

Report to Community and Protective Services Committee

To: Chair and Members
Community and Protective Services Committee

From: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Housing and Community Growth

Subject: Tolpuddle Co-operative Inc. Capital and Operational
Transition Plan

Date: April 13, 2026

Recommendation

That, on the recommendation of the Deputy City Manager, Housing and Community Growth, the following actions be taken with respect to Tolpuddle Co-operative Inc.:

- a) Acting in its capacity as Service Manager under the *Housing Services Act, 2011*, that Civic Administration's transition plan **BE RECEIVED** for information, and that Civic Administration, exercise any of the remedies available to the service manager under the *Housing Services Act, 2011* in connection with a triggering event and identify the transferred housing project located at 380 Adelaide Street and 652, 654 and 656 King Street operated by Tolpuddle Co-Operative Inc. as a Project in Difficulty;
- b) That, the Deputy City Manager, Housing and Community Growth, or their written designate, **BE AUTHORIZED** to undertake all the administrative acts that are required under the *Housing Services Act, 2011* in connection with the Transition Plan.
- c) That the financing for capital improvements associated with the Transition Plan, to an upset limit of \$785,439, in **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix 'A';
- d) That Civic Administration **BE DIRECTED** to work with the Tolpuddle Co-operative Inc., to develop a transitional security plan funded from the annual subsidy budget to address safety and security matters in the short-term, and
- e) That Civic Administration **BE DIRECTED** to report back to Municipal Council on progress of the Transition Plan in Q4 of 2026.

Executive Summary

The transferred community housing project operated by Tolpuddle Co-operative Inc. is experiencing significant operational, financial and governance challenges that have resulted in prolonged vacancies, financial instability, and service delivery concerns. Civic Administration is recommending an operational transition plan that includes activating the Housing Services Act "Project in Difficulty" provisions.

The transition plan outlined in the report is intended to stabilize operations, strengthen governance oversight, and improve service delivery for residents. Some of the immediate matters to be addressed will include capital improvements focused on safety and security, but also additional operational funding to support security at the site.

The report identifies \$735,000 in capital funding to address immediate building improvements and unit rehabilitation required to stabilize operations while the transition plan is implemented. This short-term amount will help address the municipal compliance and fire orders and repair some of the vacant units while the funding and scope of work is refined through the building condition assessment work. It also supports repairs to vacant units in support of the transition back to sustainable operations.

Linkage to the Corporate Strategic Plan

Council and staff continue to recognize the importance of actions to support housing, as reflected in the 2023-2027 - Strategic Plan for the City of London. Specifically, the efforts described in this report address Housing and Homelessness areas of focus, including:

Outcome 1 - The City of London demonstrates leadership and builds partnerships to increase quality, affordable, and supportive housing options.

Expected Result 1.1 - Increased access to a range of quality, affordable and supportive housing options that meet the unique needs of Londoners.

Strategies:

- a) Increase the supply, range, and depth of affordability of quality housing options where people feel safe.
- b) Align policies and programs recognizing the broad range of factors that contribute to accessing and maintaining transitional, supportive, community, affordable and market housing.
- c) Address the specific needs of populations, including equity-denied groups, and prioritize housing initiatives that are affordable.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter:

- [Affordable and Community Housing Update](#) (CPSC: February 17, 2026)
- [2025-2028 Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative Approval of Ontario Transfer Payment Agreement and Investment Plan](#) (CPSC: August 11, 2025)

1.2 Background

Tolpuddle Housing Co-operative Inc. (Tolpuddle), located at 380 Adelaide St N. and 652-654-656 King St., operates 132-units of non-profit community housing in an apartment building and three townhouse blocks in London. There are 109 rent-geared-to-income units and 23 market units. Tolpuddle was incorporated under the Corporations Act (Ontario) as a non-profit, non-share corporation by Letters Patent dated June 29, 1989.

The Co-operative receives funding under the Housing Services Act, 2011 (HSA) and is governed by the HSA, applicable Local Housing Directives, and the Co-operative Corporations Act. As a designated housing project under the HSA, Tolpuddle forms part of the community housing system and is subject to funding, regulatory, and reporting requirements administered by the Service Manager.

1.3 Co-operative Governance Model

In Ontario housing co-ops that were developed under provincial programs and listed in the HSA are governed primarily by the HSA and the Co-operative Corporations Act.

