1970's, including smaller, older properties and higher density projects that had been built at a later date.
- Some organizations specialized in providing supportive housing for residents with distinct needs such as mental health issues or other disabilities.

Aboriginal Housing:

- Included some smaller organizations (with less than 100 homes) to medium sized organizations, such as Namerind Housing in Regina (with 350 housing units) to large organizations, such as M'akola in BC with 1,600 units under management in 2015.
- Older, single family homes and properties in inner-city neighborhoods;
- Newer housing projects with more variety of housing;

Section 3. KEY PRACTICES

3.1. Nine Common Themes in Key Practices

The information summarized below was either outlined by those interviewed, or observed by the researchers. A content analysis (using recurring key words and topics) was used to identify groupings of related practices and themes.

Nine common themes were noted, based on the frequency of organizations reporting these practices:

1. Planning ahead before the operating agreement expires
2. Developing new business models, being entrepreneurial and innovative
3. Building partnerships, networks and support
4. Rebalancing tenant rent profiles to maintain affordability
5. Managing capital (property and portfolio)
6. Planning finances to ensure ongoing financial viability (e.g. revenue and reserve funds)
7. Communicating with residents
8. Developing internal capacity, professional staffing and use of outside professional advice
9. Using equity in property to finance renovations or develop new housing

There were also a number of unique practices related to the particular experiences of individual housing organizations. While these were less common, they reflect interesting approaches that may be helpful. These practices are summarized separately in Section 4.2 of this report.

Section 3.3 summarizes these themes and associated sub-themes.

[4] The two largest non-profits (Victoria Park based in Hamilton and Centretown Citizens Ottawa Corporation) own many properties funded under both federal and provincial programs, and they also provide property management services for other non-profit and co-operative housing. Victoria Park manages housing in seven other communities surrounding the City of Hamilton.

The three major themes were Planning Ahead, Developing New Business Models and Building Partnerships, Networks and Support. Almost all organizations identified one or more of these three themes in their key practices, and some included all three areas:

- **Theme 1 - Planning Ahead Before the Operating Agreement Expires**
  For those with multiple projects, emphasis was on the need to look into the future as more agreements will expire and to develop a strategic plan for their portfolios as a whole going forward. The remaining organizations also carried out various types of 'planning' for their operations but they did not highlight planning as a key practice for the end of agreements;

- **Theme 2 - Developing New Business Models.**
  Some housing organizations were strongly focused on innovative, new approaches to carrying out their mandates and missions, including more entrepreneurial models and increasing revenue sources. In some cases, improving organizational capacity and organizational change was a dimension of new business processes;

- **Theme 3 - Building Partnerships, Networks And Support**
  About a third of housing providers interviewed placed a strong emphasis on building partnerships or expanding linkages with the community including businesses and agencies. Some noted the importance of clarifying the role of the housing provider as distinct from the services provided by other agencies. Some also valued positive relations with provincial housing agencies and/or the municipality**.**

- **Theme 4 - Rebalancing Tenant Rent Profiles To Maintain Affordability**
  Many housing providers wanted to continue to provide affordable homes accessible to those with low-incomes. In many cases, with the operating subsidies, all units were targeted to low-income households, yet without subsidies, this was no longer possible. Providers identified mixed-income models that allowed them to offer some affordable units, while covering the costs of internal subsidies through closer to market rents on the majority of their units.

- **Theme 5 - Managing Capital (Property and Portfolio)**
  Several housing providers spoke to the need for preparing for the end of operating agreements by ensuring that their properties were in good repair and any major upgrades or renovations were already completed.

- **Theme 6 - Planning Finances to Ensure Ongoing Viability**
  Some providers that generating capital reserves was essential to ensuring viability and this was done in a variety of ways from establishing other business services as part of the activities of the organisation, or through adjusting rents after the operating agreement had ended to increase revenues.

- **Theme 7 - Communicating With Residents**
  A few housing providers, particularly co-ops, spoke to the need to inform and communicate with their residents as changes were made to prepare for and come off operating agreements. This helped to smooth the transition from the operating agreement expiring and implementing a new approach which sometimes involved higher rents or housing charges.

- **Theme 8 - Developing Internal Capacity and Using Outside Professional Advice**
  Some housing providers noted that professional advice, particularly with financial planning and with renovations and maintenance was helpful in preparing for the end of the operating agreement. Others commented that hiring professional staff or services to take on the property management helped make the project viable post-agreement.

- **Theme 9 - Using Equity in Property to Finance Renovations or Develop New Housing**
  Several housing providers were able to use the equity in their existing properties to access a new, lower-interest mortgage and carry out renovations or maintenance to improve building conditions make their project more viable. Other organisations used this funding to build additional homes or expand their portfolio.

In general, larger organizations (with large housing portfolios) tended to adopt more comprehensive approaches, whereas small organizations (with only one housing property) focused on the most critical options available to maintain their mission and providing housing for their residents. This suggests that organizations need to consider which practices are most appropriate and potentially useful for them when their agreements expire. The relevant factors varied depending on both the characteristics of their portfolios and the priorities of their organization.

3.2. Conditions and Trends Affecting Decision Making of Housing Organizations

The housing organizations that took part in this research shared the conditions and trends that influenced their planning and decision-making in preparation of the end of operating agreements, as context for the strategies they implemented both before and after the expiry of an agreement,

The research indicates that organizations looked in detail at internal, operational factors such as: the physical condition of housing projects; the size and type of housing portfolios; the internal capacity of personnel within the organization; and the financial position (e.g. such as the state of their reserve funds) of the organization.

It was more challenging for the research team to assess external factors. The research seemed to indicate that housing providers looked at social trends (e.g. mixed-income, core housing need trends), demographic needs, and housing market conditions (e.g. vacancy rates, average market rents). These external factors affect housing affordability and were taken into account by the housing provider in developing revised rent structures.

The case studies include additional information that was taken into consideration by the housing providers in preparation for the end of their agreements.

3.2.1. Internal Factors

Planning varied depending on the type and the size of housing organizations. Project-based planning assessments were different from portfolio-wide strategic planning.

- Portfolio-wide and strategic planning was important for housing providers with multiple projects and larger portfolios. These plans took account of the upcoming schedule of agreements nearing the end of their term as well as the different types of housing units available to assess how well they continue to meet the needs of the community (e.g. mismatch of stock[5]).
- Planning for a portfolio of older, scattered, single family dwellings involved different challenges. Some organizations had properties that were costly to operate (e.g. due to age of building) and had limited revenue potential. With these conditions, a full-scale condition assessment of the housing stock was key to determining the feasibility of retaining all of the units. In these cases, some housing providers determined that the sale of some units could generate revenues for repairs and maintenance of other properties.
- For small housing co-operatives and non-profits that had only one housing project, planning was more specific to the project site, such as the addition of more housing units or redevelopment of the existing project.

Internal capacity was a key factor in planning for the end of agreements and implementing plans. The internal capacity can include both professional staff and board governance:

[5] Mismatch of stock refers to a situation where the size and configuration of housing units does not accommodate the target population. For example, if the project has only one or two bedroom units and is trying to house large families, or the project has many two or three bedroom units, but serves mainly single adults or seniors.

- Organizations with both strong professional staff and an experienced Board were generally in a good position to address the changes that came with the end of agreements. The research indicates that having both qualified staff and an experienced Board of directors in place before agreements end is an asset.
- Some organizations sought to diversify board membership to include representatives from the local business community or to include Board members with a broader range of skills. Broadening board representation was seen as providing added benefits such as building networks and contacts as well adding useful skills.
- The extent of paid professional staff varied across housing organizations. With limited staff, some smaller organizations had tended to rely on volunteer project managers and co-ordinators for day-to-day operations, while others reached out to obtain property management services from larger non-profits or affiliated themselves with a sector management group. These approaches seem to have provided some economies of scale; however, planning for the end of agreements was challenging for organizations with limited financial and human resources.
- *Therefore, assessment of organizational capacity (for planning and managing change at the end of agreements) could be a useful practice.*

Strong financial planning and analysis were beneficial in assessing alternative scenarios when agreements expire. .

- Housing organizations found that they needed to consider all potential funding and revenue sources that could contribute to organizational stability, autonomy, self-reliance, and resilience. Financial analysis of the project or portfolio was necessary to inform decisions about equity and investment management on a longer-term basis.
- Some housing organizations, particularly smaller providers, relied on professional financial advice. Refinancing older properties (after original mortgages are repaid) was one source of financing that organizations considered, to carry out major renovations or to contribute funds for new project development.
- Disposition of older properties as a potential source of funds was considered by some housing organizations, but they needed to assess and balance the impact on tenants, whom they felt should be informed well in advance of any changes, and to give the organization time to implement any measures to mitigate the impact.
- The opportunity to redevelop or construct new buildings may exist for some organizations. Considerations such as the cost of land were deterrents for some organizations, particularly those in high priced markets, who were able to see greater benefit from revitalizing their existing stock, or adding units to land they already owned.
- *Therefore, it would be especially useful to assess the scope and sources of financial advice before agreements expire.*

3.2.2. External Factors

The resident and community focus of a non-profit organization and a desire to have social impact often involve providing long-term affordable housing for key client groups like seniors, Aboriginal populations and low-income individuals and families. These aims needed to be balanced with financial constraints.

- In many cases, the tenant mix has changed since the original agreement was signed. The end of agreements raised questions for organizations about the mix of residents required to maintain viability into the future. In some cases, there seemed to be a "mismatch of stock", meaning that the units available no longer meet the requirements of the community. For example, projects with larger (family-sized) units may not be well matched with empty-nester households and in other cases, seniors are "aging in place" and the units in the building may not be accessible to their needs. Broader demographic trends (such as aging of the population) were taken into consideration in planning for the future and housing providers considered adding other types of units to match current and future residents' needs.

- To ensure funding serves households in need, most housing agreements require housing providers to apply household eligibility criteria based on a household's income level. These requirements set the targeted income-mix and the income levels within the housing project. In larger organizations, the income-mix can be managed on a portfolio basis; higher rents in some buildings can generate surpluses that can offset expenses in other buildings and/or to cover internal subsidies for reducing rents. For groups with small portfolios, there were fewer opportunities for varying rent scales. In these cases, some housing providers needed to consider housing higher-income households to increase revenues when the agreement ended (and the income restriction is no longer applicable) to make up for the loss of subsidies.
- Organizations often had long-term residents with low or fixed incomes and were committed to minimizing disruption of their housing stability. There were options for setting lower rent scales for 'existing' tenants and defer increasing rents until turnover of tenancies. Phasing-in changes in rents is also a viable option to address social goals of housing providers while increasing financial viability.
- Location may also play an important part in determining the best course of action for particular organizations. In some cases, existing housing projects were part of established neighbourhoods and communities. Some tenants were long-term residents of these areas and had ready access to the services and amenities they need, with the housing organization playing a valuable role for these established residents.

Housing markets vary across Canada. As a component of local housing markets, housing providers have to consider their position in the market and sub-markets in larger centres. This requires an understanding of local market conditions and trends:

- Conditions in local markets, such as market rent levels and vacancy rates, affected how housing providers position their rent structures after agreements expired. Housing organizations were able to relate their revised rent structures to the appropriate market rent levels. However, the new rent levels had to take account of the relative quality of units in older projects to avoid over-pricing and resulting in vacancy losses.
- Increases in rents are regulated in many provinces, limiting the potential for annual increases in rental revenues from existing tenants.
- *Therefore, understanding the local housing market is valuable when considering revised rent structures. Forecasts of rental revenues need to take account of the limits to increases and how closely the rent matches market conditions.*

3.3. Detailed Discussion of Major Themes

THEMES (by frequency of mention)	SUB-THEMES
1. **Planning**	• **<u>Plan Well Ahead Before Agreement Expires</u>** Planning several years before expiry dates and as early as possible was stressed by many groups. • **<u>Carry out Long-term Planning</u>** Long-term planning (up to 30 years) required for organizations with a portfolio to plan for future when more agreements expire (rather than focusing one project at a time). • **<u>Be Realistic</u>** Having good, realistic plans for project was seen as key by some groups. Some groups did a full physical condition assessment of all projects to plan for renovations and phasing of upgrades. Consider retention and disposition of properties • **<u>Develop Capital and Equity Plans</u>** Some identified the need for having capital plans (for renovations) and others noted the need to know the equity needs (e.g. if redevelopment or large-scale reinvestment is required).
2. **Developing New Business Models**	• **<u>Explore New Models</u>** Some groups took the opportunity to develop new business models for operating projects after expiry (such as transferring them into a separate portfolio). - Consider social entreprise model to become self-sufficient organizations. - Consider developing other sources of revenues to create surpluses (such as retail revenues, property management services for other housing groups) and build resilience through diversification. • **<u>Innovation</u>** Being innovative, creative and thinking outside the box was stressed by several groups, to find new ways of operating. • **<u>Financial Models for Decision-making</u>** Use financial models for decision-making to assess options for the portfolio. • **<u>Focus on equity</u>** A focus on leveraging existing equity can make groups more autonomous and self-sustaining (avoid dependency on government).
3. **Building Partnerships, Networks & Support**	• **<u>Strong Partnerships an Asset</u>** Strengthening partnerships with other organizations helps housing providers focus on and clarify their roles. Working with others to meet needs in the community builds bridges and support from other agencies. Some have formal partnerships arrangements with services organizations to ensure that tenants have access to services needed. • **<u>Network with Local Community</u>** Some stressed the importance of networking with the local business community and private sector to build contacts and support. • **<u>Build Good Relations with Provinces/Municipalities</u>** Others found it helpful to have strong (positive) relations with the province and in some instances support from the city, since provincial agencies are in most cases responsible for administration of social housing. The provinces also deliver new funding that can be used to develop new housing if existing projects have to

	be replaced. In some cases, the housing organizations have taken on management of provincially-owned housing or developed a joint project. Where municipalities deliver new housing funding, housing providers can benefit from local city support.
4. Maintain Affordability, Rent Structures and Income Mix	• **<u>Maintain Affordability</u>** Keeping rents affordable is a priority for housing organizations, even if some increases in rents are required for financial reasons. Definitions and levels of affordability can be defined in relation to comparable market rents. Some organizations establish rents that are below market levels and are able to maintain lower or subsidized rents on some of their units, supported by internal subsidies from high-rent units. • **<u>Create New Viable Rent Structure</u>** There is flexibility to set new rent structures after agreements end. There can be a variety of rents and several groups focused on preserving reduced rents particularly for long-term tenants with lower-incomes. - New rent structures can be designed and implemented as new residents move in. - Rents can be increased (as allowable under rent regulations) but do not have to increase at the same rate as market rents. The location and condition of the properties affect the rent levels set. • **<u>Maximize Mix of Incomes</u>** Some groups stressed maximizing the income-mix to the extent possible. - The ratios of low/moderate or middle-income can be determined by the housing organization and these ratios can vary from one property to another for organizations with a portfolio of housing. - Once agreements end, the organization can take a broader view of mix across its portfolio rather than mix within each individual building. - Groups can choose to maintain internal subsidies across projects with some properties generating surpluses to offset operating costs in other properties (and reduce rents).
5. Maintain Building Quality and Asset Value	• **<u>Maintaining Building Conditions</u>** Several organizations noted that on-going maintenance (before agreements expire) helped ensure that properties were in good condition at the time when the agreements ended. This positioned the organization well to continue operations. Some groups emphasized bringing buildings up to a good quality of repair before agreements ended. • **<u>Viewing Maintenance as an Investment</u>** Some viewed investment in maintenance as valuable to protect asset values. Having good asset value allows for use of equity to borrow for major renovations. • **<u>Being Prepared with Reserves for Maintenance</u>** Having reserves when agreements end can enable modernization and renovations.
6. Planning Finances to Ensure Ongoing Viability	• **<u>Surpluses for Reserves Before Agreements End</u>** Having a reserve before operating agreements end allowed many organizations to undertake improvements to the property or subsidize rents for low-income households. The financial stability provided by reserves also supports project viability. • **<u>Adequate Revenues</u>** Housing organizations found a variety of ways to ensure adequate revenues after operating agreements had ended, including restructuring rent,

7. Communicating With Residents	• **<u>Inform Residents in Advance</u>** Communicating with residents about the changes coming with the end of operating agreements helped smooth the transition for many housing organizations. • **<u>Explain Changes to Residents</u>** If there were changes to the rent structure, it was essential to explain these in advance to tenants to give them time to adjust or make arrangements for alternative housing.
8. Developing Internal Capacity and Using Outside Professional Advice	• **<u>Hire Well-Paid Professional Staff</u>** Some housing organizations hired new staff to help manage the project or portfolio after the agreement ended to ensure professional management of finances and operations. • **<u>Use Outside Expert Advice when Needed</u>** Many housing organizations found it beneficial to engage expert advice, particularly for financial planning, but also for renovations and maintenance of the project. This contributed to the post-agreement viability of the project.
9. Using Equity in Property to Finance Renovations or Develop New Housing	• **<u>Consider Life of Building and Investment</u>** Most housing organizations were faced with evaluating the physical condition of their housing in the process of planning for the end of operating agreements. This raised the question of whether to invest in the revitalization of units in poor condition, or sell them off. • **<u>Feasibility of Developing new Buildings</u>** Some housing organizations considered whether to build new units by leveraging the equity in their existing project for new financing. For most organizations, this turned out to not be a feasible option, and many chose to invest in maintenance and upgrades of existing housing.

Source: Interviews with case study housing organizations, ASA Inc., 2015. (See Case Study Reports)
(Note: One of the 23 interviews did not identify key practices.

3.3.1. Unique Practices Identified

Some groups identified specific practices that, from their experiences, were perceived as being important to the organization. Although these do not fall into any of the areas above, some of them may be useful for other organizations to consider.

The following comments were identified by one organization:

- **Having a strong Board commitment (to plans)** was specifically noted by one group. This may have been a factor in other groups but it was not highlighted.
- **Sell units to grow** was a key practice for the approach used by one group.
- **Considering that seniors (with low incomes) have limited options** was a concern identified by one group that aimed to avoid displacement of existing residents.
- **Maintaining Aboriginal focus** (for an Aboriginal housing provider) was seen as key for future plans in one group.
- **Thriftiness** (defined as thoughtful spending) was a driving factor for decisions in one group.
- **Need to move forward** (related to taking a different approach) was needed for one group.
- **Consider adding a new building** (in a smaller group) was a useful approach for meeting changing resident needs.
- **Purchase quality buildings** was a lesson learned from past experience with older properties acquired and needs to be considered for the future.
- **Limited project life** (with aging properties) affects decisions about investment in renovations and redevelopment.
- **Maintain the original mission.**
- **Decentralized structure** helps cover many municipalities.
- **Combining funding sources** helps to keep expanding services to meet needs.
- **Building trust and respect within the housing project.**
- **Safety and security in the housing** creates a strong community**.**

Section 4. SUMMARY

This study included 23 examples of organizations that had housing projects with expired operating agreements. Housing providers included housing co-operatives, private non-profits and urban native organizations from across Canada. Some of the organizations have grown since the 1970s and expanded their portfolios with federally-supported (NHA) programs through to the 1990s. Since that time, some have continued to grow with provincially-supported housing programs. As a result, the end of the agreements affect only parts of their housing operations.

The case studies point to positive outcomes for the transition of projects after operating agreements end, to remain viable and able to offer affordable housing to those in need. The experiences of housing organizations whose operating agreements have ended point to useful practices that could be shared with other housing providers approaching the end of their agreements. Key practices identified included: planning ahead, developing new business models, and increasing partnerships and networks.

