National Housing Collaborative Social Housing Research Paper

Final Report

October 13, 2016

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This research was supported by Canada Mortgage and Housing Corporation (CMHC), United Way Greater Toronto and York Region, McConnell Foundation, Metcalf Foundation, Vancity and Maytree. The views expressed are the professional views of the authors and the funding entities accept no responsibility for them.

We thank our colleagues from the National Housing Collaborative Secretariat who provided insight and expertise that greatly assisted the research. We also thank the members of the Collaborative and our reviewers who provided comments on earlier drafts and insights that helped improve this paper.

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EXECUTIVE SUMMARY

Purpose of Social Housing Research Paper

The overall goal of the social housing research paper is to identify options for maintaining housing affordability in the system by supporting and leveraging more than five decades of public investment in social housing. Specifically, the research paper estimates the impact of expiry of operating agreements, develops a set of options to address the impact, and identifies a process for achieving the identified options.

Social Housing: A Valuable Community Asset

Social housing is a valuable community asset with many benefits to the country and its citizens. It provides safe, stable and affordable housing in communities across the country, improves health outcomes for low income households, and is an important component in the competitive positioning of many Canadian municipalities internationally. For the federal government, social housing is a valuable financial asset that reflects decades of public investment.

Impact of Expiry of Operating Agreements

Research has shown that the economic viability of social housing providers, especially for those who provide a high proportion of RGI units, is not as robust post expiry of operating agreement as may have been previously assumed. Where rental and other revenues are not sufficient to cover operating and capital maintenance costs, social housing providers would need to increase rents for some/all units to be financially viable, thereby eliminating affordability for tenants. In the absence of supplementary funding, this would effectively eliminate affordable rental stock that had been generated with public funding over a number of decades. Based on existing research and analysis by the research team, impact models have been developed for both operating and capital. By identifying impacts, the model also frames in a general way the assistance that would be required to maintain basic operational and capital viability at expiry of operating agreements.

Operating Impacts

An impact model based on current affordability levels has been developed that estimates operational assistance requirements to maintain basic viability. The model uses identified average deficits per unit for each program area and multiplies these by RGI program units to arrive at impact by program cluster. When added together, a total annual value for operational assistance of just over $1 billion is estimated. This means that to sustain the basic viability of the almost 360,000 RGI units deemed at risk, assistance in the order $2,800+ per unit per year (current dollars) would be required at expiry and beyond.

In terms of assistance, it should be noted that this is the total operating shortfall requirement and that as such, cost sharing arrangements between federal and P/T partners would need to be resolved to arrive at the appropriate funding split. The expiry of units is expected to continue to occur between now and 2040, and ideally, the staging of assistance would come into effect as units hit expiry. As such, there would not be a need for $1 billion in operational assistance today but rather a gradual increase in the need for assistance as units reach expiry over the next 23 years.

Capital Requirements

Given the data and methodological concerns noted, the estimates for capital are provided in the form of assistance ranges on a per unit level. Deficit range values for each program cluster (high, low, mid-point), were multiplied by actual units under agreement (but excluding rent supplement units) to arrive at impact estimates. Totals from each program cluster where then added to arrive at an overall assistance requirement of $4.8 billion based on mid-point averaging. This means that at expiry, all units would require an average injection of almost $10,000 per unit (current dollars) to be viable from a capital perspective. However, as a mid-point average, this cost could be higher or lower by more than 30% based on data examined as part of this study.

As with operating shortfalls, capital shortfalls are based on total requirements and F/P/T partners would need to establish an appropriate cost sharing arrangement. Unlike operating impacts, there is an existing and growing impact today from unfunded capital liability. While estimates project impacts based on status at expiry, addressing capital shortfall today could actually decrease downstream requirements prior to expiry. As such, consideration could be given to providing capital assistance prior to expiry.