The HSA provides the program rules and standards under which the provider operates within the community housing system. Typically, program rules and standards outline:

- The number and type of units to be provided, including rent geared to income units,
- Operating and capital funding arrangements,
- Service level requirements,
- Reporting and financial accountability requirements,
- Property management and maintenance expectations, and
- Rules related to asset management, redevelopment, or sale of properties.

The Co-operative Corporations Act governs the corporate structure, governance, membership, bylaws, and internal processes of all co-op. The Co-operative Corporations Act covers the following:

- How the co-op is run.
- How members vote and participate.
- How by-laws are created.
- How the board operates.

For housing projects under the HSA, both laws apply. One governs the corporation, the other governs the subsidy and rent-g geared-to-income program. All non-profit housing organizations under the Service Manager portfolio are run by volunteers who form housing boards for each corporation. There are some relevant differences to note between Non-Profit and Co-operative housing boards.

Table 1 – Governance Structure of Non-Profit vs Co-operative in Housing

Criteria	Co-operating Housing	Non-Profit Housing
Board Composition	Residents (members)	Community Volunteers (not tenants)
Strategic Decision Making	Members & Elected Board	Board & Management
Operational Model (i.e. property management)	Member participation Staff 3 rd party property management	3 rd Party Property Management Company
Resident Status	Members	Tenants
Monthly Cost of Housing	Housing Charges	Rent
Applicable Legislation	Housing Services Act, 2011 and Co-operative Corporations Act (CAA)	Housing Services Act, 2011 and Ontario Not-for-Profit Corporations Act (ONCA)

1.4 Fiduciary Responsibility of Boards

Housing Boards, whether they operate a Non-Profit or a Co-operative community housing have the same fiduciary responsibility for oversight and decision-making. Board Members must act in the best interest of the housing organization to protect its mission, corporate integrity, and physical assets.

Since the time of devolution in the year 2000, Service Managers administer programs and subsidies under the premise that housing boards carry out their legal and ethical obligations through Duty of Care, Duty of Loyalty, and Duty of Obedience. Below are some examples of what that entail:

- Monitor organization performance (i.e. vacancies, arrears, maintenance, etc.)
- Oversight of financial performance
- Ensuring safe and ethical housing operations
- Seeking expert advice when needed
- Refraining from using the board role for personal gain
- Avoiding actual or perceived conflicts of interest
- Safeguarding assets of the Co-operative

Nonprofit and Co-operative board members are responsible for ensuring the organization is well-governed, financially sound, and operating in the public interest.

1.5 Project in Difficulty under the Housing Services Act

When a housing provider is at risk of not meeting legislative requirements for ensuring that the housing project is well managed, the Service Manager has legislative authority to provide remedies.

Under Section 72(2) of the HSA, a Community Housing Provider may be designated as a Project in Difficulty (PID) if:

- (a) *the mortgage described in clause (1) (b) is in default;*
- (b) *the service manager is of the opinion that, because of the financial position or the projected financial position of the housing provider, either of the following is likely to happen within 12 months after the end of the current fiscal year of the housing provider,*
 - 1. *the mortgage described in clause (1) (b) will go into default, or*
 - 2. *the housing provider will fail to meet a substantial financial obligation; or*
- (c) *the service manager is of the opinion that the housing provider has failed to comply with a substantial obligation under this Act. 2011, c. 6, Sched. 1, s. 72 (2).*

Once a project is designated as a PID, the Service Manager may take corrective measures as outlined in section 85 of the HSA. This supports the Service Manager’s legal responsibility to ensure that housing projects are well managed, financially sound, and maintained in good repair.

1.6 Service Manager Authority and Rationale for Intervention at Tolpuddle

Civic Administration have identified a number of events since 2009 that have led to this intervention. Table 2, below, outlines a few of the events.

Table 2 – Events Impacting Operations

Year	Events Impacting Operations
2009	Project determined to be a Project in Difficulty under the <i>Housing Services Act</i>
2010	Interim board appointed
2016	Control returned to members
2018	Fire damages four units
2020	Fire damages two units
2021	Fire damages one unit
2023	Flood occurred impacting three units
2024	Fire damages one unit
2024	Board reduced to quorum and mentorship relationship dissolved.
Jan 2026	Flooding from burst pipe impacts at least four units
April 2026	PID & Operational transition plan (subject of this report)

The Housing Services Act, 2011 (HSA) establishes the legal framework for administering community housing and homelessness services in Ontario. The City of London is a designated Service Manager for London and Middlesex County. Under the HSA, the service manager is responsible for overseeing social housing providers, ensuring compliance with legislation and regulations. Service Managers are also required to fund housing providers according to the HSA funding formula.