All of the housing organizations had considered the impacts of the end of their operating agreement from multiple angles, including resident profiles, capital reserves and future needs, financing, capacity and rent structures, to plan for future viability. In addition, many noted that maintaining affordability of rent, communication with residents, and maintaining housing quality were important considerations. All the organizations had Boards that have been involved in decisions about housing when agreements expire.

Analysis of internal and external factors suggests that there are many considerations affecting the appropriate practices that may be useful for each organization. The key trends that influenced the decisions and planning of housing organizations were:

- *Determining what type of planning is suitable for the organization's needs.*
- *Developing organizational capacity (for planning and managing change at the end of agreements) needs to be considered.*
- *Assessing the scope and sources of financial advice before agreements expire.*
- *Considering the social impact on residents and the community as part of plans for housing portfolios to address the needs of existing residents.*
- *Understanding the local housing market when considering revised rent structures. Forecasts of rental revenues need to take account of the limits to increases and how closely the rent structures relate to market trends.*

The research uncovered many practices, both common and unique, used by housing organizations to address the changes and transition beyond the end of their operating agreements. These practices can be combined in many ways to address the particular challenges and conditions facing each housing organization to ease transitions at the end of an operating agreement. The housing organizations profiled in the following case studies show that using practices that address the needs of each project can lead to continued success and viability.

Section 5. ANNEX: TERMINOLOGY AND ACRONYMS

Housing Organizations

Housing 'organizations' are defined as *the legally incorporated entities that own and/or operate housing projects for the target populations defined within their stated mandates or mission.*

These organizations are incorporated under provincial legislation which varies somewhat across Canada. In most cases they are described as *'corporations'*. However, some provinces (such as British Columbia and Alberta) have legislation for non-profit organizations described as *'societies'*. In some cases, the groups are described as *'associations.'* Therefore, the legal names of the groups can vary.

Some organizations may also be registered as *'charities'* under federal legislation which is regulated by the Canada Revenue Agency. As well, some of the organizations have established development 'arms' for the purposes of building new housing projects.

Two key points are important to note:

- **All of the organizations were incorporated non-profits.** As such, they were highly regulated by the provinces and were subject to the legal requirements of the Acts under which they incorporated. The designated provincial ministry is responsible for overseeing the compliance of the organizations with the conditions of the provincial Acts. In addition, non-profit organizations are eligible for a preferred tax status under GST/HST regulations administered by the federal Canada Revenue Agency. Rebates on GST/HST expenditures can be a significant saving in operating budgets for non-profit organizations; and,
- **All of these non-profit organizations had Boards of Directors.** The Boards were made up of volunteer members. Although the organizations may have paid staff to run their housing operations, the Boards are legally responsible for the financial and corporate management of the agencies. In housing co-operatives the Boards are usually made up of resident members in the co-operative. The Boards of some non-profit rental organizations include tenant members, as well as representatives from the local community and the business sector.

As non-profits, the organizations have to operate within the legal and regulatory conditions that include financial accountability requirements for the corporations. The important point to note is that the end of operating agreements for specific housing projects does not affect the legal regulations for the non-profit organizations.

Definition of Housing Projects

For purposes of this report, a *'project'* is defined as a dwelling or group of housing units that were supported under one of the NHA housing programs and covered under the terms of a federal operating agreement. Projects vary from single detached homes to high rise apartment buildings.

Housing projects under a federal agreement may include several buildings and/or different types of buildings that were all built or acquired at the time that the project was originally developed. They also sometimes include a mix of unit types (from bachelor suites to larger (three or more bedroom units).

The original housing projects may have been existing buildings that were purchased or newly constructed buildings. Some of the existing buildings purchased were in good condition while other buildings required extensive renovations or repairs.

List of Acronyms

CMHC	Canada Mortgage and Housing Corporation
CMAs	Census Metropolitan Areas
CHF	Co-operative Housing Federation of Canada
CCOC	Centretown Citizens Ottawa Corporation
NHA	National Housing Act
NP	Non-Profit
MMAH	Ministry of Municipal Affairs and Housing of Ontario
MR	Market Rent
ONPHA	Ontario Non-Profit Housing Association
RGI	Rent-Geared-To-Income
RRAP	Residential Rehabilitation Assistance Program
RNH	Rural and Native Housing

Case Studies of Housing Projects with Operating Agreements that Have Ended

Final Report – Part 2 - Case Studies

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Disclaimer

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CONTENTS

1 M'AKOLA GROUP OF SOCIETIES, BRITISH COLUMBIA

Photograph courtesy of M'akola, BC.

Overview
Housing Provider: M'akola Group of Societies, British Columbia Founded in Victoria, BC in 1984, the Aboriginal non-profit organization was renamed as the M'akola Housing Society in 1988. Since that time it has expanded into what is now the M'akola Group of Societies. It consists of seven societies including a development division. In 2015, the M'akola Group of Societies managed a portfolio of 1,600 housing units in urban centers, small communities and rural areas across the Province. Its mission is to provide affordable housing primarily for Aboriginal Peoples off-reserve and to enhance community partnerships. **Housing Projects: Rural and Native Housing in North West British Columbia** Since 2013, 60 family housing units funded under the federal Rural and Northern Housing (RNH) programs in small communities such as Terrace and rural areas of North-West BC have reached the end of their operating agreements. These programs provided family housing units on a rent-geared-to-income basis. Tenant families originally paid 25% of their incomes in rent plus utility costs. M'akola has harmonized its rent structure across its portfolio and increased the rents to 30% of income. Assessment of the properties on a case by case basis resulted in disposition of 52 of the properties. The remaining eight properties were retained, with half these units rented as a 'fixed rent' by income ranges and half with a M'akola subsidy. **Federal Program:** Rural and Native Housing Program **Expiry of Agreement:** 2013 - 2015 **External Partners/Funding:** M'akola partners with other urban Aboriginal housing providers to manage and develop housing. It also partners with BC Housing, First Nations, and other non-profits. No external sources of additional funding were received for the properties with expiring agreements. **Key Practice Highlights:** Rent Harmonization, Sustainability, Inform Tenants, Affordability Options, Planning Ahead

1.1 The M'akola Group of Societies, British Columbia

The Organization

The M'akola Group of Societies (hereafter referred to as 'M'akola') is a non-profit housing organization. In 2015 it managed 1,600 housing units primarily for Aboriginal peoples in urban and rural areas across British Columbia, through seven housing societies including a development division.

The organization began in the 1980s:

- In 1984, the *Victoria Native Indian Housing Society* was established as a non-profit housing provider on Vancouver Island. Its mandate was to provide safe, affordable housing for families of First Nations ancestry in urban centres on Vancouver Island.
- It provided family housing funded by the federal Urban Native Housing Program.
- The name of this group was changed to the *M'akola Housing Society* in 1988. 'M'akola' is a Coast Salish word meaning 'a safe place'.

Since the 1990s, M'akola has taken on management of the federal Rural and Native Housing Program units on Vancouver Island. In 2013, BC Housing transferred an additional 300 RNH units in other parts of the Province to M'akola.[1] Under an agreement with the Province, M'akola has also assumed management of BC Housing units funded by the provincial housing program, *Homes BC*.

In 2015, M'akola's housing included:

- 372 Urban Native Housing Program units in four centres (Victoria, Nanaimo, Duncan and Port Alberni)
- 400 Rural and Native Housing Program units across BC transferred to M'akola by the Province
- 600 units under the provincial *Homes BC* program (owned by BC Housing) managed by M'akola
- Other housing projects developed under provincial programs with partners for seniors' assisted living and affordable rental housing (247 units) with funding from the federal-provincial Affordable Housing Initiative and Investment in Affordable Housing programs.[2]

M'akola is the largest provider of non-profit housing for Aboriginal people in British Columbia and the second largest non-profit housing society in the Province.[3] As a non-profit, M'akola has a Board of Directors that is responsible for the corporation.

The Housing Project: Rural and Native Housing Family Homes

From 2013 to 2015, agreements expired for 60 homes under the Rural and Native Housing Program. These houses were:

- Located in rural communities of north-west British Columbia
- Single detached, family homes
- Rented based on family incomes and fully subsidized
- In poor condition with limited resale value

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1 BC Housing – Housing transferred to Aboriginal Providers, Media Release, April 10, 2013. (306 units in Northern BC, South Cariboo and the Sunshine Coast transferred to M'akola)

2 AHI and IAH (Affordable Housing Initiative and Investment in Affordable Housing) are joint federal-provincial housing financing programs that provide capital grants for new rental housing development with below market rents.

3 BCNPA, Does Affordable Aboriginal Housing Have a Beneficial Impact, Collaborating to Develop An Evaluation Framework, October 2012, pp. 2-3.

This case study focuses on this first group of 60 homes with expired agreements and the end of subsidies. However, M'akola had to consider its overall approach for the entire portfolio of housing units because all of its RNH and Urban Native Housing Program units were fully-subsidized for low-income tenants, and agreements for these are also set to expire[4]

1.2 Strategy For Post-Agreement Viability

The Board's Strategy
In 2005, the M'akola Board developed a Comprehensive Strategic Plan to define the areas of focus for the organization from 2006 to 2010. The Plan focused on maximizing and leveraging M'akola's assets, its capacity to meet the mission and vision of the organization, and its five strategic goals as follows:[5]

- Providing quality housing
- Enhancing partnerships
- Addressing human resources
- Strengthening governance
- Ensuring sustainable funding.

Guided by these goals, in 2010, M'akola developed a detailed plan for properties with expiring agreements. This plan included three objectives:

- Assess Sustainability of Retaining Units - With the end of subsidies, M'akola had to consider the financial feasibility of retaining all units after agreements expired. Key factors were: poor quality of older homes; high operating and maintenance costs of properties; limited potential to increase rental revenues in small communities; the ability to provide subsidized rents; and, the options for transferring some units to other housing providers.
- Inform Tenants - M'akola had the responsibility to provide information in advance to its tenants about changes in their rents when subsidies expire. Existing tenants with low rents needed time to adjust to upcoming rent increases. Tenants had to consider options for their families and their housing.
- Rent Harmonization - The impact of expiring agreements on the structure of rents for M'akola's portfolio was assessed. M'akola had determined that it was not feasible to maintain low rents for all units after subsidies end. Therefore, a new harmonized rent structure was required.

Key Decisions by the Board
Assess Each Property for Disposition or Retention: Create a list of properties for disposition and other options, including: sale to a tenant, sale or transfer to another housing provider, and M'akola assuming the legal and transfer costs.

Inform Existing Tenants: Provide information each year to existing tenants about changes to rents.

New Rent Structure: Establish a new rent structure including a mix of fixed rents and units with internal subsidies. M'akola subsidies would be provided from its own operating revenues for tenants with net income below $30,000.

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4 The first agreement for an Urban Native Housing Program project (in Duncan, BC) expires in 2017.

5 M'akola Group of Societies: Strategic Planning for Redevelopment & Partnership Models, Presented by Kevin Albers, CEO, M'akola Group of Societies, 2009.

Steps Taken

- 52 properties were identified as 'disposition candidates' and sold or transferred to other owners:
    - One property was sold to a tenant,
    - 51 properties were transferred to eligible local Aboriginal groups (in some cases absorbing land transfer and legal expenses to facilitate disposition. Depending on location, marketability and the condition of units, some properties were found to have negative 'valuations'),

Proceeds from these sales were used for modernization upgrades in other properties or returned to operating revenues for rental assistance or new development.

- Eight properties were retained in M'akola's portfolio. The rents were increased from the previous 30% RGI rent to the new rents:
    - M'akola introduced a pilot program (M'akola Rental Assistance Program) to subsidize rents for tenants with incomes below $30,000. Four of the retained units received M'akola's internal subsidies for households with incomes less than $30,000 and the other four had fixed rents defined as M'akola Affordable Rents (MAR).

1.3 Viability Post-Agreement

Properties with expired agreements were not financially viable without deep subsidies. Disposition of properties and revised rents in retained properties have made remaining housing financially viable. The changes outlined above improved the ability to manage the revenues and ensure upkeep of the properties.

1.4 Sustaining Affordable Housing

With the end of subsidies, M'akola had to develop a new, sustainable rent structure for properties with expired agreements. M'akola now operates two types of rental units: fixed rent units (MAR – set by M'akola and do not change based on income) and rent-geared-to-income units where rent is generally adjusted to 30% of income. The key features of this new structure were:

- Setting rents at 30% of income for income ranges (rather than a sliding rent-to-income scale);
- Providing M'akola subsidies for the lowest-income tenants.

Rents across the retained properties were increased following the expiry of operating agreements and half of the units have fixed rents based on income ranges. These rents range from $500 to $900 per month and ensure that households have affordable shelter costs for their income.

These properties are located in small rural communities of North-West BC. There are no housing market data available for comparable types of units in these locations. Therefore, it is not possible to compare M'akola rents with market rents.

1.5 Before and After Operating Agreement Expired

The table below summarizes changes in the portfolio with expired agreements. The major changes were: the sale of the majority of the units and the new rent structure in the units retained.

Table 1: Housing Before and After Operating Agreements Expired

	Before Agreements Expired (Pre-2013)	After Agreements Expired (2015)
Housing Organization	M'akola Group of Societies, BC	No change
Financing	Financed under Federal Urban Native Housing Programs or Rural & Native Housing Program 100% RGI subsidies to cover operating deficits from rents based on 25% of tenant incomes M'akola harmonized rent structure across its portfolio to charge 30% of tenant incomes	No additional financing was obtained M'akola provided housing subsidies for 4 of the 8 units retained in its portfolio from internal operating revenues (based on Fixed Rents by family income not RGI scale). Two types of rent operate across the portfolio: M'akola Affordable Rent (fixed) and RGI scaled rents.

Housing & Unit Type	• 60 scattered single family homes with four or more bedrooms
	• Scattered units in communities (e.g. Terrace) and rural areas of North-West BC
		• 8 single family homes retained by M'akola
		• 52 units were sold or transferred
		  • 1 unit sold to a tenant
		  • 51 units sold or transferred to other Aboriginal (NP) housing providers

Tenant Profile	• Targeted to lower-income families with children	• Fixed Rent units targeted to families with dependent children
Income Mix	• No income mix (100% RGI for lower-income families)	• 4 units for assisted rents (family incomes<$30,000) • 4 units for affordable rents (family income >$30,000) • Individual units (not income mixed projects)
Physical Condition of Buildings	• Poor physical condition.	• Upgraded condition of houses retained
Monthly housing charges	• 30% of family income	Tenants advised of rent increases to follow expiry of subsidies. Rents increased when agreements expired: • Half of units at Fixed Rents for incomes ranges: $500/month for net incomes <$20,000 $750/month for net incomes $20-30,000 $900/month for net incomes >$30,000

Source: Information provided by M'akola Group of Societies, July 2015.

1.6 Key Practices

M'akola identified the following key practices used for managing the end of operating agreements.

Rent Harmonization	Sustainability	Inform Tenants	Affordability Options	Assessment of Portfolio

Rent Harmonization: Because the organization's portfolio included housing developed under a variety of programs and their guidelines, the rents varied across housing projects and rental units. As agreements come to an end, the rent levels were adjusted to improve consistency in rents charged. Reduced rents funded with internal subsidies were provided by the organization to lower-income tenants.

Sustainability: Sustainability needed to be considered at two levels: for the organization (as a non-profit) and for the assets of the corporation (its housing portfolio). Long-term plans addressed corporate risks and opportunities. Business plans addressed management of a portfolio and assessed capital plans for sustaining the housing assets after agreements expire.

Inform Tenants: Existing tenants needed to be aware of the dates when subsidy agreements would expire and the implications for their rents. Providing advance notice allowed tenant households to plan for any expected change in the rents for their housing.

Affordability Options: The expiry of operating agreements provided an opportunity to define the levels of affordability in the expired portfolio. Alternatives to sliding scales simplified the rent structure while still providing rents that are more affordable to lower-income tenants.

Assessment of Portfolio: A realistic assessment of an aging portfolio needed to consider the economic feasibility of retaining all projects or units within the portfolio for the longer term. Disposition policies for sales or transfers of some properties needed to be clearly defined.

2 NORFOLK HOUSING ASSOCIATION, CALGARY, ALBERTA

Photograph courtesy of Norfolk Housing Association

Overview
Housing Provider: Norfolk Housing Association Norfolk Housing Association is a non-profit organization formed in 1980 under the name Hillhurst Sunnyside Non-Profit Housing Association. It owns and operates 5 properties with a total of 114 rental units and 4 commercial tenants. **Housing Projects: Gayner House and Bowen House** Two properties had operating agreements that expired in 2015 – Gayner House and Bowen House, which have a total of 54 one-bedroom units and 2 bachelor units in walk-up apartments. The properties serve people 55 years or older, single persons and couples with a mix of 50% rent-geared-to-income tenants and 50% paying near market rent. **Federal Program:** Pre-1986 (NHA) Non-Profit Housing Program **Expiry of Agreement:** 2015 **External Partners/Funding:** Norfolk Housing Association partners with many community agencies that provide supports to their clients. **Key Practice Highlights:** Strategic Planning, Financial Models, Build Internal Capacity, Partners Provide Services, Clear Role for Non-Profit

2.1 NORFOLK HOUSING ASSOCIATION AND THE GAYNER AND BOWEN HOUSES

The Organization

Norfolk Housing Association was formed in 1980 under the name Hillcrest-Sunnyside Non-Profit Housing Association to provide housing in the Hillcrest-Sunnyside neighbourhood of Calgary. The name was changed in 2002 when the new non-profit was incorporated. The mission of Norfolk Housing Association is to create inclusive and affordable communities by providing mixed-income rental housing through collaborative partnerships. The vision is that "everyone feels at home in our community." [6]

Norfolk Housing Association owns five properties with 114 rental units and four commercial tenants in the Hillside-Sunnyside area of North-West Calgary:

- **Norfolk House**, its flagship property, is a 40-unit apartment building, which was originally for seniors and people aged 55 year and older. It includes 4 accessible one-bedroom suites. Today it has a mix of seniors and younger tenants. It also has four commercial units on the main floor that provide additional revenues.
- **Flett Manor** is a six-unit walk-up property that was fully renovated in 2012 and is operated as a market rental property.
- **Grayner House** (24 units) **and Bowen House** (32 units) are walk-up apartment buildings.
- **Pemberton Terrace** (12 units) is comprised of stacked townhouses with larger two- and three-bedroom units.

Norfolk Housing Association serves seniors (defined as people aged 55 and over), families and non-elderly single persons with:

- **Mixed-income housing:** Half of the units have rents based on tenants' incomes and the other half are rented at 10% below market rent which was $1,020 for one-bedroom units in 2015; and,
- **A person-centered approach:** It strives to meet the individual needs of its tenants with responsive, compassionate and professional services.

The Housing Projects: Gayner House and Bowen House Projects

These two walk-up apartment projects with a total of 56 units had operating agreements that expired in 2015. They include 54 one-bedroom and two bachelor units. The properties are in a desirable, North-West Calgary neighbourhood, close to downtown and easily accessible with public transit. The Hillhurst Sunnyside neighborhood is called a "Village in the City' because of its proximity to downtown and good access to transit. The area has also experienced rising property values where private rentals are being converted to condominiums, resulting in a loss of affordable units. Many of the tenants in these buildings are long-term residents with ties to the community and the easily accessible services it provides.

[6] Refer to: www.norfolkhousing.ca

2.2 STRATEGY FOR POST-AGREEMENT VIABILITY

In preparation for the end of the operating agreement, Norfolk Housing Association carried out a full-scale strategic planning process with its Board of Directors starting from 2009. It also carried out an assessment of the condition of all its properties to determine renovation needs.