While the focus of any capital assistance would be to support the viability of RGI units, extending capital assistance to non-targeted units in exchange for affordability would present an added opportunity to retain legacy social housing for social purposes. This approach would provide the unique ability to extend affordability at a modest per unit cost as compare to replacing these units elsewhere in the housing system (i.e. via subsidy or new construction). Despite these opportunities, there remains a primary need to harmonize methodologies, gather additional data and expand analysis in order to refine capital impact estimates, especially in light of data issue identified to date.

Social Housing Reinvestment and Transformation Framework

The research and input from collaborators from across the country contributed to the establishment of a set of goals and objectives for federal investment to transform social housing for low-income households. The proposed Social Housing Reinvestment and Transformation Framework allows for flexibility to address geographic, housing provider type, program type, and future changes in priorities. Proposed goals, objectives and guiding principles of the framework are outlined in the following.

Goals

The overarching goal of the Social Housing Transformation Framework is to maintain and, where possible, grow affordability of housing in the system by leveraging the public investment that has been made in achieving this affordability. It is proposed that these goals be met by federal reinvestment of funds from expiring federal social housing agreements and the replacement of existing funding arrangements as operating agreements expire with a new funding mechanism that builds a more efficient, self-sustaining, and innovative system of social housing in Canada.

Objectives

To achieve these goals, the following objectives are proposed:

1. Ensure no net loss in the number of rent-geared-to-income units in the system
2. Ensure the safety, sustainability and physical condition of social housing
3. Leverage opportunities to create more energy efficient and sustainable social housing buildings

4. Foster the transformation of the social housing sector to become increasingly dynamic, innovate cost-efficient and self-sustaining

Principles
The proposed framework principles are as follows:
1. Collaboration of key partners in the housing system is essential the housing system.
2. The social housing reinvestment framework is predictable and sustainable in the long term
3. Accountability framework is administratively efficient and cost-effective and allows for flexibility
4. A set of outcomes are established to guide program design
5. Province / Territories share in the funding of social housing
6. Provinces / Territories be responsible for program design and delivery with exception of federally administered co-ops
7. Federal funding is allocated according to number of existing social housing rent-geared-to-income (RGI) units by province/territory
8. Social housing providers are expected to maximize their assets, improve efficiencies and adopt a business enterprise approach to managing their portfolio
9. Reinvestment in social housing considers value for money
10. Staged implementation approach is required

Strategic Directions
Three strategic directions are identified to support the goals, objectives and principles of the Reinvestment and Transformation Framework.

Strategic Direction 1: Provide Leadership and Resources for Sector Transformation
Housing providers require a range of knowledge, specialized skills and capacity to manage their social housing operations, renew their buildings and grow their portfolios in an innovative, cost-efficient, and self-sustaining manner. They require strategies to attract and keep qualified board members and staff to transition to the new framework; robust systems; portfolio planning expertise; advice on innovative revenue generation approaches (e.g. social enterprise); enhanced knowledge and expertise on enterprise solutions and alternate financing vehicles; and advice on opportunities for merging and/or sharing resources. The successful implementation of the Transformation Framework is dependent on providing both leadership and resources to housing providers for sector transformation.

It is proposed that the Federal/Provincial/Territorial governments take a leadership role in:
- making changes to legislation and policy to remove impediments to housing providers' ability to modernize and regenerate their existing housing portfolios;
- conducting research on leading practices in sector transformation and enterprise solutions;
- developing tools for knowledge and capacity enhancements;
- exploring alternate financing options; and
- providing expertise to help providers navigate and manage opportunities to leverage their assets.

It is proposed that a social housing innovation and transformation fund be created for housing providers and their sector organizations to:

- enhance training and staff development to attract and keep qualified board members and staff;
- foster partnerships, shared resources, and mergers of small housing providers where desirable;
- test new business models and innovate approaches to revenue generation such as renting out commercial space and enterprises for the purpose of revenue generation;
- undertake comprehensive portfolio planning by providing funding to investigate the modernization and regeneration of existing social housing properties and exploring financial models that are less dependent on ongoing government funding;
- review service delivery models with a view of moving towards more entrepreneurial and business enterprise models as appropriate;
- put in place robust IT and other systems to assist in modernizing and regenerating social housing portfolios;
- investigate other opportunities to achieve greater efficiency, build sector capacity, and foster innovations and self-sufficiency;
- undertake other initiatives to innovate and transform social housing providers to maximize and grow their assets, improve efficiencies, and 'unlock' their valuable social housing asset.