Housing Providers designated under the HSA are required to operate the housing project in accordance with the HSA regulations and any local standards set out by the Service Manager. In particular, section 69 (2) of the HSA establishes that housing providers are responsible for ensuring that the housing project is well managed and maintained in a satisfactory state of repair and fit for occupancy.

Civic Administration has identified that failing to exercise appropriate oversight and intervention could expose the Service Manager to potential consequences under the Act, including potential suspension or reduction of federal housing funding or direction issued by the Province requiring corrective action. As a result, the Service Manager must monitor risks that may affect ongoing operation of housing projects and take appropriate steps where compliance or financial viability concerns arise.

In the case of Tolpuddle, there are several operational and governance concerns that increase risk to the long-term sustainability of the housing project, including prolonged vacancies, operational decision making and property management concerns impacting building operations.

Provided the City's legislative responsibility to oversee the community housing system and protect public investment in housing assets, Civic Administration will be implementing the operational transition plan outlined in Section 4.0 of this report. This approach is intended to stabilize operations, strengthen governance oversight, and ensure continued provision of safe and affordable housing for members.

1.7 Previous Designation as a Project in Difficulty (2009 – 2016)

A triggering event was identified and communicated to the Ministry of Municipal Affairs and Housing in 2009 for this property. Following this, the Housing Program was put into Project in Difficulty (PID) status and the Board was replaced with an interim board. To support the writing of this report, Civic Administration followed-up with MMAH staff to confirm the status of the property in 2026, and the PID was not present in the documentation on hand with the Province.

During the period between 2009 and 2016, and prior to turning operations over to a new Board in August 2016, the Service Manager supported the interim co-op Board to undertake a series of actions in an effort to improve operations at the property. These include:

- Support with balancing the budget through management of unpaid rents, vacancies and any discretionary spends.
- The development of a capital plan to support improvements to major building components.
- City funding was disbursed between 2011-2014 for building envelop and mold remediation.
- Provincial funding was disbursed for roof replacement and HVAC.

A mentorship program was established as part of the transition plan for the new co-op member Board in 2016. The mentors came with co-op and non-profit housing board experience to support decision making and good governance practices. The last mentor was a member from Co-operative Housing Federation of Canada (CHF) who was actively participating in board meetings until 2024.

The operational transition plan outlined in section 4.0 of this report is similar in scope to what was identified in 2009 but does include a further set of activities around improving the physical design to support great safety and security of the property.

2.0 Discussion and Considerations

2.1 Analysis of Financial and Operation Health

In an effort to align the reporting of Tolpuddle's financial challenges back to the February 17th update report at Community and Protective Services, and Council on March 3rd, the report card key performance indicators for the property are:

Table 1 - Key Performance Indicators

	Key Performance Indicators (2025)	Description
Liquidity Ratio	0.93	Is the housing provider able to generate and retain enough cash to pay short-term debts.
Accumulated Surplus / Deficit	(\$426,000)	Is the provider operating with a surplus or deficit.
Capital Reserves	\$467,000	How much is available in the capital reserve.
Vacancy Loss	15% ¹	Is the housing provider maintain a 3% vacancy rate, or less/

NOTE:

1. Information on vacancies in 2024 – 2025 fiscal year currently not unavailable. In lieu of this, data has been provided on current status.

Historical Financial Performance

The current financial situation where costs are greater than revenue is unsustainable.

The table below presents the Statement of Operations for the years 2022 through 2025, as reflected in the audited financial statements prepared by an independent accounting firm. The 2024 - 2025 unaudited information has been provided by property management and is shown to provide Council with further context on the challenges at this property.

Table 2 - Review of Operational Costs – Fiscal Year End July 31

	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
Total Revenue	1,477,000	1,489,000	1,637,000	1,691,000
Total Operating Expenses	1,528,000	1,494,000	1,746,000	1,824,000
Surplus / (Deficit)	(51,000)	(5,000)	(110,000)	(132,000)

As observed across the non-profit housing sector, although rental revenues may have increased in each fiscal year, operational costs have risen much faster. Increased costs for maintenance that includes security, cleaning, and building repairs. Other external factors such as insurance costs have also increased because of several past fire incidents at the property. Overall, expenses are growing faster than income

Unaudited financial information for the first six months of fiscal 2026 was obtained. At the current pace of spending, the projected deficit is expected to reach approximately \$260,000, which is added to the \$426,000. Expenditures are occurring at a rate that is materially misaligned with available revenues and cash flow, indicating a lack of effective financial controls and oversight. Intervention and corrective action are necessary to prevent further deterioration and to stabilize the organization.