The Board's Strategy

The board considered three key aspects in planning for the end of the operating agreements:

- **Strategic Planning** - With high property values and the conversion of rental properties to condominiums in the neighbourhood, sale of Norfolk Housing Association properties could have provided equity for development of a new project. However, with the high cost of land, it was not financially feasible to develop a new rental project. As well, the needs of existing tenants had to be carefully considered.
  Capital Plan for Renovations - Norfolk Housing Association was aware that some of its properties required repairs and upgrading. Retaining the properties would involve capital improvements. The property condition assessment was used to develop a capital plan for major renovations for several properties. Norfolk had its own funds in a future development fund that could be used for renovations.
- **Rent Policies** - Rent structures were reviewed and rents could be aligned with market rents. The continued mix of subsidized rents with market rents could be maintained after agreements expired

Key Decisions by the Board

Retain Gayner and Bowen Houses: Maintaining ownership of the two properties with 56 rental units would help sustain affordable rental housing in the area and avoid loss of these rental units to condominium conversion; and,

Undertake Repairs Before the Agreements Expired: Renovations of Gayner and Bowen Houses would be carried out before agreements expired. Norfolk Housing Association had $600,000 from its future development fund to carry out these repairs from 2011 to 2013.

Steps Taken

Norfolk Housing Association implemented the plans for renovations of the Gayner and Bowen Houses between 2011 and 2013. These improvements extended the useful life of the buildings, reduced on-going maintenance expenses, and made increased market rents more viable.

The organization also took other steps to improve its operations:

- **Norfolk Housing Association Partnership Model:** Since 2012, Norfolk Housing Association has established partnerships with agencies in the community to provide appropriate support services to tenants. The partner agencies identify clients who require subsidized rents and refer them to Norfolk Housing Association. This approach helps ensures that tenants housed will have the support services they need from the agencies after they move into a rental unit and as their needs change over time.
  - Agencies involved to-date include: Accessible Housing (for people with physical disabilities), the Sunshine Centre, the High Banks Society and the John Howard Society. Norfolk Housing Association is also considering a pilot with the Calgary Homelessness Foundation (CHF) to

house homeless families who are Housing First clients. This partnership approach allows Norfolk Housing Association to focus on its role as a social housing provider.

- **Developed Internal Capacity:** Over the past five years (since 2009), Norfolk Housing Association has transformed its organizational capacity. The changes have included:
  - Adding paid, in-house management staff;
  - Including business leaders from the community on the Board;
  - Transitioning the Board from operational issues to a strategic and policy role;
  - Completing business plans and improved planning processes; and,
  - Contracting-out for specialized services such as obtaining professional financial advice.

These steps improved the organization's capacity to move forward and implement its strategic plan as operating agreements expire on other properties up to 2020.

2.3 Financial Viability Post-Agreement

The Gaynor House and Bowen properties were financially viable in 2015 because the properties were in good condition following the renovations in 2011-2013. Likewise, with the rental revenue based on market rents, the operating surplus contributes to project reserves for future renovation need. With more rental revenue from market units it was possible to sustain the 50:50 income mix of subsidized to market units.

Moving forward, Norfolk Housing Association plans to increase its market rents annually based on rental market trends. The original mortgage was fully repaid and no new mortgages or loans were taken out for these properties.

2.4 Sustaining Affordable Housing

Norfolk Housing Association has the goal of sustaining mixed-income rental housing in this North-West Calgary neighborhood. Retaining the Gayner and Bowen properties has protected these existing rental units from conversion to higher-priced condominiums.

For the past ten years the number of rental units in Calgary has been declining because the conversions from rental to condominiums have exceeded the addition of new rental units. At the same time, housing demand has increased because of employment growth and in-migration. As a result, rental vacancy rates have been low (1.2% in 2014) and average market rents have been increasing (by 5.4% in 2013 to 2014). In 2014, CMHC data showed that:[7]

- The average rent for a one-bedroom unit in the City of Calgary was $1,135 in 2014.
- Average rents for one-bedroom units increased by 7.1% from 2013 to 2014.

In 2015, Norfolk Housing Association rents for the Gayner House and Bowen House were under 90% of the average market rents (for the unsubsidized units). In the subsidized, lower-income units, the rents were about half the market rents in Calgary and the neighborhood. Norfolk Housing Association continues to provide more affordable rental housing for lower- and moderate-income tenants than other housing in the local market. It has also contributed to retaining the existing rental supply.

[7] CMHC Rental Market Report, Calgary CMA, Fall 2014

2.5 Before and After the Operating Agreement Expired

As shown in the following table there have been no changes in the Gayner House and Bowen House properties with expiry of agreements in 2015.

Table 2: Housing Before and After the CMHC Agreement Expired

	Before Agreement Expired (2015)	After Agreement Expired (2015)
Housing Organization	Norfolk Housing Association	No change
Financing	Financed under federal Pre-1986 Non-Profit Housing Program	Original mortgage was fully repaid and no new mortgage or loans were taken out
Housing & Unit Types	Gayner House: one bachelor and 21 one-bedroom units Bowen House: one bachelor and 22 one-bedroom units	No change
Tenant Profile	Older adults (aged 55 and over), single persons and couples	No change
Income Mix	50% lower-income units 50% moderate/middle- income	No change
Physical Condition of Buildings	Good state of repair due to renovations prior to end of operating agreement	No change
Monthly Housing Charges	Market unit rents (including utilities) Bachelor: $950 One-bedroom: $1020 Subsidized rents based on tenant incomes Bachelor: $450 One-bedroom: $531	Market rents to increase annually

Information provided by Norfolk Housing Association

2.6 Key Practices

Norfolk Housing Association identified the key practices it used to successfully transition with the end of agreements.

- Strategic Plan
- Financial Models
- Build Internal Capacity
- Partners Provide Services
- Clear Role for Non-profit

Strategic Plan: Norfolk Housing Association needed a strategic plan for the future. Working with the Board over several years was essential to set goals and policies for after the end of agreements. The strategic plan needed to include financial estimates to form the framework for the business plans, capital plans and policies. Advice was obtained by contracting services from specialized firms as needed.

Financial Models: Financial scenarios were useful to determine the implications of the options available as they pertain to the assets (of the organization) and to the organization as a whole. Models and forecasts helped guide decision-making regarding the individual properties, and to assess the capital needs of the organization.

Build Internal Capacity: Professional staff needed to be hired to effectively manage the housing portfolio. Having qualified staff meant paying professional salaries. The property management team needed to possess the skills, knowledge and contacts for the planning, management, maintenance and communication requirements of operating the portfolio. At the same time, the organization had to clarify when it needed to contract-out for specialized external services such as for advice on key business decisions.

Partners Provide Services: By working together, partner agencies in the community provided support services for tenants to ensure all their needs were met. Norfolk Housing Association developed a partnership model to involve partner agencies in referring selected clients for housing. The tenants need to have the support services established before they move in and to be sure that on-going support will be provided by the partner agencies as needs change.

Clear Role for the Non-Profit: The non-profit needed to focus on its strengths as a social housing provider. It had expertise in managing the housing portfolio and could not meet the many other complex service needs of all their tenants. Having partnerships with service agencies clarified the role of the housing provider, improved housing operations and enhanced the quality of the residential communities.

ANNEX: MARKET INFORMATION

Rental Market Information, Calgary and Norfolk Housing Association, 2014-15

Indicators	City of Calgary 2014	North-West Zone 2014	Norfolk Housing Association	
			Market Units (50%) in 2015	Subsidized Units (50%) in 2015
Rental Apartment Vacancy Rate	1.4%	1.3%	Not available	Not available
Average market rent for bachelor units	$910	$788	$850	$450
Average market rent for 1-bedroom units	$1,135	$1,114	$1,020	$531
% change in average market rent (2013-2014)	6.4%	5.5%	Not available	Not applicable

Sources: CMHC Rental Market Report, Calgary CMA, CMHC, Fall 2014; and, Interview with Norfolk Housing Association, 2015.

3 Sarcee Meadows Housing Co-operative, Calgary, Alberta

Photograph courtesy of Sarcee Meadows Housing Co-operative

Overview

<u>Housing Provider: Sarcee Meadows Housing Co-operative</u>
Sarcee Meadows Housing is a non-profit corporation established in the mid-1960s. It was formed by volunteers to create what has become the largest housing co-operative in Alberta.

<u>Housing Project</u>: <u>Sarcee Meadows Housing</u>
Located on a 35-acre site in Calgary, the co-operative has 380 units which include two-, three- and four bedroom units. The housing is well maintained, has a very low turnover rate, and is viable. The co-operative provides more affordable housing than the average market and also provides internal subsidies for residents with reduced incomes.

<u>Federal Program</u>: 1970 Federal $200 Million Innovative Program

<u>Expiry of Agreement</u>: January 2013

<u>External Partners/Funding</u>: The Co-operative Housing Programs Administration Agency; the Rutland Park Co-operative Housing Federation of Canada; the Calgary Co-operative Memorial Society; and, the Southern Alberta Co-op Housing Association which provides training for Board members, external consulting services as well as access to bulk purchases of fuel oil, appliances and building materials.

<u>Key Practice Highlights</u>: Consult with Residents; Planning Ahead; Maintain High Building Quality.

3.1 SARCEE MEADOWS AND THE SARCEE MEADOWS HOUSING COOPERATIVE

The Organization

The Sarcee Meadows Housing Co-operative began in the early 1960s when a group of interested individuals formed the Co-operative's first volunteer-based Board of Directors. At that time there was growing interest in alternatives to low-income housing but there were no co-op housing programs in Canada until 1973.

In 1970, the federal government created a special $200 million Innovation Program to provide mortgages at a preferred interest rate, which was lower than the market interest rate. Sarcee Meadows Housing Co-operative was one of ten co-operative housing projects across Canada financed under this program. In 1971, the Housing Co-operative constructed 380 homes on a 35-acre site in Rutherford Park in the South-West area of Calgary.

The Housing Co-operative's objectives have essentially remained unchanged since it was first established 45 years ago:

> *To provide, on a co-operative basis, affordable and quality housing and services and facilities ancillary thereto to persons – the majority of whom are Members of the Association and who will occupy the housing units otherwise than as owners.*
>
> *To develop a community environment which will support human development and growth both as individuals and as members of responsible communities.*
>
> *To provide an opportunity, on a co-operative basis, to maintain control over their living environment through democratic participation in all aspects of their housing and services and facilities ancillary thereto.*
>
> *To provide for ongoing education of the membership, officers, and employees of the Association, and the general public in the principles of co-operative development and organization.*
>
> *To promote and encourage co-operation with Co-operative Associations at the local, national, and international level.*

Sarcee Meadows has a veteran volunteer Board composed primarily of residents. In 2015, the Housing Co-operative employed 19 full- and part-time staff that performs all of the property management and maintenance functions.

The Housing Project: Sarcee Meadows

The Sarcee Meadows Housing Co-operative has 380 housing units in 78 building clusters. They include: 56 two-bedroom units; 49 smaller and 191 larger three-bedroom units; and, 84 four-bedroom units.

The Co-operative provides family housing. However, when members' children grow up and move out, the members can remain in the co-operative.

3.2 STRATEGY FOR POST-AGREEMENT VIABILITY

The Board's Strategy

The board's strategy included building on existing approaches to managing the cooperative, including:

- Partnerships: The Housing Co-operative has established working partnerships with the Co-operative Housing Programs Administration Agency; the Rutland Park Co-operative Housing Federation of Canada; and, the Calgary Co-operative Memorial Society. The Co-operative is also a member of the Southern Alberta Co-op Housing Association which provides training for Board

members, external consulting services as well as access to bulk purchases of fuel oil, appliances and building materials.
- Strategic Business Planning: A key component of the Housing Co-operative's culture is to employ a tri-annual community-led approach for the Housing Project. Every third year the residents are gathered and committees of residents are formed to address all aspects of the co-operative including finance, maintenance, and housing charges. Once the consultations are completed, the committees present their findings to the residents, the recommendations are voted on, and the Board is charged with implementing those changes.
- Maintain an inclusive community identity: The board's strategy was to maintain its enviable position in the community by continuing to be both financially and operationally viable and maintain a strong inclusive community identity.

A combined Board and resident-based task-force was established in 2010, three years before the expiration of the operating agreement, to examine what actions if any would have to be taken. The task-force stated that operations would essentially continue unchanged, but that some administrative actions were required with respect to closing the operating agreement.

Key decisions by the Board
Key decisions by the Board also reflected input from the residents of Sarcee Meadows:
- **Affordable Housing**: Retain the practice of internal subsidies
- **Consultative Approach to Planning**: Retain the tri-annual consultative approach and increase resident participation in the annual strategic planning process;
- **Maintain Quality**: Maintain the quality and integrity of the housing units and continue the process of upgrading the property; and,
- **Maintain Financial Stability**: Do not take on new debt. Do all maintenance and upgrades using a portion of the financial reserves and retained earnings.

Steps Taken Since 2013
Using a portion of the financial reserves and retained earnings from the rents received, the exterior siding and some additional work was undertaken on all of the housing units. The work was planned to be done over a four-year period.

All four of the key decisions (affordability, consultative approach, maintaining quality and financial stability) were fully implemented.

3.3 Viability Post-Agreement
When the operating agreement expired in January 2013, the Housing Co-operative was financially viable. This was because the mortgage was fully repaid, and there were no outstanding debts. As well, the financial reserve was well funded and there were sufficient resources to undertake major repairs. The co-operative has had positive retained earnings every year and the buildings have been well-maintained with regular and preventative maintenance to keep operating costs at a minimum. No major repairs were required. Finally, vacancy rates were almost non-existent and there was a waiting list.

3.4 Sustaining Affordable Housing

Housing charges in the Co-operative are considerably lower than average market rents in the surrounding area. In Calgary, the average market rents for 2- and 3-bedroom townhouses were in the range of $1,230 to $1,332 in 2014. Monthly housing charges for comparable townhouses at Sarcee Meadows were between $753 and $806 per month, about 40% lower than market rents in Calgary. Charges at Sarcee Meadows include heat, electricity and water. The Co-operative also provides an internal subsidy to a small number of the residents (financed solely from the rents received) which reduces housing charges for residents who have seen a decrease in their incomes. Each resident is treated independently and the amounts of the subsidies are not published or otherwise shared.

3.5 Before and After the Operating Agreement Expired

The following table presents some key aspects of the Sarcee Meadows Housing Co-operative before and after the operating agreement expired in 2013.

Table 3: Housing Before and After the Operating Agreement Expired

	Before Agreement Expired (2013)	After Agreement Expired (2015)
Organization & Project	Sarcee Meadows Housing Co-operative established mid-1960s	No change
Financing	CMHC $200 Million Innovative Program CMHC mortgage fully repaid in January 2013	No new debt
Housing & Unit Types	380 townhouse units: 56 two bedroom units; 240 three-bedroom units; and, 84 four-bedroom units	No change
Building Conditions	Good to very good state of repair	No change – improvements made to the property.
Resident Profile	Primarily families	No change
Income Mix	Modest incomes	No change
Monthly Housing Charges Including Heat & Utilities	$753 for 2-bedroom $785 average for 3-bedroom $806 for 4-bedroom (Charges reduced with internal subsidies)	No change

Source: Information provided by Sarcee Meadows Housing Co-operative.

3.6 Key Practices

Sarcee Meadows Housing Co-operative identified the key practices it employed to successfully transition after the agreement expired.

Consult with Residents

Planning Ahead

Maintain High Building Quality

Consult with Residents: The residents were fully involved in all decisions about the Co-operative. This improved the community spirit and increased pride of 'ownership'. As well, this helped to keep maintenance costs down as residents take care of their homes.
Planning Ahead: Long-term strategic planning coupled with annual business planning and an aversion to debt and unnecessary expenses has kept the Cooperative financially and operationally viable.
Maintain High Building Quality: High building quality increases pride in ownership which in the long-term reduces maintenance and upkeep expenses. A high standard of on-going repairs ensures continuing viability of the housing.

ANNEX: Market Information

Rental Market Information, Calgary and Sarcee Meadows Housing Co-operative, 2014-15

Indicators	City of Calgary 2014	South-West Zone 2014	Sarcee Meadows Co-operative 2015
Rental Row/Townhouse Vacancy Rate	1.0%	1.3%	Not available
Average market rent for 2-bedroom row/townhouse units	$1,230	$1,246	$753
Average market rent for 3-bedroom row/ townhouse units (CMHC data for 3 or more bedrooms)	$1,332	$1,223	$785
Average market rent for 4-bedroom row townhouse units	Not available	Not available	$806
% change in average market rent (2013-2014) for row/townhouses: • 2-bedrooms • 3+ bedrooms	6.7% 6.1%	Not available Not available	No increases

Sources: CMHC Rental Market Report, Calgary CMA, Fall 2014; Interview with Sarcee Meadows Housing Co-operative, 2015.

4 CARLETON HOUSING, LLOYDMINSTER, SASKATCHEWAN

Photograph Courtesy of Carleton Housing

Overview

Housing Provider: Carleton Housing Lloydminster Inc
Carleton Housing Lloydminster Inc., is a non-profit housing provider founded in the 1980s. In 2015, Carleton Housing managed a portfolio of 62 housing units in Lloydminster, Saskatchewan. Its mission is to provide subsidized and affordable housing primarily for Aboriginal peoples off-reserve.

Housing Projects:
Housing was acquired in two phases**:** 20 units in the first phase (18 single-family units and 1 duplex building) and 45 units in the second phase (one 12-unit apartment building, 2 duplex buildings and 31 single-family units). Agreements have expired for 40 units and 37 units have been retained. With the end of subsidies for rents, the average monthly rent was increased to $850 which is about 30% below average market rents.

Federal Program: Federal Urban Native Housing Program

Expiry of Agreement: 2012 to 2015

External Partners/Funding: Onion Lake Cree and the Salteaux First Nations.

Key Practice Highlights: Annual Inventory and Planning, Planning Ahead, Identify Housing Need Profile, Portfolio Assessment

4.1 CARLETON HOUSING LLOYDMINSTER INC.

The Organization
Carleton Housing Lloydminster Inc. was founded in the 1980s as a non-profit housing organization. It aims to provide housing options for Aboriginal community members.

Carleton Housing is operated by a Board of Directors comprised of members from two nearby First Nations Bands – Onion Lake and Saulteaux First Nations – and has two full time staff.

Carleton Housing carried out renovations of all its properties with additional funding from CMHC before its first operating agreement expired in 2012.

The Projects
In 2015, Carleton Housing had 62 housing units:

- 48 single family homes and two duplexes
- A 12-unit apartment building

One home was previously lost due to a fire and the lot was sold, and two other properties have also been sold

Operating agreements for 41 Carleton Housing units expired in 2012, 2013 and 2015. However, Carleton Housing since disposed of three of these units. The units with expired agreements were mostly for single family homes plus two duplexes.

Agreements for the remaining 24 units (including the 12-unit apartment building) will expire in 2025 and later.

4.2 STRATEGY FOR POST-AGREEMENT VIABILITY

Carleton Housing began planning for the expiry of agreements in 2002. With the appointment of a new director, the organization changed its approach significantly to prepare for the end of its operating agreements.

The Board's Strategy

Assess Repairs Required and Associated Costs: All housing units needed to be assessed to determine the extent of disrepair. The costs of bringing the housing up to standard and how to finance repairs needed to be determined.

Consider Growth Options: Options for adding new units to meet community needs were considered, including the sale of some properties to build up capital reserves, and the development of higher density housing than the existing units.