It is proposed that the social housing innovation and transformation fund be established at $40 million to be distributed over a 5 year period. This fund is based on approximately $75/unit for the 525,000 social housing units (includes RGI and low end of market rent) currently in existence.

Strategic Direction 2: Address Loss of Affordability by Supporting Low-Income Households

For more than five decades, social housing has provided safe and affordable housing for many low income households, including the most vulnerable population. However, the vast majority of the approximately two-thirds of social housing units providing geared-to-income housing for low income households will not be able to maintain the current levels of affordability once the operating agreements end without some form of continued assistance.

To address the loss of affordability in the system as operating agreements expire, it is proposed that the federal/provincial/territorial governments:

- provide ongoing funding to support low-income households in social housing once operating agreements;
  - *The estimated funding required to maintain current affordability in the social housing system is about $1 billion per annum in today's dollars once all operating agreements expire.*
- consider different funding levels based on geography and program type;
- maintain levels of affordability in place at the signing of the Social Housing Agreements or alternate date agreed upon by federal, provincial and territorial government; and
- recognize modernization of the social housing system may mean that how low-income households are supported may change (e.g. move to other buildings to improve income mixing).

Strategic Direction 3: Address Legacy Issues through Investment in Capital Renewal

The funding programs under which the projects were originally developed impacts housing providers' ability to continue to maintain their housing stock and ultimately provide affordable housing once operating agreements end. The targeted programs (i.e. public housing, urban native, and post-1985 co-operative and non-profit section 95) are particularly challenged in terms of having adequate reserves to undertaken required capital repairs in both the short and longer term as these programs did not incorporate the establishment of a replacement reserve fund. On the other hand, social housing buildings developed under non-targeted programs (i.e. Section 26, 27 and 61) are more likely to have adequate capital reserves.

It is proposed that legacy issues related to unfunded capital requirements be addressed by:

- providing capital funding to address capital repair requirements and support regeneration of social housing in order to maintain the safety, sustainability and physical condition of the social housing stock;
  - *The estimated backlog of unfunded capital at end of operating agreement ranges from about $3.3 billion to about $6.3 billion in existing social housing units with a mid-point estimate of $4.8 billion or about $10,000 per unit*
- providing capital funding for energy retrofits to help improve state of buildings and reduce operating expenses;
  - *This funding is to be combined with capital funding for repairs and replacement where appropriate.*
- establishing eligibility requirements for receipt of capital renewal funding (e.g. effective operations, full leverage of existing assets, maintenance of affordability);
- considering the feasibility of addressing the capital needs of non-RGI units as an opportunity to help sustain or increase the supply of affordable housing within the system.

Process to Achieve Objectives

A proposed process to achieve the goals, objectives, principles and strategic directions identified in the Social Housing Reinvestment and Transformation Framework is outlined in this section. The assumption is that federal/provincial/territorial partners would commit to the framework in principle with the acknowledgment that refinements will be made to the strategic directions and amount of funding earmarked for each strategic direction as more accurate data is obtained and lessons are learned during the pilot phase.

Key steps included in the process are:

1. Identify areas requiring further research and carry out required research in the next one to two years.
2. Conduct pilot tests of proposed strategic directions over the next two to three years to fully assess the feasibility and impact of these directions.
3. Identify an implementation framework and timeframes for the evolution of social housing system to a more enterprise-based approach that leverages its assets and maximizes public investment in terms of affordability and social impact