Management of Unit Vacancies

Since 2023, a total of 15 units have been renovated using COCHI funding and/or Social Housing Reserve funds to address vacancy turnover and restore units to a rentable condition. These investments were intended to reduce vacancies and establish rental revenue streams.

Table 3 - Review of Vacant Units

Period	Property Manager	Total Units	Vacant Units (Avg.)	Vacancy Rate
2021-2022	Independent	132	3	2%
2022-2023	Independent	132	3	2%
2023-2024	Current Property Management Firm (Year 1)	132	9	7%
2024-2025	Current Property Management Firm (Year 2)	132	--	--
As of March 2026	Current Property Management Firm (Year 3)	132	20	15%

A review of unit turnover data summarized in Table 5, also indicates that some units have undergone multiple rounds of renovation and restoration over time. Despite this investment, the overall reduction in vacancies has been limited. In several instances, renovations have resulted in internal transfers, whereby existing households moved into newly renovated units, leaving their former units vacant. As a result, the net impact on vacancy levels has been minimal.

In certain cases, initial cosmetic upgrades were followed by more extensive rehabilitation in subsequent years. This phased approach has led to duplicated effort and increased capital expenditures. These repeated remediation activities highlight challenges in coordinating turnover repairs with broader capital rehabilitation planning. Rather than completing comprehensive unit restorations upfront, work has often been undertaken incrementally. Consequently, multiple investments have been required to bring some units to an occupiable condition, increasing overall costs and delaying the return of those units to the rental inventory.

Capital and Municipal Subsidy Investments 2022 – present

Between 2022 and 2026, the Service Manager has provided significant capital funding support to Tolpuddle Housing Co-operative to address priority building rehabilitation needs. These investments have supported a range of building improvements including unit restorations, window replacements, plumbing backflow upgrades, precast stair replacements, automatic door operators, kitchen replacements, and bathroom renovations. This funding was provided to improve building conditions, support vacancy turnovers, and maintain the long-term viability of the housing asset.

Capital funding during this period have been for various items including building envelope improvements, structural maintenance of stairwells, and various plumbing upgrades. The co-op has also used some of the funding to improve accessibility in the building and various units, as well as kitchen and bathroom restorations or other unit improvements following fires to put units back into service. The 2026 value includes the fire and security panel upgrades as well as the lien funding.

The subsidies for rent-geared to income are what is provided as base support to housing providers as legislated under the HSA. The additional subsidies have been disbursed across the sector using savings from end of mortgage. Other properties have also received additional subsidies, but significantly less funding.

Table 4 - Summary of Capital and Municipal Subsidy Investments

	2022	2023	2024	2025	2026¹	Total
Provincial & Federal (i.e. COCHI) Capital Funding	\$286,085	\$369,020	\$135,278	-	\$91,632	\$882,015
Municipal Capital Funding	-	\$7,952	\$64,455	-	-	\$72,407
Total Capital	\$286,085	\$376,972	\$199,733	-	\$91,632	\$954,422
Rent-Geared to Income Subsidy	\$878,739	\$898,995	\$1,001,666	\$1,068,366	\$585,564	\$4,433,330
EoM Savings – Additional Subsidy	-	-	\$193,600	\$193,600	-	\$387,200
Total Subsidies	\$878,739	\$898,995	\$1,195,266	\$1,261,966	\$585,564	\$4,820,530
Total Capital and Municipal Subsidy Funding	\$1,164,824	\$1,275,967	\$1,394,999	\$1,261,966	\$677,196	\$5,774,952

NOTE:

1. Values for 2026 are based on actuals existing commitments to-date. Any additional funding outlined in this report is not reflected in Table 5

Civic Administration note that Tolpuddle is one of the more heavily subsidized housing sites and that between 2022-2026, over \$4.8 million has been distributed as an operating subsidy.

2.2 Legal, Property Standards and Financial Pressures

Pending Legal Matters

Tolpuddle Co-operative is currently involved in two ongoing legal matters related to former employment and workplace conduct. These proceedings include claims associated with wrongful dismissal and allegations of assault. As these matters remain before the courts, the City has not taken an independent review of the circumstances and cannot comment on the merits of the claims. However, the existence of the proceedings present potential financial and operational risks to the Co-operative depending on outcome of cases.