Steps Taken
The Director prepared a complete inventory and a full inspection of all Carleton Housing units. Following the submission of this inventory of units to CMHC, it provided funding to bring all the existing units back to a fully-functioning state. Repairs were completed before agreements began to expire in 2012.

Key Decisions Taken by the Board

- **Undertake Repairs Before Agreements Expired**: With additional funding it was feasible to bring all units up to a good standard and to retain ownership of all units.
- **Increase Rents as Agreements Expired:** To be financially viable after subsidies ended, the rental revenues had to be increased to cover all operating costs.

Tenants were informed three months in advance of the rent increases and were presented with several options. Tenants who were unable to afford the rent increases were all successfully relocated to other subsidized units.

4.3 VIABILITY POST-AGREEMENT

The financial viability of Carleton Housing units has improved since agreements expired due to two main factors:

- The renovations carried out prior to the end of the operating agreement reduced operating and maintenance costs of these units.
- Carleton Housing transitioned units from subsidized rents (some as low as $300 per month) to an average monthly rent of $850. Therefore, rental revenues have increased and are sufficient to cover operating and maintenance expenses.

Improved management practices (including annual inspections and planning for on-going maintenance) have also contributed to increasing the viability of the housing.

4.4 SUSTAINING AFFORDABLE HOUSING

With the end of subsidies as agreements expired, the rents for Carleton Housing units were increased from subsidised rents that were as little as $300 per month to an average monthly rent of $850. These rents are still more affordable than market rents in Lloydminster, which has some of the highest average rents and the highest rate of rent increases in Saskatchewan.[8] In 2014, the average market rent for a three-bedroom apartment was $1,270, and the average market rent increased by 16.5% from 2013 to 2014.

Carleton Housing units are predominantly single family homes and duplexes. There are no CMHC data on market rents for this type of rental housing for comparison; however, Carleton Housing rents are about 30% lower than the market rent for three- or more bedroom apartments, making Carleton Housing units considerably more affordable than the local market rent.

4.5 BEFORE AND AFTER THE OPERATING AGREEMENT EXPIRED

The following table compares the Carleton Housing portfolio before and after expiry of the first agreement in 2012. As renovations were completed before 2012, the major change was the transition from subsidized rents to affordable rents.

[8] It should be noted that CMHC market data cover both the Saskatchewan and Alberta portions of Lloydminster.

Table 4: Housing Before and After the Operating Agreements Expired

	Before Agreements Expired (2012)	After Agreements Expired (2015)
Organization & Project	Carleton Housing Lloydminster	No change
Financing	Financed under Federal Urban Native Housing Programs	No additional mortgage loans
Housing & Unit Types	65 units including 51 single-family units and two duplex buildings, and one 12-unit apartment building. (One unit lost by fire.)	Most units retained as agreements expired. Three properties have been sold since 2012.
Building Conditions	Good state of repair following renovations before 2012.	No change
Tenant Profile	Lower-income Aboriginal families and individuals (less than $45,000 annual income)	Moderate-income Aboriginal families and individuals
Income Mix	100% lower-income	No specified income mix
Monthly Housing Charges	Subsidized rents based on tenant incomes with some rents as low as $300/month	Rents increased when agreements expired. Average rent of $850/month

4.6 Key Practices

Carleton Housing's experience with the end of the agreements highlights key practices as shown below.

Annual Inventory & Planning | Planning Ahead | Identify Housing Need Profile | Portfolio Assessment

Annual Inventory and Planning: Over several years it was imperative that regular maintenance and oversight went into the organization's units. Preparing an annual inventory of housing stock was paramount to avoid units falling into disrepair. Furthermore, annual organizational planning was key in maintaining quality units and financial assets.

Planning Ahead: Since the end dates for agreements are known, planning ahead facilitated the transition from subsidized housing to affordable housing for both the organization and the tenants. Proper maintenance and oversight allowed for a positive transition out of subsidized housing.

Identify Housing Need Profile: As an Aboriginal housing provider, Carleton Housing had extensive experience with First Nation communities. There was sufficient market and need to give priority to continuing to serve First Nation people.

Portfolio Assessment: Selling units is sometimes necessary to raise capital in order to build more units. The Board looked into building new units that would respond to the community needs, and selling two existing properties began to build up capital reserves towards new construction.

5 NAMERIND HOUSING CORPORATION, REGINA, SASKATCHEWAN

Photograph courtesy of Namerind Housing Corporation

Overview
Housing Provider: Namerind Housing Corporation, Regina Founded in 1977, this community-based non-profit organization was created to provide homes for low-income First Nations and Métis people in Regina. By 1993, Namerind had acquired over 300 homes scattered in residential neighborhoods with financing and subsidies under the federal Urban Native Housing Program. In 2007, Namerind adopted a new self-sustaining business model based on social enterprises that creates surpluses for reinvestment in Namerind Affordable Housing as well as employment and businesses. Additional housing has been provided in four projects. In 2015, Namerind operated over 350 rental units and is planning a new, mixed-use, downtown development with 170 units. **Housing Projects: Urban Native Housing** By 2005-06, about 40 of the original Urban Native Housing Program units had reached the end of agreements and subsidies. In 2015, only 31 of the original 311 units were still receiving government subsidies delivered by Saskatchewan Housing Corporation. As of 2015, about 70 of the original homes had been sold and the remaining 241 homes were retained in Namerind's portfolio. The proceeds of sales were used to finance the 10-Year Renovation plan for remaining units and internal subsidies to maintain affordable rents. **Federal Program:** Urban Native Housing Program **Expiry of Agreement:** 2002 to 2015 **External Partners/Funding:** Local business communities, other non-profit service providers as well as private companies. Funding for some developments was received from Saskatchewan Housing Corporation and provincial homelessness initiatives. **Key Practice Highlights:** Generate Revenue, Innovation, Community Networking, Social Enterprise, Partnerships

5.1 Namerind Housing Corporation

The Organization
Namerind Housing Corporation is a non-profit housing corporation established in 1977. Its mission is to provide safe, affordable, quality housing and economic development opportunities for Aboriginal peoples. From 1978 to 1993, Namerind purchased 311 existing single-family homes with funding under the federal Urban Native Housing Program. These were three- and four-bedroom homes for families with rents at 25% of household income. Subsidies were provided to cover the operating losses and operating agreements and subsidies for these houses began to expire in 2002.

Since 2007, Namerind has expanded its housing portfolio:

- Purchased 20 townhouse condo units in a private development
- Purchased two apartment buildings with a total 35 rental units
- Partnered with *Oxford House Society* to provide 3 houses for 16 residents (transitional housing for drug and alcohol recovery)
- Acquired *Raising Hope, Moving Families Forward*, a renovated 12-unit apartment building for young women with children (drug and alcohol recovery) with on-site services funded by provincial social services programs

In 2007, Namerind adopted a social enterprise business model to fund its affordable housing. Its enterprises serve dual roles of creating revenues for housing as well as jobs and business opportunities for Aboriginal peoples in the community, including:

- *Resting Place Lodge* apartments for patients and families coming to Regina for health care
- Purchase of a retail mall where a pharmacy was added
- Purchase of a warehouse with rental storage space for trades and contractors
- The GroundGuys, a franchise service for four-season landscaping for Namerind housing and other properties

In 2015, Namerind owned and operated 350 rental units plus commercial properties. It has grown from six employees in 2005 to 25 full- and part-time employees in 2015. It also has plans for a new mixed-use, downtown Regina project with 170 condo units plus commercial space. In recent years, Namerind sold the first home to one of their tenants. They plan to continue to facilitate this kind of tenant-to-homeowner transition to promote wealth in the Aboriginal community, and stability for future generations.

The Housing Project: Namerind Homes
From 2002 to 2005, operating agreements and subsidies had ended for about 40 individual homes out of the original 311 Urban Native Housing Program homes. Most of the remaining agreements ended by 2015:

- In 2005 Namerind was receiving over $2 million per year in federal-provincial subsidies for the remaining units.[9]
- In 2015, only 28 of the original units were still under agreements, and the annual subsidies received were only $200,000 per year.

[9] In Saskatchewan, the provincial housing agency (Saskatchewan Housing Corporation) is responsible for administering social housing agreements and subsidies under a federal-provincial agreements. This agreement covers the urban native housing units funded under the federal program.

Namerind anticipated these changes and assessed its entire portfolio in 2005.

5.2 Strategy For Post-Agreement Viability

In 2005-06, Namerind had concerns with the quality and public image of its homes, and the capital reserves accumulated (about $1 million) were not sufficient for the major renovations required. Namerind concluded that:

- Some properties required major structural work and renovations were too costly given the age, condition and types of buildings.
- Added financing was required to improve the quality of its housing.

The federal government and Saskatchewan Housing Corporation agreed that some of the older properties could be sold and these funds could be used to repair other homes. Therefore, Namerind developed a strategy for its portfolio and future housing development.

The Board's Strategy

The board focused on four key areas in developing a strategy for the end of operating agreements:

Create Sustainable, Quality Housing - Sale of some older properties would provide capital for repairs in other homes. This approach had financial advantages such as avoiding mortgage debt for repairs.

- **Renovation Plan** - Considering the costs and extent of renovations needed for a large number of homes, work would need to be planned over ten years (from 2005 to 2015) as agreements expired. A phased approach with sale of a few properties each year would cover the costs of renovating other homes.
- **Planning Ahead** - Creating sustainable affordable housing without government subsidies was a priority. The units sold needed be replaced as quickly as possible. Purchasing other existing properties with smaller units would help meet the needs of smaller households.
- **Financial Stability** - To provide sustainable affordable housing without government subsidies, Namerind needed other sources of revenues. Financial self-sufficiency required a new business model.

Key Decisions by the Board

Namerind adopted a new social enterprise business model to become self-sufficient and generate revenues for its housing. The board made a number of key decisions to fulfil this new model:

- Dispose of uneconomic properties (those too old or in severe disrepair) and use the funds from sales to renovate other properties.
- Develop a realistic renovation plan based on capital reserves and revenues to bring the retained portfolio up to good standards.
- Create surpluses for internal (Namerind) subsidies for lower-income tenants.
- Add units to the portfolio by purchasing existing apartment buildings and units in a condo development.

Steps Taken

The Namerind Board carried out the following steps from their strategy:

- **Sold 70 homes** to private landlords or developers.
- **Carried out 10-Year Renovation Plan** which will be completed by 2017.

- **Created an internal (Namerind) subsidy** to maintain low-rents for some existing tenants, particularly the elderly. These rents were set at $326/month. Rents for other units were set at $700 to $965 per month.
- **Purchased other housing** (19 townhouse condo units [10] (2 two-bedroom and 17 three-bedroom) in a 94 unit private development and two other rental housing buildings with 35 units).
- **Developed other supportive housing with partners** to meet other housing needs in the community using some funding under homelessness initiatives.

Namerind generates about $1.5 million per year in surpluses from its social enterprises to invest in its affordable housing and subsidies to reduce rents.

5.3 Viability Post-Agreement

The viability of Namerind housing has been improved by renovating older homes and disposing of uneconomic properties. The original housing was not financially viable without government subsidies since rental revenues were too low to cover operating costs. The rents have been increased for most units to ensure that revenues covered operating costs. Renovation of older housing (to be completed by 2017) has ensured the properties are in good repair and will not require major renovations for the next ten years.

Namerind has acquired other properties with its own resources and is able to charge rents closer to market rents. Higher rental revenues in these units contribute to the pool of funds for Namerind subsidies in other units.With its self-sufficient business model and social enterprise revenues, Namerind is able to ensure continued operating viability for its housing program.

5.4 Sustaining Affordable Housing

Rents in Regina have risen by nearly 80% in the past 10 years.[11] In 2014, the average market rents were $1,079 for a two-bedroom unit, $1,271 for a three-bedroom apartment, and $1,350 for a single detached house.

Aboriginal households often face difficulties finding affordable housing in Regina. In particular, almost 40% spend more than 30% of their incomes on rent; 15% live in housing needing repairs; and, 12% live in over-crowded conditions.

Namerind housing is more affordable than market rents and ranged from $700 to $965 per month in 2015. These rents are between 25% and 35% lower than average markets. In addition, Namerind provides subsidies to reduce rents to $326 per month for seniors and households with lower incomes. With its own revenues from other sources, Namerind has been able to provide sustainable affordable housing after government subsidies ended.

Namerind's housing portfolio has undergone major changes as agreements and subsidies ended for the Urban Native Program units:

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[10] Initially 19 units were purchased from the private developer. Another condo unit was purchased at a later date bringing the total to 20 units. Namerind owns these units and rents them to its tenants.

[11] See: City of Regina, Housing Data: Statistics and Trends, June 2014; and CMHC Rental Market Report Saskatchewan Highlights, Spring 2015.

- Housing quality has been improved with major renovation of homes retained;
- Rents were increased from 25% of income to Namerind rents of $700 to $965 per month. However, rents for lower-income seniors are subsidized at $326 per month;
- Additional rental units have been purchased with Namerind revenues; and,
- Namerind rents are 25% to 35% lower than average market rents.

5.5 Before and After the Operating Agreement Expired

The following table summarizes the housing features before and after the agreements and subsidies expired.

Table 5: Housing Before and After the Operating Agreement Expired

	Before Agreements Expired (2002 – 2014)	After Agreements Expired (2015)
Housing Organization	Namerind Housing Corporation	Namerind Housing Corporation
Financing	Financed under the federal Urban Native Housing Programs 100% RGI subsidies to cover operating deficits from rents based on 25% of tenant incomes	No additional government subsidies for original units with expired agreements Sale of units and investment of proceeds in renovation and acquisition of other units Namerind internal subsidies from Namerind's other sources of revenues
Housing & Unit Types	311 scattered single family homes 3- and 4-bedroom houses	241 of original single family homes retained and renovated by Namerind (70 houses were sold) Condo townhouse units purchased (two 2-bedroom and 17 3-bedroom units) in a 94-unit private project. Purchase of two existing apartment buildings (a 23-unit building and a 12-unit building)
Tenant Profile	Low-income Aboriginal families with children	Low- and moderate-income Aboriginal families with children Some elderly tenants have aged in place
Income Mix	No income mix (100% RGI for lower-income families)	Portfolio mix 15% market rent and 85% rents below market
Physical Condition of Buildings	Original homes in very poor condition Some too costly to repair	All original units retained will be renovated and in good condition by 2017. Other properties purchased were renovated
Monthly housing charges	25% of family income (RGI rents) Lowest income tenants paid $350/month	Rents increased in most original units when agreements expired: - Rents for lowest income seniors remained at $326/month - Other rents $700 to $965/month Two-bedroom townhouse units rents at $700/month Rents in apartment buildings acquired at market rent

Source: Information provided by Namerind Housing Corporation, June 2015.

5.6 Key Practices

Namerind identified the key practices used to successfully transition with the end of agreements.

Generate Revenue	Innovation	Community Networking	Social Enterprises	Partnerships

Generate Revenue: Namerind developed a self-sustaining approach for housing after the subsidies ended. It assessed its portfolio to determine the economic feasibility of renovation. The strategy involved generating other sources of revenue and sale of uneconomic properties. Revenues from sales were used to finance a 10-year renovation plan for other properties and to maintain affordable rents for lower-income tenants. Namerind also developed its own new revenue sources that could replace declining subsidy revenues as agreements expired.

Innovation: A new diversified organization was able to support affordable housing without government subsidies. This provided revenues for developing additional housing projects. Establishing other economic development opportunities created the capacity and expertise to work with other groups for other developments.

Community Networking: A notable practice was networking with the business community through the Chamber of Commerce built linkages with the private sector and lead to collaborations with other non-profits. Working with other groups fostered opportunities for Namerind in the community. Namerind's quarterly newsletters promote the organization and raise its profile locally, nationally and internationally.

Social Enterprise: Namerind adopted the social enterprise model as a positive strategy to keep revenues and investments from its businesses within the non-profit sector. Development of its Resting Place Lodge not only meets the needs of families coming for health care but also provides revenues for other activities. Other social enterprises (such as the retail mall, the pharmacy, and GroundGuys) provide services, jobs and business opportunities as well as yielding commercial revenue to Namerind to support its affordable housing program.

Partnerships: Partnerships can include acquiring housing units in private developments as well as working with other housing non-profits and community service agencies. Namerind worked with other community agencies (such as Oxford House Society) and used funding from provincial government ministries to develop new housing and support services, and to expand its housing portfolio by purchasing units from a private condo development. Namerind also provides property management services to other non-profit housing providers. It is working with the private development sector on planning stages for its new downtown project.

ANNEX

Table A1: Rents and Vacancy Rates in Regina and Namerind Housing by Unit Type & Size

Unit Sizes & Vacancy Rates	Average Unit Rents		Namerind versus Average Market Rents
	Regina CMA (2014)	Namerind (Non-RGI Rents) (2015)	
Single Detached, Semi-Detached			
Single family	$1,350	$950	30% lower
Semi- & row	$1,268	-	-
Apartments			
2 bedrooms	$1,079	$700	35% lower
3 bedrooms	$1,271	$950	25% lower
Vacancy Rate	3.0	No Data	

Sources: CMHC Rental Market Report Saskatchewan Highlights, Fall 2014; Namerind Housing Corporation 2015.

6 BETHANIA GROUP, WINNIPEG, MANITOBA

Photograph courtesy of Bethania Group

Overview
Housing Provider: Bethania Group The Bethania Group owns or manages six properties with 634 units or beds for seniors in Winnipeg, Manitoba. It began with the Bethania Mennonite Personal Care Homes (PCH), a non-profit organization founded in 1945 by the Mennonite Benevolent Society. Three non-profit rental housing projects for seniors were added with financing, and Bethania also manages two projects owned by Manitoba Housing. Bethania Group's mission is to provide compassionate, outstanding long-term care and affordable housing for seniors. **Housing Project: Autumn House** Autumn House was built in 1979, and is a six-storey rental apartment building with 68 units in the west end of Winnipeg. It has 12 bachelor units, 46 one-bedroom units and 10 two-bedroom units. Autumn House is a seniors' building (for people 65 and over) with an income mix of 60% rent geared-to-income units. **Federal Program**: Federal Section 95 Non-Profit Housing Program **Expiry of Agreement**: August 2014 **External Partners/Funding**: Manitoba Housing & Renewal Corporation (MHRC) **Key Practice Highlights**: Plan Ahead, Be Prepared with Capital Reserves, Clear Rent Structure, Inform Tenants

6.1 BETHANIA GROUP AND AUTUMN HOUSE

The Organization
Bethania Group has grown into a group of non-profit corporations with six properties and 634 units or beds for seniors. These include the original seniors home and apartments for seniors to live independently, such as Autumn House. Bethania Group has strong support from the Mennonite community and several churches.

Bethania expanded its role beyond seniors' personal care to include rental housing for seniors to live independently. Projects were funded by the Federal Section 95 Non-Profit Housing Program. In addition to the housing it owns, Bethania Group provides management services for ArlingtonHaus and 285 Pembina Inc., two properties owned by Manitoba Housing, the provincial housing agency.

The Housing Project: Autumn House
Autumn House is a six-storey rental apartment building with 12 bachelor units, 46 one-bedroom and 10 two-bedroom units. A non-profit rental property with its own Board of Directors, Autumn House was built in 1979 with federal Section 95 Non-Profit Housing funding. This property is managed by Bethania Group through Bethania Housing & Projects. It is a seniors building (for people 65 and over) with an income mix of approximately 60% of the units for low-income tenants with rents based on incomes. The operating agreement for Autumn House expired in 2014.