1.0 INTRODUCTION

1.1 Background and Context

The delivery structure of social housing programs, those targeted to non-profit and co-operative housing after 1973, is based on government entering into operating agreements with organizations for the delivery and operation of the housing. The duration of these agreements is tied directly to the amortization of the first mortgage on the properties; in most cases a 35 year period and sometimes as long as 50 years. The first operating agreement expiries have already occurred, with the majority of agreements expiring between 2020 and 2028. At the expiry of these agreements the flow of subsidies from government to housing providers (non-profit and co-operatives) ends. Subsidies varied by program but include one or both of supports for payment of the mortgage debt (as most projects were financed at 100% of capital costs and revenues may not have been sufficient to support this debt) and subsidies for the provision of rent-geared-to-income (RGI) rents. Different programs have different subsidy mechanisms and differing levels of RGI.

The earliest social housing programs were unilaterally funded by the federal government. Programs post-1985 were generally cost-shared with provinces, with some provinces developing unilaterally funded provincial programs in latter years. Program-based federal funding for new social housing ceased in the mid-1990s. The federal government committed to honour existing agreements, but no provisions for on-going subsidy support were made in order to provide continuing support for RGI. It may have been assumed that once these agreements expired, housing providers would be able to use a portion of the revenues that had been used to pay a portion of mortgages to support the continued provision of rental subsidies for low income households. This will be the case for some housing providers, but not all.

The estimates of projects that will encounter post-agreement financial challenges and therefore not be able to maintain current levels (if any) of RGI subsidies depend on a range of factors such as program type, size and geography. There is no accurate predictive model to assess future financial capacity of all social housing projects; each project or portfolio must be analyzed individually to determine the long-term financial outcomes. There are clearly some trends, and projects likely to encounter difficulties can be identified. The actual financial challenge is the result of a set of circumstances that cannot easily be modelled.

The current federal funding for both unilateral federal and cost-shared programs is transferred to provinces/territories under bilateral Social Housing Agreements (with the exception of Quebec and PEI) with responsibility for the administration of the housing programs resting with the provinces/territories. The exception to this is the federal co-operatives (except in Quebec) which have remained a direct responsibility of the federal government (CMHC) and are administered by a special purpose body, the Agency for Co-operative Housing. Quebec co-ops remain under the administration of CMHC.

Some general conclusions about future financial viability are possible based on the research conducted over the last 10 years by non-profit housing associations and provinces. Projects with RGI units representing more than 50% of all units are not likely to be viable if these levels of RGI are sustained, and projects in weak housing markets are more likely to face future financial challenges. An important issue for many providers is the state of repair of the housing and whether the available net operating income post-agreement expiry is consumed by capital repairs (or debt service to make these) or is available to subsidize RGI units. This will also have an impact on future financial capacity of social housing projects.

1.2 Research Goal and Objectives

The overall goal of the social housing research paper is to identify options for maintaining housing affordability in the system by supporting and leveraging more than five decades of public investment in social housing. Specifically, the paper explores the range of options that would facilitate long term financial viability of social housing providers so that they can support low income households today and in the future.

The objectives of the paper are to identify the impact of expiry of operating agreements, develop a set of options to address the impact, and identify a process for achieving the identified options.

1.3 Research Methodology

The research was carried out in three parts as follows:

Part 1: Impact of Expiry of Operating Agreements
Review of current research and modelling on operating agreement expiry and assessment of the range of expenditure likely required to maintain current level of RGI units. This included both data from government and non-government sources. Tasks included:

- Conducting an environmental scan of published documents identifying the range of case studies and models used to identify the general impact of the expiry of agreements and areas requiring more detailed future investigation. About 30 different research papers / analysis have been identified from 2003 to 2016 on the topic.
- Gathering and synthesizing information on framework of current agreements between federal and provincial government with respect to social housing providers, and how a future flow of funding can be based on these agreements.
- Categorizing possible outcomes at end of operating agreement (EOA) based on environmental scan and discussions from representatives of public, non-profit, and co-op sectors.
- Based on the information gathered through the literature review, identifying a range of cost estimates assessing the impact of different assumptions on operating and financial parameters.
- Identifying the key drivers of varying outcomes at EOA, e.g. size, proportion RGI, program and how these drivers might impact the outcome.
- Identifying the universe of units affected by EOA by program, province/territory, etc.
- Developing a model (excel based) to estimate the quantum of the overall impact of EOA based on cost estimates/proxies, a range of variables and information gathered on current supply. The model

for estimating the impact contains a number of scenarios based on low, medium, and high cost assumptions, and provides information at the national level.

