



APPENDIX D

Expiry of Social Housing Agreements Transition Plan: Suggested Principles and Desired Outcomes

The following are suggested as principles and desired outcomes to guide the City of London in dealing with expiry of housing agreements. These will be refined or modified as consultations with providers take place, analysis is done, and as the issue is considered further.

- 1) Social housing remains financially viable, affordable, and in good repair.
- 2) Social housing tenants remain well served, with affordable rents and secure tenure.
- 3) Community-based providers have flexibility to operate in ways that best meet their mission and tenants' needs, with continued RGI subsidies and related accountability.
- 4) The City meets its legal obligations under *Housing Services Act*, including achieving or exceeding the Service Level of 5,939 RGI units.
- 5) The City manage and plan the financial impacts from declining federal funding and older stock, with flexibility to realign resources as costs and needs shift.
- 6) London & Middlesex Housing Corporation (LMHC) has a clear framework for the financial impacts and opportunities arising from expiring debt and declining federal funding.
- 7) Regeneration of older properties is supported as the funding/legal framework shifts.
- 8) Affordable housing needs continue to be met through collaboration between the City, County, LMHC, community-based providers, and the private sector.

End of Operating Agreement (EOA) Transition Plan Considerations and Required Actions

EOA analysis and making strategic decisions for the post-EOA period should include the following considerations/principles:

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

Taking a longer term, business-like perspective – Positioning projects today to make them more sustainable post-EOA is good business for providers and the City of London, now and in the future. Developing plans now to help successfully navigate projects through the EOA process is a good practice. Planning ahead is critical, especially in light of imminent EOA dates and recognizing the lead time required to implement remedial solutions.

Balancing fiscal resources with human realities – The core business of social housing is about providing safe, healthy living environments for low-and-moderate-income households. While the financial bottom line is important, it's not the only consideration that the City of London and providers must manage.

Understanding impacts at both the program and portfolio level – In isolation, project impacts may be challenging to overcome but taking a broader approach that recognizes program tendencies and portfolio flexibilities can help nurture sustainability.

Establishing an appropriate accountability relationship with providers – While service level standards may impose legislative obligations on the City of London post-EOA, relationships will have to evolve to reflect changes in accountability. Maintaining positive working relationships with providers is critical to better supporting housing objectives in our community.

Building support – Sustaining and enhancing existing housing stock involves the organizing of



significant resources over time to be successful. Building support, financial or otherwise, is critical to gaining access to these resources. Securing the early support of decision-makers (i.e. Council members), housing stakeholders and the broader community needs to be a component of any EOA strategy.

Analysis is critical to understand the impacts of EOA based on the City of London's social housing portfolio and market conditions. In that regard, an EOA transition plan will be developed by taking the following steps:

1. **Get the required information** – gather BCAs and financial information at the project level. Determine subsidy splits and debentures by project, using cost allocation models if necessary.
2. **Do an initial impact assessment of our portfolio** – do a high-level analysis to see where the EOA pressure points are within our portfolio, the general magnitude of impacts and the anticipated timing of impacts. Focus could be done first on LMHC as it's an area of direct oversight and is among the housing that will first hit EOA.
3. **Check-in with our municipal decision-makers** – Bring forward the EOA issue and discuss general pressure points, implications and proposed approach to developing a response strategy
4. **Dialogue with providers** – establish a discussion with provider Boards and staff on EOA issues and assess their initial intentions regarding post-EOA, promote collaborative info sharing and the importance of partnerships. Engaging providers in this process may help make the transition process smoother for both parties.
5. **Undertake refined analysis/testing** – Based on updated and more detailed data:
 - Develop hard estimates for subsidy impacts post-EOA and federal step down
 - Knowing that subsidy obligations survive EOA, develop specific estimates regarding funding obligations for Provincial Reformed and Public Housing projects (especially the determination of "sufficient" funding for LMHC)
 - Assess service level standards and ability to address them within the context of projected EOA impacts
 - Identify the resource requirements necessary to meet legislated service level obligations
 - Consider strategic opportunities arising from asset leveraging as a means to help meet/exceed service level obligations
6. **Develop an EOA transition plan** – establish a pragmatic, formal plan that addresses the following:
 - Making LMHC a priority – given the direct relationship with LMHC and the early impact of EOA on Public Housing, targeting the LMHC as a priority in plan implementation is prudent, enabling subsequent rollout to other housing providers
 - Preparing providers for EOA – working with providers on remediation of current operational and capital reserve issues to help better position them for EOA. Use this opportunity to establish an open dialogue for feedback on EOA issues
 - Establishing interim measures – defining rules of engagement pre-EOA for how interim funding/business case requests from providers will be handled, defining a process and policies around how Consent requests will be handled
 - Identifying retention strategies – for viable housing projects, identifying options for addressing any anticipated gaps in service level standard gaps and maintaining the local affordable housing supply



- Evaluating alternate supply strategies – for non-viable housing projects or where asset leveraging potential can be realized, evaluating alternate approaches to meet service levels including re-purposing, re-development, intensification, rent supplement stacking, etc.
 - Determining funding strategies - identifying financial options for addressing identified EOA approaches, including subsidy advances, loans, re-financing, municipal tax relief, asset leveraging, etc.
 - Establish a post-EOA accountability framework – within the context of proposed go-forward options, establishing the ground rules for provider agreements post-EOA
 - Setting a staging strategy – identifying transition plan priorities, recognizing the differing project impacts that will arise within our portfolio
7. **Transition Plan Approval** – obtain transition plan approval by Council through CPSC - securing necessary resources to implement the plan, sustain community housing assets and address anticipated EOA impacts
8. **Transition Plan Implementation** – assign tasks and resources, evaluate progress regularly and report to key stakeholders on progress to maintain transparency. Where necessary, re-evaluate areas of non-progress and take remedial action when required to ensure EOA issues are fully addressed.