6.2 STRATEGY FOR POST-AGREEMENT VIABILITY

The Board's Strategy
In 2014, the Board developed a strategy based on two key elements:

Serving its Core Mission - The Bethania Group has as its core mission to provide affordable housing for seniors. Autumn House was a key part of the portfolio that provided independent apartment living.

Developing a Capital Plan - Bethania wanted to ensure sustainable, quality housing on a long-term basis. Ongoing capital reserves were required to carry out renovations in the housing project over time.

Key Decisions by the Board
Retain Autumn House: The property would continue to provide affordable housing for a mix of low- and moderate-income seniors.

Develop an Updated Rent Schedule: The rental rates could be maintained at below market rents and rent increases could continue to be at or below the increases allowed under Manitoba's rent increase guidelines. Negotiations with Manitoba Housing would be undertaken to provide financial support and maintain the rent-to-income ratio for lower-income seniors.

Undertake Renovations and Upgrades: Although the property was in good condition some upgrades were required. The existing capital reserves would be used to make improvements to the building. The project would continue to ensure that adequate reserve contributions could be made within the operating budget.

Steps Taken Since 2014
The Bethania Group worked with Autumn House to implement the strategy developed by the Autumn House Board starting in 2014. Two key steps were taken:

- **An agreement was established with Manitoba Housing for added financial support.** With its surpluses, Autumn House was able to continue providing internal subsidies for lower-income seniors. The restructured rental profile was agreed to with Manitoba Housing, and financial contributions were agreed to with the Province which allowed for the maintenance of low rents for seniors with low incomes.
- **Major capital improvements have been completed with capital reserves.** These include a new roof and exterior work on the property.

In 2015, Autumn House continues to be financially viable and generate a surplus. The capital reserve is being replenished to allow for further capital improvements (such as replacement of patio doors and upgrading the heating system). Autumn House has considered leveraging its equity in the property by remortgaging with a private lender; however, no decision had been made as of 2015.

6.3 Financial Viability Post-Agreement

When the operating agreement expired in 2014, Autumn House was financially viable because of a number of factors, including that the capital reserve was well funded. Likewise, the building had been well-maintained and was in average to good condition for a building its age. The project generated a surplus that was applied to reduce rents for lower-income residents and to maintain an income mix. Autumn House has also benefited from low turnover and vacancy rates and there has been a two to three year waiting list, thereby providing stable rental income.

6.4 Sustaining Affordable Housing

Autumn House has continued to provide affordable housing for seniors with low and moderate incomes.

A new rent structure was developed by the Autumn House Board after the agreement expired. This affected the rent scales for both the rent-geared-to-income (RGI) and non-RGI units:

- For non-RGI units, rents had been described as 'market rent' (to differentiate them from RGI rents). However, since rents were actually lower than private market rents in the west end of Winnipeg, the term *'Discounted Rents'* was used. New Market Rents were set that could be used for new tenants should the operation require greater income. The existing tenants were grandfathered in with discounts to these market rents.
- For RGI units, tenants were charged 25% of their income for bachelor units and 27% for one-bedroom units. (These RGI tenants were not eligible for two-bedroom units). Autumn House project revenues generated a surplus of about $2,250 per unit per year used for internal subsidies of RGI units. However, changes to the rent structure resulted in a gap in subsidies to cover RGI units. Bethania Group worked with Manitoba Housing to develop a new provincial subsidy agreement of $1,000 per unit per year for its RGI component (a total of $40,000 per year for the 40 RGI units). The subsidy is a lump-sum amount rather than a rent supplement for each unit based on tenant income.

The rent structure ensures ongoing affordability for Autumn House tenants and financial viability for the project. The project budget also ensures financial contributions are made towards a capital replacement reserve for further renovations. In 2015, discounted monthly rents (for existing non-RGI units) in Autumn House were $391 for a bachelor unit, $628 for a one-bedroom unit and $768 for a two-bedroom unit, including heat and hydro expenses. According to the 2014 CMHC rent survey (see Annex, Table 1), average market rents in the core area were $563, $743 and $1,013 for bachelor, one- and two-bedroom apartments, respectively. Therefore, on average rents in Autumn House were about 20% below market rents compared to other rental housing.

6.5 Before and After CMHC Agreements Expired

As shown in the table below, there were limited changes in housing structure and tenants served since expiry of the CMHC agreement.

Table 6: Housing Before and After the Operating Agreement Expired

	Before Agreement Expired (2014)	After Agreement Expired (2015)
Housing Organization	Autumn House (Managed by Bethania Housing & Projects)	No change
Financing	Section 95 Non-Profit Housing Program	New rent structure Support from Manitoba Housing Corporation for subsidy
Housing & Unit Types	Six-storey apartment building with 68 units - 12 bachelor, 48 one-bedroom and 10 two-bedroom apartments	No change
Tenant Profile	Seniors	No change
Income Mix	60% low-income and 40% moderate-income	No change
Condition of Buildings	Good to average state of repair	Capital improvements (renovations) completed
Monthly Charges	RGI units, tenants were charged 25% of income for bachelor units and 27% for one-bedroom. Non-RGI units, rents were called 'market rent' but were lower than actual market rents.	**RGI Rents:** 25% of income for bachelor units 27% for one-bedroom units (no RGI for two-bedroom units) **Discounted Rents:** (inc. heat & hydro + $40/month for parking) $391 – Bachelor $628 – One-bedroom $768 – Two-bedroom

Source: Information provided by Bethania Group, Winnipeg.

6.6 Key Practices

The approach undertaken by Bethania Group and Autumn Houses resulted in a successful transition of the Autumn House project once the operating agreement expired. A number of key practices from the Autumn House project were identified, as shown below.

Planning Ahead

Capital Reserves

Clear Rent Structure

Inform Tenants

Planning Ahead: Bethania Group found it beneficial to plan at least two years in advance, before agreements expired. They also undertook long-term visioning of future services and clients.
Capital Reserves: Older buildings can require costly improvements; Bethania Group found it beneficial to be prepared with substantial reserves for renovations and repairs before agreements expired. With sufficient capital reserves, priority improvements to a property could be completed without refinancing when agreements expired, ensuring financial viability without increasing rents for tenants.
Clear Rent Structure: Tenants need to know how their rents are being determined. Since Bethania Group provided rents that were lower than market levels, they informed tenants about the discounts provided compared to full market rents. Making tenants aware of the rent structure helped existing and prospective tenants understand the basis for charges they pay for housing.
Inform Tenants: Providing clear and easy-to-understand information to tenants about any changes was especially important for seniors. Explaining how any changes would affect a senior with a limited income was crucial to meeting the organization's mission.

ANNEX : MARKET INFORMATION

Table A1: Rents and Vacancy Rates in Winnipeg and Autumn House by Unit Size

Unit Sizes & Vacancy Rates	Apartment Unit Rents			Autumn House versus Core Area Rents
	Winnipeg CMA (2014)	Winnipeg Core Area (2014)	Autumn House (Non-RGI Rents) (2015)	
Bachelor	$586	$563	$391	31% lower
1 bedroom	$782	$743	$628	16% lower
2 bedrooms	1,016	$1,013	$768	24% lower
Vacancy Rate	3.4%	3.9%	No Data	

Sources: CMHC Rental Market Report Winnipeg CMA, Fall 2014; Bethania Group.

7 TWIN PINE VILLAGE HOUSING CO-OPERATIVE, LONDON, ONTARIO

Photograph courtesy of Twin Pine Village Housing Co-operative Inc.

Overview
Housing Provider: Twin Pine Village Housing Co-operative Inc. In 1968, a coalition of local labor organizations and church groups (called Co-operative Homes of London and Area) was formed to develop co-operative housing geared toward working families. The mandate of the organization was to provide housing based on democratic decision-making, members' volunteer contribution and self-management. The Twin Pine Housing Co-operative Inc. was incorporated when the project was developed. **Housing Project: Twin Pine Village Housing Co-operative** This co-operative was developed in 1970/1 in the Huron Heights subdivision of north-east London. In developing Twin Pine Village there was a strong focus on providing affordable housing for working families with a range of income groups. The co-op was operated by resident members, with an elected unpaid Board. Construction was completed in 1971. Today the project continues to operate as a co-operative with a resident member Board of Directors elected by the co-op residents. **Federal Program**: 1970 Federal Government $200 Million Innovative Housing Program **Expiry of Agreement:** January 2013 **External Partners/Funding:** Twin Pine Village did not involve other organizations or partnerships in preparing for the expiry of its agreement. It did not receive funding from any outside sources. **Key Practice Highlights:** Planning Ahead, Leverage Equity, Active Member Involvement, Affordability with Internal Subsidy, Access Professional Advice.

7.1 Twin Pine Village Housing Co-operative Inc.

The Organization[12]

In 1968, members of union and church groups came together in London to create affordable co-operative housing for working families. They formed *The Co-operative Homes of London Area* and held the first Board meeting in 1969 to plan for two housing co-ops in London and began looking for land for a housing co-op.

At the time, there was growing interest in alternatives to low-income housing but there were no co-op housing programs in Canada until 1973. In 1970, the federal government created a special $200 million Innovation Program to provide CMHC mortgages at a preferred interest rate, which was lower than the market interest rate. *The Co-operative Homes of London Area* group was one of ten co-operative housing projects across Canada financed under this program.

Twin Pine Village Co-op Inc. was incorporated in 1970. The Co-op received loans from the United Church of Canada ($5,000), the Anglican Diocese of Huron ($5,000) the Bricklayers and Mason's Union #5 ($1,000) and a 40-year $1.3 million CMHC mortgage. The land was purchased from the Gethsemane United Church. The construction was completed in 1970 and the first members moved into the Co-op in 1971. Once the Co-op was occupied, the Co-op's Board of Directors was elected from its members and the Board was responsible for managing the Co-op and all decisions about the Co-op.

The Housing Project: Twin Pine Village Housing Co-op

The Co-op was designed to provide housing for working families. It had 84-units in stacked townhouses with four buildings. The mix of unit sizes was 12 one-bedroom units, 31 two-bedroom units, 37 three-bedroom units and four four-bedroom units. Two of the one-bedroom units have been converted into a common room for meeting space.

The mix of co-op members has changed over time. In some cases, children who grew up in the Co-op have become members and stayed when they had their own families. Some of the original members who still live in the Co-op are now empty- nesters. They have been able to move into the smaller (one-bedroom) units. Having the one-bedroom units has been beneficial for people with mobility challenges because these units are on one floor while other units are on two-stories. The Co-op has come to include retired people, single people, students and young working professionals as well as families with children.

When the Co-op was developed there were no government subsidies available for co-operative housing. Therefore, the Co-op created an *internal subsidy-surcharge approach* to provide lower cost housing for low-income members. The more affluent Co-op members pay higher charges (above the break-even cost) to create a pool of revenue for reducing housing charges on about 15% of the units. The Co-op was also able to offer its members some emergency, short-term financial help if needed.

The operating agreement with Twin Pine Village Co-op ended with the payment in full of the 40-year mortgage in January 2013.

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[12] Information in this section is from a brochure prepared by the Co-op: Co-operative Homes Corporation of the London Area Then.. Now..Future, Twin Pine Village Co-operative Inc, 2013.

7.2 Strategy For Post-Agreement Viability

The Co-op's Strategy
The Co-op began planning in 2011 for the end of its agreement, two years ahead of time. The Co-op was viable before its agreement ended because it was well-maintained and had contributed to capital reserves for major repairs to its units. The Co-op had already carried out replacement of most bathroom fixtures, kitchen cabinets and plumbing, boilers, windows, fencing, cement work, siding repairs and balcony upgrades. Moreover, the Co-op had been well-managed by experienced and active Co-op Board members. Many of the original members still lived in the Co-op.

The Board and co-op members decided that they wished to continue as a Co-op. Since the Co-op's property was not large enough to add more units without demolition and rebuilding, the focus was on improving and sustaining the existing buildings.

The Co-op formed a special committee of its resident members to develop a plan for what needed to be done. Twin Pine Village members decided to compile a brochure on the Co-op's history from the early days. With photographs and letters of support, the brochure told the story of the Co-op and created a shared understanding for the future.

The strategy developed by the Board and co-op members included three key points:

- The members decided to develop a *five-year Action Plan* for after the agreement expired. The Co-op's priority was to improve its aging property and still keep the housing charges within people's ability to pay.
- The Co-op decided to *seek professional advice* from financial consultants and renovation experts. Outside professionals helped the Co-op to decide how best to finance and carry out the work needed on its property.
- The Co-op needed a *capital plan*, approved by the members, as a blueprint for the years after the agreement expired. The Co-op had maintained its buildings well and made regular contributions to its capital reserves. However, there was a need for major upgrading and modernization of the aging property. The extent of work involved meant that renovations had to be financed with a new loan.

Key decisions by the Co-op's Board and members
Retain and Renovate the Co-op Buildings: With the decision to keep the existing property, the Co-op used advice from renovation experts to plan a cost-efficient way to carry-out the work.

Refinance a New Mortgage: With the increased property value, the Co-op was able to take out a new $2.5 million mortgage for major renovations. The Co-op had the assistance of a financial company (Devonshire Financial) to obtain the most beneficial financing arrangements.

Maintain Affordable, Income-mixed Housing: The Co-op's housing was more affordable than market rents in the London area. The Co-op decided to increase its housing charges annually at the average increase in market rents to keep pace with rising operating costs. At the same time, it decided to maintain internal subsidies for 15% of its units so as to provide affordable charges for lower-income members.

7.3 Viability Post-Agreement

Key Factors in Financial Viability:
With increased rents, revenues were sufficient to finance internal subsidies in 15% of its units, and housing charges were more affordable than rents for comparable housing in London. As well, the Co-op had strong support from the community. Due to these conditions, Twin Pine Village was in a sound financial position to consider refinancing (that is, taking out a new mortgage using its equity in the project) once its agreement ended.

The two key steps taken since the agreement ended in 2013 were:

- **New Mortgage:** The Co-op used its equity in the property to obtain capital for renovations. With low mortgage interest rates in 2013, the Co-op was approved for a new 35-year $2.5 million mortgage from a bank to invest in major renovations.
- **Renovations:** The major renovations undertaken since 2013 included replacement of all roofs for the four buildings, exterior insulation for all units and buildings, new siding for all buildings, new storms doors and front doors for all units, and exterior site upgrading. Most of the major building upgrades were completed or well-underway by 2015 and to be completed by 2017.

The key factors in the post-agreement viability of Twin Pine Village are:

- Increased value of the property due to renovation investment
- Higher revenues from the increased housing charges on 85% of its units
- New mortgage loan and increased revenues providing flexibility for financial management after the agreement ended in 2013

As a result, the Co-op is able to manage its assets and financial plans on a sustainable basis for the future.

7.4 Sustaining Affordable Housing

Twin Pine Village Co-op provides affordable income mixed co-operative housing including subsidized units. In 2015, monthly housing charges in Twin Pine Village range from $505 (one-bedroom) to $765 (four-bedrooms). These are 30% lower that market rents in London and 20% lower than rents in the North-East area of the City, which average $975 per month (2014) for a three-bedroom townhouse.

The Co-op's monthly housing charges for the non-subsidized units are increased by an overall average of 1.5% per year. Under Ontario's rental regulation guidelines, the maximum increases for continuing tenancies are 0.8% in 2015. However, for new residents, the monthly housing charges in the Co-op were increased by an average of 3% from 2014 to 2015.

Housing in the Co-op continues to be more affordable than other comparable housing in London. The rent affordability and a mix of 15% lower-income residents are sustainable even with mortgage payments for the new mortgage.

7.5 Before and After Operating Agreement Expired

The table below compares Twin Pine Village before its operating agreement ended in 2013 with the Co-op today. The main changes have been major renovations financed with a new 35-year $2.5 million mortgage from a private institution. The Co-op has continued providing affordable housing for a mix of income levels using its internal subsidies for 15% of its units. While housing charges have been increased, they are still below market rents in the London area.

Table 7: Housing Before and After the Operating Agreement Expired

	Before Agreement Expired (2013)	After Agreement Expired (2015)
Housing Organization	Twin Pine Village Co-operative Inc.	No change
Financing	Financed under 1970 CMHC $200 Million Innovation Program	New 35-year $2.5 million mortgage
Housing & Unit Types	Stacked townhouses (84 units) • Two one-bedroom units converted to meeting space • 10 one-bedroom units • 31 two-bedroom units • 37 three-bedroom units • Four four-bedroom units	No change
Tenant Profile	• Mixed – families, retired people, singles, young professionals	No change
Income Mix	• 15% lower-income units • 85% moderate/middle- income	No change
Physical Condition	Good state of repair despite aging	Major renovations to building exterior
Monthly Housing Charges	• Full Charge units (including surcharge above break-even) 15% Subsidized charges based on resident incomes	Monthly charges increase by average 1.5%/year on non-subsidized units Housing charges (including heat and water) $505 for one-bedroom units $594-$620 for two-bedroom units $720 for three-bedroom units $765 for four-bedroom units

Information provided by Twin Pine Village Housing Co-operative Inc.

7.6 Key Practices

Twin Pine Village Co-op identified the following key practices.

- Planning Ahead
- Leverage Equity
- Active Member Involvement
- Affordability with Internal Subsidy
- Access Professional Advice

Planning Ahead: The members formed a special committee to start creating an action plan two-years before the agreement expires. A key decision made was to continue operating as a housing co-operative and with the traditional model of member involvement. It is also important to be creative in planning new approaches and "think outside the box – co-ops can do creative thinking."

Leverage Equity: Sustain the housing quality into the future by using the equity in the property. The increased market value of the property can be used for refinancing. Taking out a new mortgage provides funds for major renovations. The Co-operative can improve and sustain housing quality into the future.

Active Member Involvement: With a self-management model, co-operative members played a key role in planning. The members and the Board made decisions about the future when the agreement expires. With members involved in decisions there is a strong buy-in to plans. Members need to elect a Board with a strong belief in what a co-op is, to ensure strong governance.

Affordability with Internal Subsidy: Continuing the proven self-financed internal subsidy system is sustaining affordability and mixed-income housing for the long term without government subsidies by taking advantage of increased revenues on non-subsidized units. Providing housing for lower- and moderate-income households is viable with sound financial planning.

Access Professional Advice: Expert advice helped the Board and members to make decisions about their housing co-op. Experienced development consultants and financial advisors provided useful advice in planning. For example, renovation experts helped create the most cost-efficient plans for carrying out improvements in the best order. Professional advice helped identify options for the Board to make decisions.

ANNEX

Table 2: Rents and Vacancy Rates in London by Unit Type & Size, 2014

Unit Sizes & Indicators	Row/Townhouses			Apartments	
	City of London (2014)	NE Zone, London (2014)	Twin Pine Village Co-op (2015) (incl. heat and water)	City of London (2014)	NE Zone (2014)
1 bedroom	-	-	$505	$774	$675
2 bedrooms	$950	$778	$594	$956	$783
3+bedrooms	$975	$914	$720	$1,117	929
4 bedrooms	-	-	$765	-	-
% change in rents (2013-2014)	+1.5%	+3.4%	+1.5%	1.0%	0.9%
Vacancy Rate	3.1%	4.4%	Not available	2.8%	3.5%

Sources: CMHC Rental Market Report London, Fall 2014 and electronic website (CMHC did not have sufficient data for 4-bedroom units). Interview with President of Twin Pine Village Co-operative 2015.