Construction Lien

A construction lien in the amount of \$77,070.81 was registered against the property on September 10, 2025, by Red Cap Construction Services Ltd., a contractor who supplied materials and services to the Housing Provider between April 2024 and July 2025. The lien relates to repair and maintenance work completed at the property, including plumbing repairs, appliance purchases and ventilation improvements.

The registration of a construction lien indicates that payments related to the contracted services remain outstanding. While construction liens are a standard legal mechanism

available under the Construction Act, the presence of a lien against a social housing asset raises financial and governance considerations. As Service Manager under the Housing Services Act, the City has an interest in ensuring that housing providers maintain sound financial management practices and avoid encumbrances that may affect the housing asset.

Municipal Property Standards Orders

Fall 2025 Non-Compliance

In October 2025, a municipal compliance inspection identified that the property did not comply with the provisions of the City's Property Standards By-law related to the building security systems. An order was issued on November 3, 2025, requiring the housing provider to repair the voice communication system connecting dwelling units to the building entrance and security access controls.

These systems are required to support tenant safety and building access control. Addressing these deficiencies will be an important component of stabilizing building operations as part of the proposed transition plan.

Winter 2026 Non Compliance

On March 7, 2026, a municipal compliance inspection identified that the property was non-compliant with a number of items in the City's Property Standards bylaw. The compliance order outlined various missing lights, windows, doors and hardware. It also highlighted damaged walls, ceilings and floors. The order also noted that the security systems required repair, which was one of the 2025/2026 COCHI projects.

Civic Administration have provided verbal communication to the Board president and committed to providing financial or technical support in the resolution of these matters.

Orders from Fire Department

Following the inspection in early March, the Fire Chief identified a number of deficiencies and ordered the co-op to resolve them. A "fire watch" was instituted until the deficiencies were addressed. This has two main financial implications for the property:

1. Until the Fire Chief is satisfied with the state of the fire panel and other items, the co-op must patrol the site on a regular basis 24 hours a day to identify potential fire concerns. The contracted security on-site provides this service, although the final cost is currently not known by the City.
2. The money for repairs to the fire panel have been committed under the COCHI program funding but may not satisfy the Fire Chief. The final invoices have not been submitted to the City.

Although the costs are unknown at this point, Civic Administration have provided written communication to the Board and committed to providing financial or technical support in the resolution of these matters.

As of the submission of this report in early April, the "fire watch" at the property has been lifted.

Financial Auditors Observations

The independent financial audit summary for the fiscal year ending July 31, 2024, identified several financial management, governance, and operational concerns that may affect the long-term financial sustainability of the Co-operative. The audit noted significant housing charge arrears, bad debt that was considered unlikely to be collected, as well as a significant capital reserve deficiency. The auditors also identified vacancy rates that have increased and are negatively impacting the operating revenue and cash flow (as outlined in Table 3 and 4 of this report).

2.3 Crime Prevention Through Environmental Design Review

In 2025, the Service Manager retained an architect to undertake a Crime Prevention Through Environmental Design (CPTED) review of the property operated by the Tolpuddle Housing Co-operative. The objective of this work was to assess ongoing concerns related to vandalism, building access, site security, and to identify design-based interventions to improve resident safety and overall site control.

The CPTED review included a site visit, assessment of existing conditions, and preparation of security update concepts focused on access control and improved physical security measures. The resulting report and drawings provided recommendations such as enhanced security controls, including card readers, electric strikes and magnetic locking systems, controlled gate access, and improved site security infrastructure to support better oversight and reduce opportunities for unauthorized access. This work was completed to provide the co-op with basic and practical design options with a framework for future capital improvements intended to stabilize site conditions and improve safety for residents.

2.4 Property Manager and Board Work Together

The role of property management is to support boards with the day-to-day administration, financial oversight, and operational execution of their decisions. The oversight of the property and collection of rent is one of the key duties, with the Board providing strategic decision making and guidance on how to address various matters.

The current property manager has experienced challenges maintaining a staff presence at the property, which has added to the Board's frustrations in making decisions. In January 2026, the property management firm provided a notice to the board that they were terminating their contract effective Jan 21, 2026, however, the termination was rescinded and amendments were made to the agreement.

The amended property management agreement that has not yet been shared with the Service Manager.

3.0 Summary of Funding Request from Co-Op

On March 23, 2026, Civic Administration received a proposed business plan from the Property Manager on behalf of the Co-Op. The document outlines the numerous challenges experienced at the property, highlights some of issues with the funding formula in the Housing Service Act, and proposes a path forward that includes funding allocations to both the capital and operating expenses for the co-op.