Part 2: Develop Set of Options

Develop options that provide different strategies that can be implemented over time to transition current social housing providers to a changed model of financial support. Tasks included:

- Identifying and validating with NHC goals, objectives and principles to frame a federal government reinvestment to sustain and renew social housing.
- Developing one or more approaches to addressing the end of these agreements based on a set of agreed objectives that can be implemented over time.

Part 3: **Process to Achieve Objectives**

Identify a proposed process to achieve a set of objectives that are generated by the first two parts of research. The process includes setting the stage for the evolution of the social housing system to become a more enterprise-based model that leverages its assets and maximizes the return on public investment in terms of affordability and social impact. Tasks included:

- Identifying areas requiring further research.
- Developing options for testing proposed strategic directions over the next two to three years to fully assess the feasibility and impact of these directions.
- Identifying an implementation framework and timeframes for the transformation of the social housing system.

2.0 PART 1: IMPACT OF EXPIRY OF AGREEMENTS

This section focuses on identifying the general impact of the expiry of agreements and areas that will require more detailed future investigation. Within the context of available data and information, estimates of cost impacts and their associated assumptions are identified. By examining operating and capital cost parameters, an assessment of the overall impact of expiry of agreements on RGI supply is provided, as well as data issues that influence these estimates. In terms of capital, these estimates are based solely on a need basis and do not account for potential through recapitalization of the housing stock.

2.1 General Impact of Expiry of Agreements

This section summarizes the general impact of the expiry of agreements as identified in the existing research documents. It provides an overview of expiring agreements, estimate of total number of social housing units affected by expiry of operating agreements, general and more detailed assessment and quantification of impact of EOA, and presentation of an impact model.

2.1.1 Expiring Agreements

Under most legacy social housing programs, operating agreements are used to establish an accountability framework, outlining operating obligations and setting out funding commitments to support tenant affordability during the life of the agreement. Eligible subsidies flow over the life of the agreement to supplement revenues and support the on-going provision of affordable units. Agreement termination dates are typically concurrent with the mortgage/debenture maturity date. While not explicit in policy or in agreements, it is clear that conventional thinking in the social housing program design was that with mortgage maturity, low income households' rents and other revenues would be sufficient to cover operating expenses as well as capital repairs/replacements over the life of the project while maintaining affordability after agreement expiry. There are no jurisdictions that have systematically projected future housing costs and revenues during the life-cycle of projects, and therefore there has been no ongoing mechanism to assess whether these assumptions on future viability are valid.

Research since has shown that the economic viability of social housing providers, especially for those who provide a high proportion of RGI units, is not as robust post-agreement as may have been previously assumed. Where rental and other revenues are not sufficient to cover operating and capital maintenance costs, social housing providers would need to increase rents for some/all units to be financially viable, thereby eliminating affordability for tenants. In the absence of supplementary funding, this would effectively eliminate affordable rental stock that had been generated with public funding over a number of decades. As such, the impacts from expiry of agreements are now seen through a more critical lens, given the risks they pose for the housing sector.

2.1.2 Total Number of Units Affected and Associated Funding

The federal government began transferring program responsibilities to Provinces/Territories (P/T's) in 1995/96. Prior to that, CMHC administered programs that the federal government participated in, whether in partnership with the P/T's or unilaterally. Through the use of Social Housing Agreements (SHA's), federal responsibilities for program administration were vested with participating P/T's over the following years as individual SHA agreements were signed. In these jurisdictions, the responsibility for administered 'transferred' programs was assumed upon signing of the SHA. While federal funding for its share of the 'transferred' portfolio was provided by CMHC to participating P/T's through their respective SHA, this funding was fixed at 1995/96 levels. Program cost increases from this point forward have been the responsibility of participating provinces and territories (and municipalities in the case of Ontario). As agreements expire, federal funding under the particular agreement is reduced, thereby resulting in a diminishing share of funding until all agreements eventually expire by 2040. As a result, P/T partners are having to absorb an increasingly larger share of rising social housing costs over time to counter non-indexed federal funding while under agreement and when federal funding is completely withdrawn at expiry[1].