8 TALMILL TOWERS, HOMES UNLIMITED, LONDON, ON

Source: Homes Unlimited

Overview
Housing Provider: Homes Unlimited Homes Unlimited is a non-profit corporation formed in 1972 to provide affordable rental housing primarily for families of modest income. **Housing Project: Talmill Towers** Talmill Towers, located in London, Ontario, is a 57 unit four-story building with 45 one-bedroom and 12 two-bedroom apartments. It is equipped with elevators and was designed for small families and single adults. It is located in London's core area near jobs, shops, social services, hospitals, bike paths, parks, a university, grocery store and public transportation. **Federal Program**: Pre-1986 Non-Profit Housing **Expiry of Agreement**: January 2001 **External Partners/Funding**: No external partners since 2001. **Key Practice Highlights**: Generate Surplus; Planning Ahead; Purchase Quality Buildings; and, Employ Property Management Team

8.1 Homes Unlimited and Talmill Towers

The Organization
Homes Unlimited (London) is a non-profit organization incorporated in the early 1970s. It is also a federally- registered charitable organization. The twelve-member volunteer Board of Directors has a wealth of experience and expertise, with many Board members having served for more than fifteen years. The Directors play an active role on various committees such as operations, finance and capital projects. For the past 15 years, Homes Unlimited has used a property management company, Arnsby Property Management, to operate its rental properties.

Over time, Homes Unlimited has purchased or developed 9 projects with 467 rental units. Between 1974 and 1980, Homes Unlimited used the federal government pre-1986 Non-Profit Housing Program to acquire four housing projects with over 150 rental units. Homes Unlimited sought out structurally sound, well-built properties that had been well maintained and financially viable projects where it could provide affordable rents. In the mid-1980s, Homes Unlimited formed a development company, Odell-Jalna Residences, to build new rental housing with financial assistance from Ontario's provincial housing programs. Between 1985 and 1995, three new family townhouse projects with 186 units, and a high-rise project with 60 units were built. In July 2015 a new 22-unit project was built by Odell-Jalna Residences.

The Talmill Towers Project
Talmill Towers is a 57 unit four-storey building that was constructed in the 1950s and purchased by Homes Unlimited in 1976. The Talmill housing project is financially viable and the reserve fund is adequately funded. Over the years capital expenditures were mostly on unit upgrades; new bathrooms, kitchens, flooring, etc. During the last few years major capital works including a rebuilt parking lot, new roof, new LED lighting, and a new lobby have been completed.
The 25-year operating agreement signed in August 1975 expired in January 2001.

Strategy For Post-Agreement Viability

The Board's Strategy
Homes Unlimited undertook strategic and operational planning before the CMHC agreement for Talmill Towers ended, and developed the following approach.

> **Maintain affordability** - Homes Unlimited's strategy is to retain all of its operationally and financially viable projects. Talmill Towers was a key component in the Board's plan to continue providing affordable housing to seniors and families of modest incomes.
> **Business Planning** - The viable continuation of Talmill Towers was aided by having a long-term business plan that was updated on a regular basis.
> **Financial Planning** – Homes Unlimited made connections with financial institutions that facilitated obtaining a mortgage to upgrade the Talmill Tower project and to leverage financing for an additional housing project.

Key Decisions by the Board
Retain Talmill Towers Within its Housing Portfolio: The property was a positive component of the portfolio as it provided affordable housing, had a net-positive revenue stream and the building was in good condition.

Maintain the Affordable Housing Objective: The rental rates could be retained and rent increases could continue to be less or equal to the increases allowed under Ontario's rental increase guidelines.

Undertake Renovations and Upgrades: Identified renovations and upgrades that would improve the residents' experience, aid in extending the life of the building, improve energy efficiency, and reduce operating costs.

Steps Taken
Homes Unlimited implemented the strategy developed by its Board starting in 2001. Two key steps were taken:

- **A new 20-year mortgage was taken out with First National Bank.** The new mortgage provides flexibility for Homes Unlimited to manage and allocate finances without restriction. Timing was opportune as the mortgage rates in 2001 were lower than in previous years. Lower interest costs increased the financial viability of Talmill Towers.
- **Major capital improvements have been completed.** These have included a rebuilt parking lot, a new roof, new LED lighting, and a new lobby. For 2016, Housing Unlimited is considering façade renovations and possibly conversion from electric to gas heating. A detailed review and costing are under way.

8.2 Financial Viability Post-Agreement

When the agreement with CMHC expired in January 2001, Talmill Towers was the most financially viable of Homes Unlimited's properties due to a number of factors. One of these factors was the well-funded financial reserve. Likewise, the building had been well-maintained with regular and preventative maintenance to keep operating costs to a minimum, and no major repairs were required. In addition, none of the tenants were receiving rent supplements, and vacancy rates remained low due to Talmill Towers' desirable location in London.

In 2015, Talmill Towers is in excellent condition and well maintained. It continues to be Housing Unlimited's most financially and operationally viable project. Talmill Towers continues to generate a surplus that has been used to leverage financing for the construction and addition of new housing units into Housing Unlimited's portfolio.

8.3 Sustaining Affordable Housing

Talmill Towers continues to provide affordable housing for seniors, families and younger adults with modest incomes. There were limited changes in the housing itself, the tenants served or the rent structure since the agreement expired (See Annex Table 1). The type of housing provided was sustained, and the number and type of rental units remained the same. Similarly, the mix of tenants continued with 50% seniors, 40% families and 10% students. The pre-expiry existing rent structure was maintained with below market rents and no rent supplement units. Rents have been increased following Ontario's rent increase guidelines; however, rents remain competitive in the London rental market which had a higher vacancy rate (at 2.8% in 2014) than in many other Ontario markets.

Rents in Talmill Towers have remained more affordable than rents in other rental housing. In 2015, 1-bedroom units rent for $659 a month and 2-bedroom units rent for $750 a month. Compared with other rents in the area, rents are 22.7% to 38.7% lower in Talmill Towers (See Annex Table 2), and have been sustained below market rents for the 14 years since the agreements expired. These rents are sustainable at below-market rent levels because Tamill Towers is financially viable.

8.4 Before and After the Operating Agreement Expired

The following table presents some key aspects of the Talmill project, comparing the project prior to the expiration of their operating agreement in 2001 with the project as it stands today.

Table 8: Housing Before and After the Operating Agreement Expired

	Before Agreement Expired (2001)	After Agreement Expired (2015)
Organization & Project	Homes Unlimited, London, ON Talmill Towers project acquired in 1976.	No Change
Financing	Pre-1986 NHA Non-Profit Housing Program CMHC mortgage at preferred interest rate; no rent supplements	A new private 20-year mortgage in 2001.
Housing & Unit Types	Four story apartment building (57 units) 45 one-bedroom & 12 two-bedroom units	No Change
Building Conditions	Good state of repair	Renovations completed
Tenant Profile	Seniors, small families and students	No Change
Income Mix	Modest incomes	No Change
Monthly Housing Charges	Rents in 2001 not known.	$ 659 for 1 bedroom (2015) $ 760 for 2 bedroom (2015)

Source: Information provided by Homes Unlimited London.

8.5 Key Practices

Homes Unlimited identified key practices implemented to successfully transition its Talmill Towers project after the expiry of its operating agreement. It maintained and enhanced the financial viability of the property, carried out capital improvements with new mortgage financing, and maintained

Generate Surplus
Long-Term Planning
Purchase Quality Buildings
Employ Property Management Team

affordability for modest income households.

Generate Surplus: Homes Unlimited noted that Talmill Towers is successful and is expected to continue operating for some time. The main reasons for the successful viability of the project are that it is able to fund a financial reserve, it provides some funds towards new housing projects, and maintains lower rents than in the surrounding area.
Long-Term Planning: The Board, supported by a strong property management firm, is committed to an effective long-term planning process for its properties. Planning examines all aspects of the projects and includes a resident input process.
Purchase Quality Buildings: Purchasing quality, structurally- sound buildings reduces maintenance and repair costs. This contributed to financial viability, supported building a financial reserve, and reduced unexpected major repair costs.

Employ Property Management Team: The property management team possessed the skills, knowledge and contacts needed for planning, management, maintenance, and communication requirements of operating larger complex housing projects.

ANNEX : Market Information

Table 1: Rents and Vacancy Rates in London by Unit Size, 2014

Unit Sizes & Vacancy Rates	Apartment Unit Rents			Talmill Tower Rents versus Downtown Rents
	City of London (2014)	London, Downtown Area (2014)	Talmill Towers (2015)	
1 bedroom	$774	$852	$659	22.7% lower
2 bedrooms	$956	$1,240	$760	38.7% lower
Vacancy Rate	2.8%	4.0%	No Data	

Sources: CMHC Rental Market Report London, Fall 2014; Homes Unlimited (London) Inc.

9 Pineview Home for Senior Citizens, Sarnia, Ontario

Source: Google Street View

Overview
Housing Provider: Pineview Home for Senior Citizens, Sarnia, Ontario Since the 1970s, the Pineview Home for Senior Citizens has been committed to providing subsidized and affordable housing to seniors of a varying range of income brackets. The organization at large is committed to expanding the accessibility and quality of autonomous senior citizen housing in Sarnia, Ontario. **Housing Project: Pineview Home for Senior Citizens, Ontario** The project is a non-profit senior residence. The first two phases totalizing 46 units were built in the 1970s and 1980s using a CMHC mortgage. The organization prepaid its mortgage 9 years in advance so it could borrow privately at a better rate and renovate the two existing phases as well as build a third phase. The third phase completed in 2011, included the construction of 24 new units. **Federal Program:** Pre-1986 Section 95 Non-Profit Housing Program **Expiry of Agreement:** 2009 (prepaid 9 years early) **External Partners/Funding:** Commercial bank funding for the new mortgage. **Key Practice Highlights:** Early repayment of mortgages, renovation and expansion.

9.1 SENIOR CITIZENS

The Organization
The Pineview Home for Senior Citizens is a non-profit housing organization that manages and operates 70 units for senior citizens in Sarnia, Ontario.

The Pineview Home first began offering subsidized and affordable housing in the 1970s as a means to address local housing needs for autonomous seniors. The Board is made up of volunteers and a team of paid staff. These employees provide a limited range of services to the project's residents and ensure the maintenance of the property.

The Housing Project: Pineview Home for Senior Citizens
The Pineview Home for Senior Citizens began its operations in the 1970s with phase one, construction of 22 units in a single-story residence. Phase two of operations added 24 units in the early 1980s. These two phases were financed under the Federal government Pre-1986 Non-Profit Program. Phase three saw the construction of an additional 24 units in 2011, bringing the total to 70 units, and the existing 46 units built during phases one and two were renovated. The third phase was financed with a commercial mortgage. Pineview provides internal subsidies for lower-income tenants to make rents more affordable.

9.2 STRATEGY FOR POST-AGREEMENT VIABILITY

The Board's Strategy
Due to the high interest rates (and mortgage payments) for the existing CMHC mortgage coupled with the costs of operating the facility, it was impossible to free up monies to expand the housing under the operating agreement.

The Board had two primary objectives:

- Increase Housing - The Board wanted expand the number of residential units at the current project site.
- Improve Existing Housing - The Board wanted to fully renovate the 46 existing units built during phases one and two.

Key Decisions by the Board
Negotiate Approval to Pre-pay the Existing Mortgage: Pre-payment of the existing mortgage would reduce the monthly mortgage payments and enable refinancing a new mortgage at a lower rate of interest.

Obtain New Mortgage: Apply for a mortgage from a commercial bank to cover full pre-payment of the existing mortgage and provide funds for renovations and construction of additional units.

Steps Taken
Following approval, the existing mortgage was fully repaid and the operating agreement was ended nine years ahead of the agreement expiry date. Under a new mortgage provided by a commercial bank, Pineview was able to lower borrowing costs significantly by obtaining a commercial mortgage at a significantly lower interest rate. The new mortgage:

- Allowed for the repayment of the CMHC mortgage on phases one and two of the project
- Financed the complete renovation of the existing 46 units built in phases one and two

- Financed the construction of 24 additional units in the third and final phase.

Negotiation to terminate their agreement nine years early was key to Pineview's success. Without approval of the early termination of the mortgage, it would have been impossible to renovate the existing units (phases one and two) as well as build additional units (phase three).

9.3 Viability Post-Agreement

Pineview Housing is now more financially viable than it was prior to the end of the agreement. By lowering its monthly payments on the existing units, it was able to lower its operating costs. This lower monthly payment even includes the money borrowed in order to renovate the facilities and units.

The mortgage that enabled Pineview to construct 24 additional units has also contributed to lowering the per unit operating cost. The Board was able to achieve additional operational synergies by building new additional units on the project site, such as taking advantage of existing infrastructure and services, common areas, parking lot and the kitchen and dining facilities. There are no plans to increase the number of residential units at the project as the site is now fully-developed. The housing is in a good state of repair and responds well to the needs of its residents.

Pineview has renovated units, new units, lower monthly financing charges, and lower operating costs for its housing. Pineview was also able to continue using its own (internal) surpluses to cover the costs of subsidies and provide reduced rents.

9.4 Sustaining Affordable Housing

New units in Pineview's third phase were eagerly awaited by both staff and local seniors, with all units pre-rented prior to the start of construction in 2009. Construction was completed in 2011.

Affordable housing for seniors in Sarnia is important to meet the needs of its aging population; by 2011, nearly 20% of the population was 65 years of age and over. The additional Pineview units for seniors built in phase three contributed to meeting the growing demand. When Pineview announced the construction of phase three, all of the units were rented before the beginning of construction. The facility still has a long wait list and cannot respond to the needs of all of those who request units. This seems to suggest that the market is either not offering a sufficient number of units or that the units that are available are not deemed desirable by those seeking this type of housing.

The average market rent for one-bedroom units in Sarnia in 2014 was $752 and rents had increased by 1.5% from the previous year (See Annex). These market rents were beyond the reach of lower-income seniors with incomes below $30,000 a year.

Pineview's units are rented to seniors with a range of incomes, and rents are reduced for lower income seniors by internal subsidies. Pineview has placed a greater focus on lower-income seniors in the new units added and adjust rents to make them affordable. With the reduced operating costs and increased internal surpluses, Pineview is able to provide affordable housing to seniors with low- and moderate-incomes.

9.5 Before and After Operating Agreement Expired

The following table presents some key aspects of the Pineview housing project, comparing the project prior to the expiration of their agreement with CMHC in 2009 with the project as it stands today.

Table 9: Housing Before and After the Operating Agreements Expired

	Before Agreement Expired (Pre-2009)	After Agreement Expired (2015)
Organization & Project	Pineview Home for Senior Citizens	No change
Financing	Financed under Pre 1986 NHA Section 95 Non-Profit Private Program	Private financing
Housing & Unit Types	Phase 1: 22 units (single story building) Phase 2: 24 units (two-story building) • 38 1-bedroom with kitchen units • 8 2-bedroom with kitchen units	Phase 3 added 24 units to bring the total to 70 units. • Original 46 units retained and fully renovated • 24 additional 2-bedroom units of which 2 are wheelchair accessible
Building Conditions	Fair requiring mostly minor repairs and a few major repairs	Excellent following renovations of original units
Tenant Profile	Targeted to autonomous senior citizens of various income levels	Lower-income brackets & autonomous senior citizens
Income Mix	Large variety of income levels	Greater focus on lower-income senior citizens
Monthly Housing Charges	--	No impact on rates

9.6 Key Practices

Pineview Housing's experience with the early retirement of its operating agreement, to take advantage of lower interest rates, highlights two key practices.

Getting Out of Debt Quickly | **Starting New Projects**

Getting Out of Debt Quickly: With the ability to pay off the mortgage for phase one and two prior to the scheduled expiry of the agreements, Pineview Housing was able to secure a lower-rate mortgage and fully renovate its existing housing stock of 46 units. This provides an important example of the positive flexibility that early mortgage payment possibilities lend to improving the quality of subsidized and affordable housing stock; especially when the new interest rates are substantially lower than the rates in the operating agreement.

Starting New Projects: After firstly renovating the existing housing stock, Pineview Housing was able to expand its operations to more individuals with the flexibility to build more units through new financing after repayment of a CMHC mortgage.

ANNEX : MARKET INFORMATION

Market Conditions: Sarnia is a smaller urban center in South-Western Ontario with a population of 72,386 in 2011.

- Sarnia's population is aging. Based on Census data, the proportion of residents 65 and over increased from 16.8% in 2001 to 19.2% in 2011.
- Sarnia has experienced unemployment rates above provincial average (8.8% in 2011). Limited employment opportunities contribute to the movement of younger residents to other centers.

Sarnia's housing market is characterized by higher rental vacancy rates, lower average rents and lower house prices than larger markets in Ontario. Based on CMHC market data: [13]

- The apartment vacancy rate in Sarnia in the fall 2014 was 4.4%, a decrease from 6.1% the previous year. The provincial average vacancy rate in 2014 was 2.3%.
- In Sarnia, the average monthly rent in the fall of 2014 was $752 for a 1-bedroom apartment and $874 for a 2-bedroom apartment. The average rent increase in the 2013-14 period was 1.5%, below the provincial average.
- Sarnia has a supply of 1- and 2-bedroom apartment units (more than 5,000 in 2014), but relatively few bachelor apartments (191 units).

Sarnia has a supply of over 1,700 social housing units plus additional rent supplements operated by the Sarnia and Lambton Housing Authority. The waiting list averaging 400-500 applicants has declined in the past few years. With rent based on tenant income, these units serve lower-income households who cannot afford market rent prices.

With the growing demand for senior housing, Sarnia also has numerous types of retirement living communities. Typically, these cater to more affluent seniors who are able to afford monthly charges ranging from close to $2,000 to $4,500 or have equity to invest ($170,000 to $250,000).[14]

The demand for senior housing seems to not be fulfilled by the current market.

13 CMHC Rental Market Report Ontario Highlights, Fall 2014.

14 Examples include: Landmark Village, Springmarsh Place and Bluewater Country Adult.

10 Can-Am Urban Native Homes, Windsor, ON

Photograph provided by Can-Am Urban Native Home

Overview
Housing Provider: Can-Am Urban Native Homes Established in 1988, Can-Am Urban Native Homes provides 94 housing units, including 3 apartments in the Nash Kanonhsa project, which is a designated historical building. **Housing Project: Nash Kanonhsa** The Nash Kanonhsa Home is a three-unit apartment building in Windsor, Ontario. The building was in very distressed condition when it was purchased from the federal government in 1973 for $1.00. **Federal Program**: Under Section 95, the agreement provided below-market interest rates which allowed for rents below local market rates. **Expiry of Agreement**: January 2013 **External Partners/Funding**: New private mortgage, City of Windsor, and Windsor's Downtown Mission. **Key Practice Highlights**: Financial Reserve; Planning Ahead; Strong Partnerships; Community Integration

10.1 CAN-AM URBAN NATIVE HOMES AND THE NASH KANONHSA PROJECT

The Organization
Can-Am Urban Native Homes (Can-Am) is a non-profit housing provider, with a mission to "provide affordable and suitable homes for people of native ancestry," living in the City of Windsor, Ontario. Can-Am acquires, develops, manages and maintains housing accommodations and incidental facilities for its tenants, and seeks to expand their portfolio.

Incorporated in 1988, and managed by a Board of volunteers, Can-Am has six paid employees tasked with managing, operating and maintaining a portfolio of 98 units. The current portfolio includes:

83 single family homes scattered throughout the city in small clusters of five to ten homes;
A 12-unit apartment block;
Three apartment units in the historically designated Nash Kanonhsa property.