Generally, the proposed business plan is aligned with the Transition Plan outlined in section 4.0 of this report. In summary, the business plan proposes:

Operating

- One time funding (\$200,000 to \$250,000) to reduce accounts payable, stabilize vendor relationship and restore basic liquidity.
- Subsidy adjustment of approximately \$260,000 to balance the 2026 / 2027 operating budget and eliminate the structural deficit.
- Funding of the vacancy loss across all unit types for 2025 and 2026 – both market and rent-geared-to-income units.

Capital

- Funding in the amount of \$1,000,000 to \$1,200,000 for:
 - Fire alarm system deficiencies and panel replacement, compliance with Fire order (estimated at up to \$70,000).
 - Building Security and Access systems replacement (estimated at up to \$240,00).
 - City of London Property standards compliance items (estimated at up to \$100,000).

- Building systems such as HVAC and elevator (estimated at up to \$125,000).
- Unit restoration and turnover work in 14 units (estimated at \$700,000).

Although not explicitly identified, the \$91,000 already committed through the 2025/2026 COCHI program is included in the operating and capital requests above.

Any of the costs outlined in the business plan have not been vetted or reviewed in detail to confirm accuracy. Through the transition plan work detailed below which includes the development of a building condition assessment plan, the costs will be further refined and confirmed based on need at the property.

4.0 Transition Plan

Civic Administration has identified an operational and capital improvement and transition plan to stabilize and address ongoing governance, operational, and financial challenges affecting the property.

At a high-level, the plan includes the following non-sequential steps:

- Re-establish the Project In Difficulty designation to enable additional oversight and support by the Service Manager.
- Re-introduce external governance support and mentorship for the Board of Directors.
- Explore, procure and implement temporary supportive housing property management.
- Implementation of a deficit reduction plan.
- Identify changes to the subsidy calculations to support sustainable operations.
- Short-term financial support for the municipal compliance and fire orders.
- Detailed capital planning, including an updated building condition assessment report that is aligned and optimizes the CPTED plan.
- Development of a construction phasing and implementation plan, including the hiring of a project manager.
- Development of a unit restoration plan.
- Long-term capital and operating support from the Service Manager.
- Track progress using a set of benchmarks.

Many of the activities outlined are similar to the regime put in place in 2009, with the exception of identifying a property manager that can provide support on site. The transition period is anticipated to occur over 12 to 24 months. During this time, Civic Administration will work with the housing provider to improve vacancy management, stabilize financial performance, address safety concerns and prioritize capital rehabilitation work.

Progress will be monitored through key performance indicators (section 4.5) including improved occupancy levels, strengthened governance practices, stabilized financial performance, and improved building operations. Civic administration will report back on the progress of the transition plan in Q4 of this year.

4.1 Re-activate Designation of Housing Project in Difficulty

To facilitate the process, the City will re-activate the Project in Difficulty designation. This enables the Service Manager to exercise the appropriate remedies available under the Act to stabilize operations, support improved governance and financial oversight, and ensure the continued operation of the housing project in accordance with legislative requirements. Reactivating this designation supports a higher level of attention from Civic Administration working with the housing provider to implement corrective measures and protect the long-term viability of the housing asset while ensuring that the City continues to meet its responsibilities as Service Manager under the Act.

Civic Administration will submit the necessary documentation to the Ministry of Municipal Affairs and Housing to notify them of a triggering event and the PID status at

this property. The *Housing Services Act, 2011* provides 60-days from the date of the letter for the official status to implement.

4.2 Coordination of Capital Needs into an Executable Plan

As noted in Section 3.0 of this report, the Co-Op has requested \$1.2 Million for capital repairs at the property. In the short term, Civic Administration will work with the Board to align a number of capital needs into a defined and executable plan. As of the writing of this report, an upset limit of \$785,439 (excluding HST) was estimated as the immediate capital needs for the property to address the orders and start on some of the capital items, for example, repairs to the elevators. The costs and splits between the City funded capital account and the COCHI program are further outlined in section 5.0.

This initial funding will come from a City capital program designed to assist community housing providers with this type of work. As scope and projects are defined, additional unit repairs will be included into the 2026/2027 COCHI program and the construction phased to ensure affordability and align with other work at the property.

Any final quotes and/or the approved costs against the capital account will be outlined in the Q4 report.

2025-2026 COCHI Transitional Funding

Civic Administration has provided transitional funding through the 2025-2026 Canada Ontario Community Housing Initiative (COCHI) to address several immediate operational and compliance risks at Tolpuddle Housing Co-operative. A total of \$91,632 was approved by the service manager to support these corrective actions.