The Nash Kanonhsa Project
The Nash Kanonhsa Project is a three-unit apartment building located in Windsor, Ontario. The building was in a very distressed condition when it was purchased in 1973 from the federal government for $1.00. A 40-year operating agreement was signed in 1973 for funds to totally renovate the building, bring it up to building code requirements and save it from demolition. Funded under Section 95, the agreement provided below-market interest rates which allowed Can-Am to provide rental units below local market rates.

The building has a historical designation which required working closely with the City of Windsor and local historical and interest groups during the renovations. Neighbours worked with Can-Am Urban Native Homes, raising funds and assisting where they could during the renovations.

10.2 STRATEGY FOR POST-AGREEMENT VIABILITY

The Board's Strategy
Can-Am's long-term overall strategic and operational plan is to:

Expand Portfolio - Can-Am wanted to expand its housing portfolio.

- Provide Subsidized Housing - Can-Am wanted to continue to provide subsidized housing to Aboriginal persons at all of its housing projects, including Nash Kanonhsa.

Integrate Programs Offered - Can-Am wanted to better integrate its housing program with other programming available for Urban Aboriginals.

Key Decisions by the Board
Keep the Nash Kanonhsa Project in the Housing Portfolio: The building would be kept and not sold or used for other purposes.

Maintain the Affordable Housing Objective: The rental rates would be retained and rent increases would continue to be less than or, at most, equal to the increases allowed under Ontario's rent regulations.

Seek a New Partner: Identify a new partner that would enable the Board to continue providing subsidized rents to its lower income tenants.

Steps Taken
Can-Am Urban Native Homes took a two-pronged approach to ensure the continued operation of the Nash Kanonhsa project. First, Can-Am took a new eight-year mortgage on the Nash Kanonhsa property to pay off a small balance on their initial mortgage and to undertake some minor enhancements. Second, they engaged in negotiations with the City of Windsor which agreed to provide financial assistance to the Nash Kanonhsa project. These actions resulted in continued ability to provide subsidized rents to Nash Kanonhsa residents, and maintain the viability of the project.

10.3 Viability Post-Agreement

The Nash Kanonhsa project continues to have a small reserve fund which is slowly growing. Given the age of the building, a major repair could deplete the reserve fund. Can-Am Urban Native Homes manages the reserve funds from the 94 units they manage, and each project has a reserve fund which can support needs across the portfolio. If the Nash Kanonhsa reserve fund becomes a deficit, a short-term solution is to borrow money from the reserve funds of the other housing projects to cover the shortage; but that has to be repaid so as to maintain the integrity of the other reserve funds.
After 2021, the financial viability of the project should increase as a portion of the money currently being used to pay down the mortgage will be redirected to increase the financial reserve.

10.4 Sustaining Affordable Housing

The City of Windsor stepped forward in 2013 and agreed to partner with Can-Am Urban Native Homes to provide subsidies to reduce rents for the residents of the Nash Kanonhsa project. The City's rental subsidy calculation method applies to the Nash Kanonhsa project and not the other Can-Am Urban Native Homes housing units. The City reviews renter information and, if the renter qualifies, a subsidy is provided so that the tenant does not pay more than 30% of their total income towards rent. Windsor recalculates the tenant's rent each time the tenant has an increase or decrease in income.

The City of Windsor's subsidy will continue until the Nash Kanonhsa private mortgage is fully paid in 2021. After 2021, Can-Am Urban Native Homes believes that the money currently being spent to pay down the mortgage will be sufficient to allow them to continue the rental subsidies.

The rents at Nash Kanonhsa are 5% to 8% lower than average market rents for comparable units.

Windsor's housing market conditions in recent years have been strongly affected by economic trends, especially the unemployment rate (8.5% in 2015). Core housing need in Windsor has declined somewhat from 12.7% in 2006 to 11.3% in 2011.[15] In 2011, there were 2,640 Aboriginal households in Windsor and they have higher rates of housing need and unemployment than non-Aboriginal households.

Rental market vacancy rates have declined from a high of 14% in 2008 to 5% in 2014, still above the provincial average. With these conditions, trends in rent increases have been modest. In 2015, the average market rent for a 2-bedroom apartment in the Windsor CMA was $815. As shown below, average market rents are similar for the City of Windsor and in the central area where the Can-Am Urban Native Homes housing project is located.

[15] CMHC, Canadian Housing Observer 2014, Table 19, Page A-23.

10.5 Before and After the Operating Agreement Expired

The following table presents some key aspects of the Nash Kanonhsa project, comparing the project prior to the expiration of its agreement with CMHC in 2013 to the project in 2015.

Table 20: Housing Before and After the Operating Agreement Expired

	Before Agreement Expired (2013)	After Agreement Expired (2015)
Organization & Project	Can-Am Urban Native Homes Nash Kanonhsa	No change
Financing	Pre-1986 NHA Non-Profit Program. CMHC mortgage at preferred interest rate; no rent supplements.	A new, private eight-year mortgage in 2013. Subsidized rents.
Housing & Unit Types	3 two-bedroom apartments in one building	No change
Building Conditions	Good state of repair	Minor improvements made.
Tenant Profile	Urban Aboriginal Families	No change
Income Mix	Modest incomes	No change
Monthly Housing Charges	$745 for 2 bedroom, depending on tenant income	$775 for 2 bedroom, depending on tenant income

10.6 Key Practices

Can-Am Urban Native Homes identified the practices it employed to successfully transition the Nash Kanonhsa building after the agreement expired.

Financial Reserve | Planning Ahead | Establish Strong Partnerships | Community Integration

Financial Reserve: Can-Am Urban Native Homes was successful because the project is financially viable, that is, capable of funding a financial reserve, and capable of providing some funds towards new housing projects. Can-Am has accomplished this while maintaining rents that are lower than average market rents.

Planning Ahead: The Board, staffed by volunteers and supported by a strong property management team, was fully committed to an effective long-term planning process that examined all aspects of the project, including a resident input process.

Establish Strong Partnerships: Can-Am Urban Native Homes worked closely with the City of Windsor during the restoration of the Nash Kanonhsa property, including addressing the challenges specific to a historically designated building. The relationship that was established facilitated an agreement with the City of Windsor to subsidize rents from 2013 to 2021.

Community Integration: Nash Kanonhsa is located near and provides a link to Windsor's Downtown Mission which provides about 7,600 safe nights of accommodations and serves 145,000 meals each year. With funding from different private and community sources, Can-Am Urban Native Homes operates some joint programming with the City of Windsor, which benefits many of Can-Am Urban Native Homes' tenants.

ANNEX : MARKET INFORMATION

Table 3: Trends in Average Market Rents for 2-bedroom apartments, Windsor, 2013-2015

Year	Windsor CMA	City of Windsor	South Central Windsor (Note 1)
2015	$815	$807	Not available
2014	$801	$795	$792
2013	$788	$782	$761

Source: CMHC Housing Market Information Portal, 2015
Note 1: Neighborhood data for the area around Can-Am Urban Native Homes' project

For the Can-Am Urban Native Homes project, rent supplements funded by the City of Windsor to base rents on 30% of income for lower-income tenants make these units more affordable than average market rents. Although there are no CMHC data for newer private projects, market rents in downtown high-rise developments are reportedly in the $800 to $900 per month range and Can-Am Urban Native Home rents are below this price range.

11 Victoria Park Community Homes, Hamilton, Ontario

Photograph Courtesy of Victoria Park Community Homes

Overview
Housing Provider: Victoria Park Community Homes Victoria Park is the largest non-profit housing corporation in the Province of Ontario. Since it was incorporated in 1974, its portfolio has grown to more than 2550 apartments, townhouses and single family homes. The units are located throughout four communities (Hamilton, the Region of Waterloo, the Region of Halton, and the City of Brantford). Victoria Park owns 46 housing projects and provides property management services for another 553 units. Half of projects are funded federally and the other half with provincial funding. **Housing Project: Queen's Gate** The first Victoria Park project to reach the end of its operating agreement was the Queen's Gate, which is a 40-unit, 3-bedroom townhouse project in Hamilton built in 1980. It was purchased in 1980 when it was under construction and the Federal Government foreclosed on the mortgage with a developer. The property is registered under the Condominium Corporations Act. Townhouse units have 1 1/2 bathrooms, driveways with garages and private yards. Monthly rents have increased by inflation factors. Rent-Geared-To-Income (RGI) subsidies for about 20% of the units are funded from the project revenues. **Federal Program**: Pre-1986 Section 95 Non-Profit Housing Program (Mixed) **Expiry of Agreement**: 2010 **External Partners/Funding**: No partners or other funding sources for the Queen's Gate project. **Key Practice Highlights**: Know Your Capital Needs, Leverage Equity, Entrepreneurial Model, Generate Surpluses, Plan Well Ahead

11.1 VICTORIA PARK COMMUNITY HOMES - QUEEN'S GATE PROJECT

The Organization:

Victoria Park Community Homes grew out of a citizens' community organization formed in 1969 to address the neighbourhood impact of expressway construction and urban renewal. Expropriation and demolition had resulted in the displacement of the working poor, single-parent families and the new immigrant population.[16] This area of North-West Hamilton was rapidly deteriorating and becoming a visibly depressed neighbourhood.

In 1974, with help from the United Church of Canada in Hamilton, the community group incorporated Victoria Park Community Homes as a non-profit housing organization with a 12-person board of directors. Victoria Park Community Homes have experienced three key phases of growth since it was incorporated:

- 1974: Victoria Park Community Homes undertook home purchases and repairs with financing under the 1973 federal National Housing Act (NHA) Section 27 Non-Profit Program.

- From 1978 to 1986: financing under the federal NHA Section 95 Non-Profit Housing Program was used to create the major share of Victoria Park's portfolio (almost 1,000 units) over 35 projects. These included projects in Cambridge and Kitchener as well as in Hamilton.

- 1986: additional projects were developed in Brantford, Stoney Creek, Watertown, Waterloo, Milton and Burlington through new federal-provincial and unilateral provincial funding programs.

Over time, Victoria Park has expanded its services to include property management for other non-profits and housing co-operatives. Today, Victoria Park Community Homes provides a variety of housing types such as apartment buildings, scattered homes and townhouses. Likewise, it provides housing for all types of families and other households with varying income mixes. The operating agreements for Victoria Park Community Homes projects began expiring in 2010, with the Queen's Gate project.

The Housing Project: Queen's Gate

Queen's Gate is a 40-unit, 3-bedroom townhouse project purchased in 1980 by Victoria Park Community Homes, with financing under the federal Pre-1986 Section 95 Non-Profit Housing Program. The Queen's Gate project was under construction when the federal government foreclosed on the mortgage with a developer.[17] The Queen's Gate is the only condominium project owned by Victoria Park Community Homes, with all of the townhouses within the condominium owned by Victoria Park Community Homes. Units are rented to tenant families.

The townhouse units have:

- 1 1/2 bathrooms, driveway with garage, and private yard;

[16] Refer to: http://www.vpch.com

[17] The property had already been registered by the developer under the Condominium Corporations Act when it was purchased and as such remained as a registered condominium. This is relevant for post-agreement strategies because it raised the option to sell each townhouse individually.

- Monthly rents close to market rents in Hamilton. However, 20-30% of units have internally subsidized rents to keep units affordable for low-income households. These rental subsidies are from the revenues of the Queen's Gate project; and,
- Very low turnover (1-2% per year).

At the end of their operating agreements in 2010, the project did not have any financial difficulties, was in a good state of repair and had $800,000 in capital reserve funds for future repairs.

11.2 Strategy For Post-Agreement Viability

The Board's Strategy

With upcoming expiry of agreements for many of its housing projects beginning in 2010, Victoria Park Community Homes did a full-scale assessment of the physical conditions of properties in its portfolio and considered options for sale or retention of specific buildings. Since the Queen's Gate property was a registered condominium, Victoria Park Homes also had to consider options for the sale of individual condo units to residents.

Victoria Park Community Homes carried out a full internal financial assessment of the options following expiry of the agreement. With the discharge of the mortgage in 2010, there was also the option to remortgage the property as a source of funds for other investments. In particular, Victoria Park Community Homes considered the need for renovations in other properties.

Key Decisions by the Board

Retain the Queen's Gate property in its Housing Portfolio: Continued operation of Queen's Gate as a rental property would provide revenues to offset deficits from other properties and contribute to capital reserves. Sale of some individual condo units was considered but not pursued due to potential operational challenges with private ownership of some units in the project.

Increase Rents to Close to Market Levels: Prior to 2010, rent increases were limited to inflation factors and, under the terms of the operating agreement, rents were set well below average market rent levels. Allowing rents to increase to maximum allowable levels (under Ontario guidelines) would provide increased revenues.

Continue Support for Subsidized Units: Victoria Park Community Homes decided to continue its subsidies for the existing subsidized units in Queen's Gate until such time as tenants move out of these units.

New Mortgage Loan for Renovation of Other Property: Taking out a new mortgage for part of the assessed value of the Queen's Gate provided funds for major renovations of the property. The Board chose an option to remortgage less than half the asset value of Queen's Gate so as to avoid the cost of mortgage insurance. The net operating income from Queen's Gate was sufficient to cover the new mortgage payments.

11.3 Viability Post-Agreement

Key Factors in Project Viability
Queen's Gate is a viable project for a number of reasons. Firstly, Queen's Gate provides desirable, good quality townhouse accommodation for families resulting in very low turnover rates and stable rental income. Secondly, there is an operating surplus that comes from rental revenues based on market rents. This operating surplus contributes to project reserves that can be used for future renovation needs, and supports internal subsidies for low-income households. Likewise, mortgage payments on the new mortgage are covered by Queen's Gate revenues, allowing money from the new mortgage loan to be used to pay for repairs of other projects in the Queen's Gate portfolio.

Steps Taken Since 2010
Ownership of all the units was retained by Victoria Park Community Homes and a new $2.5 million mortgage was taken out to finance renovations in another large Victoria Park Community Homes projects.

Queen's Gate continues with a mix of close to market rent and subsidized rent units. As of 2015, approximately 20% of units have rents based on the incomes of existing tenants.

If these tenants move out, Victoria Park Community Homes plans to convert these units into market rent units over time. This would increase the revenues and provide more surpluses to be used in other properties.

Victoria Park Community Homes is proposing a new subsidized rent model for its portfolio which would provide fixed subsidies by income ranges. The objective is to simplify administration and help define the subsidy costs for financial planning. In order to so this, Victoria Park would have to enter into agreements with five service managers from all the municipalities it deals with and the Province of Ontario. The agreements are needed for Victoria Park to have consistent subsidies across its portfolio. Once agreements end and assuming no rent supplements from the municipality, Victoria Park could phase in a new rent structure.

11.4 Sustaining Affordable Housing

Queen's Gate provides affordable housing for residents with low incomes through the provision of internal subsidies to approximately 20% of units.

Queen's Gate rents have been increased annually to close to market levels. In 2015, the rent for a 3-bedroom townhouse in Queen's Gate was $1,033 not including heat and utilities. This is greater than the 2014 average market rent for a 3-bedroom rental townhouse in Hamilton which was $982 per month. About 20% of the townhouses in Queen's Gate have subsidized rents based on the tenants' incomes. These rents are below average market rates and subsidies are provided from the operating revenues of Queen's Gate.

11.5 Before and After Operating Agreement Expired

The following table compares the Queen's Gate project in the years immediately prior to 2010, when the agreement expired to the project in 2015.

Table 41: Housing Before and After the Operating Agreement Expired

	Before Agreement Expired (2010)	After Agreement Expired (2015)
Housing Organization	Victoria Park Community Homes	No change
Financing	Financed under Pre-1986 Section 95 Non-Profit Housing Program	New mortgage for $2.5 million
Housing & Unit Types	40 Townhouses with three bedrooms	No change
Tenant Profile	Families with children	No change
Income Mix	Up to 30% lower-income units 70% moderate/middle- income	20% lower-income units 80% moderate/middle-income
Physical Condition of Buildings	Good state of repair	No change
Monthly Housing Charges	Market unit rents (excluding utilities) $993 Subsidized rents based on tenant incomes	Market unit rents (excluding heat and utilities) $1,033 Subsidized rents based on tenant incomes

Information provided by Victoria Park Community Homes.

11.6 Key Practices

Victoria Park Community Homes identified five key practices used to successfully transition the Queen's Gate property after its agreement expired.

Capital Planning | Leverage Equity | Entrepreneur Model | Generate Surpluses | Plan Well Ahead

Capital Planning: Understanding the long-term capital needs for portfolios after agreements expire was critical for planning. It required a clear picture of what the provider intended to do following the end of agreements, and was discussed before agreements expired.

Leverage Equity: By re-mortgaging a property with an expired agreement the provider was able to use the funds to upgrade other properties before other agreements expire. Re-mortgaging can facilitate retention of other properties when their agreements end.

Entrepreneur Model: Non-profits can do things differently when agreements end. In the traditional non-profit model the budget dictates operations. A new model can be helpful for managing the expired portfolio with more strategic and entrepreneurial thinking to manage assets, capital and surpluses.

Generate Surpluses: Increasing rents to market or just below market rates allowed the provider the opportunity to create surplus revenues from the expired portfolio and to use these funds to offset deficits from other properties. With this flexibility, the mix of market and other units was managed on a broader basis. Reducing the number of subsidized units in some properties could be offset by increasing subsidized units in others.

Plan Well Ahead: Starting early and planning well ahead was important. Planning well ahead of expiry allowed for steps to be taken to improve properties in advance of the expiry date. In this way, the expired portfolio can be managed effectively as soon as agreements end. Since the dates for the expiry are known well ahead of time, there was sufficient lead time to put steps in place.

12 CENTRETOWN CITIZENS OTTAWA CORPORATION, OTTAWA

Photograph courtesy of the CCOC

Overview
Housing Provider: Centretown Citizens Ottawa Corporation (CCOC) Founded in 1974, CCOC owns and manages over 50 properties with nearly 1,600 units of affordable housing for Ottawa residents. From its beginning, CCOC focused on resident control of their housing and retaining family housing in the Centretown neighborhood. Today, CCOC housing includes properties acquired under federal and provincial non-profit housing programs, as well as new affordable housing projects. **Housing Project:** By July 2015, ten CCOC projects with 139 units had expired operating agreements, including nine buildings with 52 units scattered in the core and one apartment building with 87 units. Despite the high market value of properties in the downtown area, the CCOC Board decided to retain all of these properties in CCOC's portfolio. It maintained mixed-income housing with 40% of units for lower-income tenants, and rents for other units were increased closer to 90% of average market rent. **Federal Program:** Non-Profit Housing Programs (Section 27 and Section 95) **Expiry of Agreements:** 2009 to 2015 **External Partners/Funding:** CCOC partners with community service providers to provide supportive housing. It renewed its rent supplement agreement with the City of Ottawa. **Key Practice Highlights:** Strategic Plan, Retain Affordable Housing, Maximize Mix, Develop Partnership & Services, Build Resilience

12.1 CENTRETOWN CITIZENS OTTAWA CORPORATION

The Organization
CCOC was founded in 1974 as a non-profit housing corporation to provide affordable, mixed-income housing in the downtown Centretown neighbourhood. In 2015, it owned and managed over 50 properties with nearly 1,600 units of affordable housing.

In the early 1970s, a group of citizens came together *'to defend the community from the development of high rise office buildings and the threat of highways.'* [18] They formed the Centretown Citizens Community Association (CCCA), and developed a plan with the City of Ottawa to prevent the loss of housing in the downtown core.

The CCOC was incorporated in 1974 to develop non-profit housing with funding under the Federal government 1973 Non-Profit Housing Program. It had three goals:

- To provide affordable family housing in Centretown
- To make sure Centretown stayed residential
- To give tenants control of their housing.

In the 1980s and 1990s, CCOC acquired properties in other neighbourhoods close to downtown. It has also expanded its portfolio to include mid-rise apartment buildings to provide more rental units for all types of tenants. Its growth in the 1990s was financed by provincial non-profit housing programs. Since 2006, it has developed new affordable housing projects, including the 254-unit Beaver Barracks project completed in 2012.[19]

By 2015, CCOC has grown to provide:

- 50 projects with nearly 1,600 rental units, housing families, single people and seniors
- Mixed-income housing with 60% lower-income tenants and 40% of units with below market rents
- Supportive housing for people with special needs through partnerships with nine community organizations
- Tenant involvement in their housing through the CCOC Board and with community events
- Property management services and project development for smaller non-profits

The Housing Project
By July 2015, ten CCOC projects with 139 units had expired operating agreements:

- Nine buildings (doubles, triplexes and rows) with 52 units and one apartment building with 87 units
    - Unit sizes ranging from bachelors to five-bedrooms
    - Located in Ottawa's downtown core with high market values
    - Retained in CCOC's portfolio since their agreements expired

Another 13 federally-funded CCOC projects have agreements that will expire by 2029, nine of them before 2017.

[18] Detailed history of CCOC is available on official website: **http://ccochousing.org**.

[19] See CMHC Project Profile Beaver Barracks, 2012 (**www.cmhc.ca**)

12.2 Strategy For Post-Agreement Viability

The Board's Strategy
CCOC's Board considered forecasts and options for the future and adopted a 30-year Strategic Plan in 2009 that identified two principles for the future after agreements expired:

- Retain properties in the downtown core: Downtown properties had high real estate values and could be sold to provide capital for new development. However, the Board decided not to vacate the core because of the need for quality, sustainable, affordable housing in the downtown area.
- Move closer to market rents: The Board decided to maintain the original concept of low-end of market rents (close to 90 to 95% of average market rent) for its units. Higher rents could provide surpluses to continue providing mixed-income housing.

Key decisions by the Board
Creating an Expired Agreement Portfolio: Properties were transferred to a separate portfolio as agreements expired. Operating principles for managing these projects were defined by the Board.
Maintaining Mixed-Income Housing: A mix of rents would be provided in the expired portfolio. With the increase of CCOC rents to 90-95% of average market rents, CCOC would continue to provide internal subsidies from its own surpluses. It decided that rents would be increased when new tenants moved into these units. In addition, CCOC decided to renew rent supplement agreements with the City of Ottawa when operating agreements expired. A mixed-income approach would be managed across the expired portfolio with 40% of units for lower-income tenants.

Building Capital Reserves: With the older buildings retained, CCOC developed a capital plan for future repairs. After mortgages were paid in full, CCOC increased contributions to capital reserves for future improvements and repairs of older buildings.

Steps Taken Prior to 2015
Since the agreements began to expire on the ten downtown properties in 2009, CCOC has implemented the principles of its Strategic Plan, which include:

- Retaining all properties in CCOC's portfolio
- Realigning rents in market units closer to, but still below, average market rents as new tenants moved into the units
- Increasing contributions to capital reserves
- Continuing to use operational surpluses continue to provide rent-geared-to-income for lower-income tenants and maintain an income mix in the expired portfolio
- Signing a rent supplement agreement with the City of Ottawa to continue offering reduced rents to applicants from Ottawa's centralized waiting list.

12.3 Viability Post-Agreement

CCOC considered many factors in assessing project viability. It recognized that some of its original properties were more economically viable than others. In order to ensure financial viability, CCOC increased its contribution to capital reserves for future repairs, and increased rents closer to 90% of marker rent to enhance its revenues and surpluses. However, financial viability was not the only consideration as CCOC also took into account:

- Suitability of properties and units for CCOC tenants and target groups
- Heritage value of older properties in the downtown core
- Quality of life in the downtown residential settings
- Convenient location of housing in the downtown area.

Therefore, CCOC took a broader view of portfolio balance and viability rather than focusing only on the financial viability of individual properties. With agreements expiring through to 2015, CCOC did not use equity from sale or refinancing of older projects for new housing developments. Instead, CCOC was able to use its equity from accumulated surpluses to help finance new projects.

As well, with its new projects built since 2010, CCOC has created two new staff positions to improve its operations: a Capital Projects Manger and a full-time inspector for its properties.

12.4 Sustaining Affordable Housing

CCOC has sustained the affordability of its portfolio of rental units after agreements expired and is able to offer unit rents that are below average market rents in the downtown core, including renting 40% of the units on a rent-geared-to-income basis for lower-income tenants.

The average market rent for two-bedroom units in Ottawa's downtown core was $1,395 per month in fall 2014 (See Annex). Rents for available CCOC two-bedroom units in the downtown core ranged from $1,050 to $1,090 a month, which was about 80% of average market rents. For bachelor and one-bedroom units, CCOC rents were about 85% of average market rents in the downtown core.

With the low market vacancy rate in downtown Ottawa (less than 2% in 2014) and lower CCOC rents, there is high demand for CCOC units. As well, CCOC houses eligible, lower-income applicants from the Ottawa Social Housing Registry under the rent supplement agreement with the City of Ottawa. Considering both the market and the subsidized units, CCOC's portfolio is considerably more affordable than downtown market rents.

12.5 Before and After CMHC Agreement Expired

The table below compares CCOC housing before and after agreements expired. Given the Board decision to retain ownership of the ten properties, there were no changes in the housing provided. It was in good condition and did not require major renovation. The key changes were increased rents (closer to market rent) and a reduction of the income mix to 40% lower-income tenants.

Table 52: Housing Before and After the Operating Agreement Expired

	Original Federal Program Housing Before Expiry of Agreements (Pre-2009)	Housing After Agreements Expired (2009-2015)
Housing Organization	Centretown Citizens Ottawa Corporation (CCOC)	No change
Financing	Financed under Federal Non-Profit Housing Programs (Section 27 and Section 95), with rent supplement from the City of Ottawa for 77 units.	CCOC retained an agreement with City of Ottawa for rent supplements in its portfolio
Housing & Unit Type	9 properties with 18 units • 1 apartment building with 87 units • Bachelor,1- 2- 3- 4-and 5-bedroom units	No change – all properties retained
Building Conditions	Good state of repair	No change – surplus added to capital reserves for future repairs.
Tenant Profile	Targeted to moderate and lower-income households (families, singles, couples, seniors)	No change
Income Mix	60% lower income across entire CCOC portfolio 50% in former Section 27 units 25% in former Section 95 units	40% across blended portfolio with expired agreements
Monthly housing charges	RGI units with rents based on tenant incomes, based on CCOC internal subsidies Other units based on break-even rents or low end of market	Rents for RGI and rent supplement units based on tenant incomes Market unit rents set closer to 90% of average market rent for new tenants

Information provided by CCOC.

12.6 Key Practices

CCOC's experience with the end of agreements highlights a number of key practices as shown below.

Planning Ahead | **Retain Affordable Units** | **Maximize Mix** | **Develop Partnerships & Services** | **Build Resilience**

- **Planning Ahead:** The CCOC Board developed a 30-Year Strategic Plan linked to a capital plan for sustaining its housing. Taking time before agreements expired provided the opportunity to think long-term for viable approaches as the housing stock ages. Having a sound capital plan and the major reserves required allowed for forward thinking.

- **Retain Affordable Units:** Many factors needed to be considered in decisions about retention or disposition of existing affordable housing. Beyond the economic profitability of individual sites, broader community needs for housing in higher price areas such as Ottawa's downtown were considered.

- **Maximize Mix:** Many community non-profits were founded on principles of providing housing for a broad range of moderate and lower income households. After agreements expired, mixed-income could be applied on a portfolio basis by generating surpluses from some units to reduce rents in others. As a larger housing provider there was an opportunity to take a broader view across the portfolio.

- **Develop Partnerships and Services:** By partnering with other community agencies, CCOC has been able to develop new housing and to meet other service needs for their residents. In addition, larger non-profits can assist smaller non-profit providers to sustain their affordable housing.

- **Build Resilience:** As a larger non-profit, CCOC was able to create an economy of scale across their portfolio to strengthen their capacity for housing development and management and ensuring sustainable affordable housing.

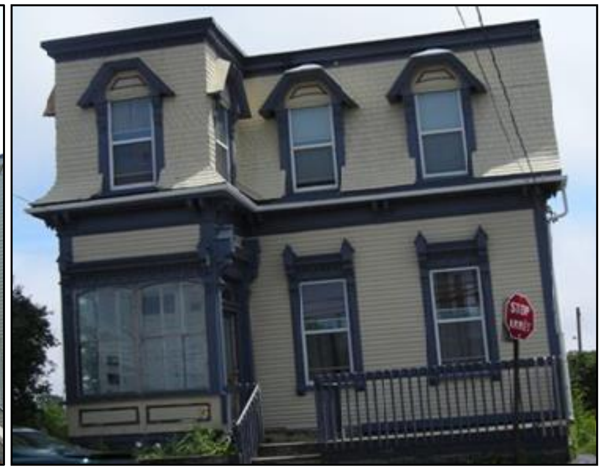
ANNEX: MARKET INFORMATION

Comparison of Market Rents in Ottawa and CCOC Housing Downtown, 2014-15

Rental Housing	Ottawa CMA (Fall 2014)	Downtown Core, Ottawa (Fall 2014)	CCOC Selected Downtown Units (July 2015)	CCOC Rents as % of Market Rents in Downtown Core
Vacancy Rate	2.6%	1.7%	1.56% (June 2015)	Not applicable
Unit Sizes:				
Bachelor	$780	$801	$695	87%
1-bedroom	$936	$1,018	$865	85%
2-bedrooms	$1,132	$1,395	$1,050-$1,090	77%

Source: CMHC Rental Market Report Ottawa CMA, Fall 2014 and CCOC.

13 JENNY'S SPRING HOUSING CO-OP, SAINT JOHN, NB



Photographs courtesy of Housing Alternatives Inc.

Overview

Housing Provider: Jenny's Spring Housing Co-operative

Jenny's Spring is a housing co-operative established in 1984. It owns seven scattered properties with 33 units in north Saint John, New Brunswick. The Board works with Housing Alternatives Inc., a separate non-profit, which provides property management services to the co-op.

Housing Project: Rockland Road

The Rockland Road properties are duplexes purchased and rehabilitated under the federal Co-operative Housing Program in 1984. They include four units, two two-bedroom, one three-bedroom and one four-bedroom. The properties serve families with modest incomes, and there were no rent supplements provided for tenants in these buildings.

Federal Program: Pre-1986 Section 95 Cooperative Program

Expiry of Agreements: 2007 and 2008

External Partners/Funding: Capital financing (from federal/provincial Affordable Housing Initiative) and rent supplements from the Province of New Brunswick for a new building.

Key Practice Highlights: Learning and Planning, Innovation, Portfolio Assessment, Partnerships

13.1 Jenny's Spring Co-operative and The Rockland Road Properties

The Organization

Jenny's Spring Housing Co-operative was founded in 1984 with the purchase and rehabilitation of two existing duplexes on Rockland Road. In the late 1980s to early 1990s, the Co-operative purchased five buildings throughout the neighborhood. The five buildings, which had a total of 21 units, were rehabilitated with funding under the federal Pre-1986 Section 95 Cooperative Program. One of these buildings was demolished due to major structural problems, reducing the number of Co-op units by four.

In 2012, Jenny's Spring added a new 12-unit building on land owned by the Co-operative. This project received a capital grant from the federal/provincial Affordable Housing Initiative and provincial rent supplements. In 2015, the Co-operative provided 33 affordable co-operative housing units for lower and moderate-income families, non-elderly singles and persons with disabilities. The Co-op has an active Board and works closely with Housing Alternatives Inc. which provides management services to Jenny's Spring and eight other co-operatives in Saint John.

The Housing Project: Rockland Road

Two duplex buildings owned by Jenny's Spring on Rockland Road have two co-op units (a total of four units) and include two two-bedroom units, one three-bedroom unit and one four-bedroom unit. These two duplexes were purchased in 1984 and extensively rehabilitated. Similar to several other local co-ops, the original buildings were older properties that had ongoing maintenance challenges. The operating agreements for these properties expired in 2007 and 2008.

13.2 Strategy For Post-Agreement Viability

The strategy for post-agreement viability of the Rockland Road projects in the Saint John area took into consideration the local housing market and the availability of other financial support. Some factors considered include:

- **Housing Alternatives Inc.** is a separate non-profit organization formed in 1981 as a community resource group to assist in the development of co-ops in Saint John and the surrounding area. In 2015, Housing Alternatives Inc. provided management and development services to nine co-operatives (with 288 units) and six non-profits (with 312 units) in the Saint John area. Housing Alternatives Inc. has been working with co-ops, the Co-operative Housing Federation of Canada, and the Province to create economies of scale for smaller housing coops.
- **Saint John housing market:** Saint John has some of the oldest housing in Canada, persistent poor physical conditions, high vacancy rates and a high incidence of poverty; and,
- **Provincial housing approaches:** The Province of New Brunswick has allocated funds for the repair of existing housing and improvement of housing conditions. This includes funding under the federal/provincial Affordable Housing Initiative. The Province is also providing additional rent supplement assistance.

The Board's Strategy

Housing Alternatives Inc. worked with the Jenny's Spring Co-op Board to develop the strategy well in advance of expiry of the agreements for the two properties on Rockland Road. This strategy considered the broader context of the other properties owned by the Co-operative and was based on:

- **Broader strategic plan** - The Co-op's portfolio of older scattered buildings included aging buildings with significant maintenance requirements and limited reserves. The option of disposing of some buildings was considered.
- **Operational needs** - Over time, as children grew up and moved away, the Co-op needed smaller units for empty nesters.
- **Financial Support** - The Province of New Brunswick was working with housing providers to support the sustainability of the housing supply. Some additional financing was obtained to assist with repairs as well as for an additional housing project. Housing Alternatives Inc. worked with the Board to plan for repairs before the agreements expired.

Key Decisions by the Board
Retain Two Rockland Road Properties in the Co-op's Portfolio: The two properties with expiring agreements required some repairs, but were more suitable for repairs than some other buildings.

Undertake Repairs Before Agreements Expired: Obtain funding from the Province through the Canada Economic Action Plan to undertake repairs of the two Rockland Road buildings before the agreements expired. Extensive work was done on the exterior of these two buildings.

Manage the Portfolio to Meet Needs: Create additional housing elsewhere with smaller units for smaller households. The Co-op owned land suitable for construction of a new building and funding could be obtained from the Province and the Affordable Housing Initiative.[20]

A key step was to undertake renovations before the expiry of agreements. This was a significant step because the Rockland Road reserves were underfunded and repair requirements had been identified. Work undertaken included insulation of basements and crawl spaces and repairs to exterior siding and finishes.

The Co-op entered into an agreement under the Affordable Housing Initiative with New Brunswick for funding to finance necessary renovations. This agreement continued beyond the end of the operating agreement. With completion of renovation work, the buildings were in good condition by the time the agreement expired.

Steps Taken
Housing Alternatives has been managing Jenny's Spring to ensure financial and operating viability. Key steps taken were:

- **Ensuring Regular Maintenance**: Housing Alternatives maintenance staff conduct regular maintenance inspections of the units and carry out repairs required.
- **Increases in Monthly Charges:** The housing charges are reviewed and increased annually.
- **Funding Reserves:** Financial contributions are made to capital reserves to provide for future repair requirements.

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[20] For more details on financing for the new building see: CMHC Project Profile Jenny's Spring Housing Co-operative, 2013.

13.3 Viability Post-Agreement

Completion of needed repairs improved the viability of the housing co-op upon expiry of the agreements. The properties have been financially viable with the end of mortgage payments. Since the operating agreements expired, the financial viability of the two Rockland properties was maintained by ensuring ongoing funding of reserves for future repairs and adjusting housing charges with market rates to cover operating expenses.

13.4 Sustaining Affordable Housing

Housing charges in the two Rockland properties have increased since expiry of the agreements. In 2015, the monthly charges in the two Rockland properties ranged from $841 to $895, including heat. The charges have increased by about 1.5% annually from the previous low-end of market rents. In 2014, average market rents in the north area of Saint John ranged from $739 to $748 (without utilities). The monthly charges for Rockland Road properties are about 17% above average market rents in Saint John. The apartments in Jenny's Spring property are large, prices include heat and the quality of the housing is high. The properties typically have low turnover or vacancies.

None of the current residents qualify for rent supplements. Therefore, the units are affordable for moderate income families with incomes averaging at least $33,000 annually, who would not need to spend more than 30 per cent of their household income to meet their shelter needs.

13.5 Before and After the Operating Agreement Expired

As shown below, the main changes in the Rockland properties since expiry of their operating agreements have been repairs to the buildings and increases in monthly housing charges. These changes have improved the viability of the properties, and the housing remains affordable for modest-income families without any rent supplements.

Table 63: Housing Before and After the Operating Agreement Expired

	Before Agreement Expired (2007/08)	After Agreement Expired (2015)
Organization & Project	Jenny's Spring Housing Co-operative.	No Change
Financing	Pre-1986 NHA Co-operative Housing Program	No new mortgage on existing properties
Housing & Unit Types	Two duplexes (4 units) 2 two-bedroom, 1 three-bedroom and 1 four-bedroom	No Change
Building Conditions	Average state of repair	Some repairs completed prior to expiry
Tenant Profile	Families	No Change
Income Mix	Moderate incomes	No Change
Monthly Housing Charges	Low-End of Market Rents: $744 to $791	Monthly charges increased: $844 to $895

Source: Information provided by Housing Alternatives Inc.

13.6 Key Practices

Housing Alternatives Inc. identified key practices employed to successfully transition the Jenny's Spring buildings after agreements expired.

Learning and Planning | Innovation | Portfolio Assessment | Partnerships

Learning and Planning: It was important to determine what will work in each specific situation. The age and condition of buildings, market vacancy rates and poverty levels were all challenges that had to be considered. As increasing numbers of agreements expire, learning from the experiences of other projects can be useful.

Innovation: Housing providers can no longer rely on traditional funding sources. Jenny's Spring had to consider other ways of ensuring viability and sustainability. Approaches that work well in larger organizations may not be adaptable to small housing providers that do not have economies of scale. Working with other groups helped Jenny's Spring to develop new ways to address challenges.

Portfolio Assessment: Jenny's Spring carefully considered the possibilities to develop a new property, and whether this could be more viable than dealing with major structural flaws in older properties. They decided that a newer property could help address changing needs of residents such as aging and disabilities, smaller households and reduced incomes.

Partnerships: Developing a collaborative and supportive relationship with the province was beneficial for Jenny's Spring. Funding was available to help address the repair needs of older properties and ensure sustainability of existing portfolios. Flexibility was required to address different situations arising in specific properties.

Annex : Market Information

Table 1: Rents and Vacancy Rates in Saint John by Unit Size, 2014

Unit Sizes & Vacancy Rates	Apartment Unit Rents/Housing Charges			Jenny's Spring Rockland units v Ave Market Rents N. Saint John
	Saint John CMA (2014)	North Saint John (2014)	Jenny's Spring Rockland units (inc. heat) (2015)	
2 bedroom	$714	$748	$841 to $895	+16.7%
3 or more bedrooms	$760	$739		
Vacancy Rate	9.0%	7.5%	Not applicable	

Sources: CMHC Rental Market Report Saint John, Fall 2014; Housing Alternatives Inc.

cmhc.ca