The transitional funding supports the resolution of the Construction Lien filed against the property and address municipal by-law work orders related to the non-functioning building intercom / security system, and resolves deficiencies associated with the fire monitoring system that has resulted in the suspension of monthly fire monitoring services.

The housing provider remains responsible for procuring vendors and completing the necessary work to resolve these matters in accordance with municipal and provincial requirements, with oversight and support provided by the service manager.

Most Recent Municipal Compliance Work Orders and Fire Orders

In early March 2026, Municipal Compliance conducted a building inspection at Tolpuddle to identify potential infractions of applicable municipal by-laws. The London Fire Department was also engaged to perform a site review for compliance with fire and safety codes. The resulting findings will assist Civic Administration in identifying any immediate safety concerns requiring remediation. It is anticipated that any costs associated with compliance orders will be funded by the Service Manager.

In addition, and to support the long-term safety of the tenants (members) of the co-op, Civic Administration will work with the Board and the Fire Department to conduct either bi-annual or quarterly inspections on a proactive basis. As the property stabilizes, these inspections may be phased out.

Crime Prevention Through Environmental Design Implementation

In addition to addressing immediate operational risks, Civic Administration is prepared to work collaboratively with the housing provider to implement a holistic Crime Prevention Through Environmental Design (CPTED) strategy at the property. This approach would advance security-related capital improvements identified in the CPTED report, strengthening site control and overall safety. The objective is to reduce opportunities for criminal activity through enhanced building access controls, improved visibility and lighting, and consistent building management practices.

Building Condition Assessment Update

A successful transition plan will require significant investment in capital repairs. The Service Manager will undertake the process of obtaining an updated Building Condition Assessment (BCA) – the last one was completed in 2019 / 2020. Based on the findings of the updated BCA, staff will collaborate with the board and the property management firm to develop a comprehensive capital asset plan. This plan will prioritize life safety, structural integrity, regulatory compliance, and accessibility improvements.

Recommendations arising from the CPTED report that align with the BCA findings will also be prioritized for implementation. The Service Manager intends to seek funding for these capital investments through the next two cycles of the COCHI allocation (2026-2028).

The funding and projects will focus on the improvements necessary to address life safety and property standards matters in the earlier years of the plan, with more cosmetic items in the later years.

Project Manager to Support Efficient Implementation

Following Council's review of this report, Civic Administration will begin the detailed work of assisting the Co-Op with the identification of scope for the work, guidance on procurement and support through the planning and implementation of the building condition assessment improvements. Given the scope of work, Civic Administration will consider the requirement of a 3rd party project manager that is independent of property management, the City and the Board to support the efficient delivery of the capital work. Although the costs are currently budgeted through the City's capital program, the fees for a project manager are an eligible cost under COCHI and could be funded through that program in subsequent years following the development of the capital plan.

4.3 Property Management with Supportive Services

Civic Administration will undertake an Expression of Interest (EOI) to identify organizations that can provide property management services that include a level of support for tenants in finding employment, maintaining mental health and financial stability. This is not intended to be Highly Supportive Housing that would include 24-hour and 7-days per week of on-site supports. The Board will be a partner at the table and have an opportunity to support the procurement and review the responses to the EOI.

These services come with a higher cost and is expected to be in place for at least three years to stabilize tenancies and implement other measures to improve safety at the property. The estimated cost will be subject to discussions with firms that respond to the EOI, but based on experiences in other municipalities, property management with supports is expected to cost \$600,000-\$1,000,000 annually. There is some commercial space available in the building that could be repurposed for services that help tenants navigate the systems that support employment, mental health and financial stability.

Potential funding sources require further exploration, but under the current funding formula, these costs may be eligible for additional subsidy. Discussion with Provincial ministries, such as the Ministry of Health, may also be a potential source of funding.

4.4 Subsidy Estimate for Transition Plan

In section 3.0 of this report, additional subsidies are proposed by the Co-Op to resolve some outstanding financial debts and address monthly operating challenges. This request must be assessed in detail, and an amount has not been identified by Civic Administration as of the writing of this report. Vacancies are contributing to the annual losses, so these must also be resolved.

The annual subsidy estimate for this housing provider is calculated in accordance with the funding formula set out in the Housing Services Act (HSA). This formula is primarily based on provincially established benchmarks. Under the HSA, the Service Manager has the discretion to adjust subsidy levels to account for property-specific

circumstances, provided such adjustments remain within the approved annual operating budget.

Over the past two years, Tolpuddle has received additional subsidy funding of \$194,000 annually. This funding was administered by the Board to address identified operational challenges, including immediate expenditure pressures, the reduction of outstanding accounts payable, and the mitigation of accumulated operating deficits.

In recognition of ongoing financial pressures and security needs, an increase to the annual subsidy will be provided to Tolpuddle until the property reaches the end of its mortgage in August 2027. This funding will support increased insurance premiums, required security measures, and the backlog of routine maintenance expenses. The additional subsidy will be funded through mortgage savings realized across the sector and will have no impact on the municipal tax base. As the provider's mortgage matures in 2027, funding beyond this period will be reassessed and incorporated into any revised funding model established under the Service Agreement framework.

4.5 Performance Metrics

As part of the Transition Plan, the Service Manager will monitor operational performance over the next two to three years to assess improvements in governance, financial stability, and overall operational effectiveness. Achieving measurable progress in these areas will require the development and implementation of corrective actions by the newly established Board and the engaged property management firm. Performance will be evaluated against the following key operational metrics:

- Reduction of vacancies to normal operating levels (less than 3%).
- Improved arrears management through more proactive engagement with members.
- Reduction in bad debt expenses.
- Decrease in municipal compliance orders.
- Elimination of Fire Code violations.
- Decrease in security-related incidents.

The successful execution of the transition plan will depend on sustained oversight, strong governance, and effective collaboration between the Board, property management, and the Service Manager. Continuous monitoring of these key performance indicators will support accountability, drive corrective action where required, and help ensure the long-term financial and operational sustainability of the organization.

4.6 Update to Council in Q4

The current situation at Tolpuddle Co- Operative is complex and multi-layered, shaped by a convergence of interrelated challenges. Persistent community pressures linked to its geographical location have compounded internal difficulties, while board instability has hindered effective decision-making and strategic oversight. The subsidy funding formula can also present challenges as it fluctuates year-over-year based on benchmarks and changing operational inputs. These formula inputs impact how much funding a housing provider is eligible for. Together, these factors have created a set of circumstances that cannot be resolved through a single approach, but instead require coordinated responses tailored to the various areas of concern.

Addressing the complexity of the issues at Tolpuddle represents a significant and multifaceted undertaking for all parties involved. Substantial additional work, detailed analysis, and continued collaboration will be required to fully assess the challenges and identify sustainable solutions. Civic Administration will proceed with the implementation of the transition plan in a phased and deliberate manner.

A progress update on the transition plan will be brought back to Council by Q4 2026.

5.0 Financial Implications

A summary of the proposed financial support for the Tolpuddle co-operative is outlined below:

Item	Approximate Cost	SH2001A	COCHI
Project Manager	\$65,000	\$65,000	-
Construction lien	\$77,071	-	\$77,071
Fire and life safety system deficiencies	\$70,000	\$66,665	\$3,335
Building security and access systems	\$240,000	\$228,774	\$11,226
City of London property standards compliance	\$100,000	\$100,000	-
Building systems - HVAC and elevators	\$125,000	\$125,000	-
Unit restoration	\$200,000	\$200,000	-
TOTAL	\$877,071	\$785,439	\$91,632

Costs are only estimates at this time. Over the next few weeks and months, Civic Administration will work with the Co-Op and property management to formalize the costs and obtain quotes for the work.

Additional operating costs will also be assessed by reviewing the current financial statements and books to determine the gap and what is required to maintain liquidity. This review will assess any unpaid invoices and/or debts that exist, as well as any operational costs incurred as a result of the municipal compliance and fire orders.

Conclusion

Tolpuddle Housing Co-operative continues to provide an important source of affordable housing within the community housing system. The proposed operational transition plan is intended to provide the governance and property management supports necessary to stabilize the housing project. Through the introduction of external governance assistance and interim property management support, Civic Administration will work with the housing provider to improve operational performance, reduce vacancies, and address priority building issues.

This approach will help protect the City's investment in the housing asset while ensuring residents continue to have access to safe, stable, and well-managed affordable housing.

Prepared by: Kate Lawrence, MBA, CPA, CMA
Manager, Housing Systems and Administration

Submitted by: Matt Feldberg, MPA, CET
Director, Municipal Housing and Industrial Development

Recommended by: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Housing and Community Growth

cc: Kevin Dickins, Deputy City Manager, Social and Health Development

Attachments:

Appendix 'A' – Source of Financing