Three provinces did not sign SHA agreements with the federal government: these were PEI, Quebec and Alberta. In these instances, CMHC retains the responsibility and funding for administering federal obligations with regards to 'transferred' programs. CMHC also maintains direct administrative and funding responsibility for a smaller component of federal unilateral programs. Collectively, the total off-reserve social housing portfolio was comprised of roughly 600,000 units for the base year (1995/96) and had an associated federal funding obligation of $1.69 billion. These figures do not include units developed under unilateral P/T housing programs where subsidy dollars are exclusive of federal funding.

Due to the manner in which unit and cost figures are reported by CMHC from year to year and the overall limitations in available data, figures provided herein should be considered as general estimates for the purposes of this report.

[1] A New Brunswick Auditor General's report in 2011 spoke to this issue, illustrating the predicament being faced by P/T partners. It was noted that "*by 2019/20, social housing expenditures will exceed revenues by almost $50M/year at the same time when the Special Purpose Account, a reserve for the SHA, will be exhausted*"

Table 1 - Estimated Number of off-reserve social housing units under agreement - 2015/16

Program Stream	Number of Units	Range of RGI	Federal Funding	P/T Funding
Public Housing	198,714	100% RGI	$1.2B (P/T shared) + $543M (Federal Unilateral, admin of non-SHA for 3 provinces)	$1.5B (est.)
Post 85 F/P	68,655	100% RGI		
Rent Supplement	41,587	100% RGI		
Rural and Native Housing	7,021	100% RGI		
Urban Native Housing	8,680	100% RGI		
Pre '86 NP's and Coops	132,798	Mixed - minimum 15% RGI obliged, but typically share exceeds minimum		
Section 26/27/61	67,381	Non-targeted (no on-going subsidy*)		
TOTALS	**524,836***	Targeted (RGI) = 324,657 Mixed = 132,798 Non-targeted = 67,381	**$3.1B**	

Unit counts per S. Pomeroy summary data table for fiscal 2015/16 that were derived from CHS info plus SHA schedules per FOI request. Funding is per CHRA 2014 "Housing for All" report, derived from CHS info and P/T working group estimates.

** Includes RGI and market units*

In terms of current status, the number of units under agreement and currently receiving funding has fallen to just under 525,000 units, with most units falling in the Public Housing and Pre-1986 NP/Coop program streams (see Table 1). For the majority of units, there is a high RGI component which makes them inherently affordable. Units developed under Pre-'86 non-profit/coop programs typically have a much lower RGI complement and in the case of Section 26/27/61 programs, no formal RGI component is funded through on-going subsidy. Federal funding for social housing under cost-shared programs with P/T partners is currently in the order of $1.2 billion annually and it is estimated that P/T funding for these same programs is in the order of $1.5 billion[2]. Federal funding is also provided for unilateral programs as well direct funding of federal costs in the three provinces that have not signed SHA agreements (PEI, Quebec and Alberta). This residual federal funding currently amounts to $543 million annually and when added to funds expended by federal and P/T partners for cost-shared programs, means that $3.1 billion is spent annually on social housing off reserve. As the share of federal funding is declining over time, the share of P/T funding is increasing in order to sustain units funded under these legacy programs.

At the P/T level, funding for social housing can vary from jurisdiction to jurisdiction. This is primary due to the mix of units by program and the historical funding structures of social housing programs. While there is limited data available on cost per program, figures from a 2012 Ontario study help to illustrate this issue:

[2] This estimate is referenced in CHRA's 'A Call for Federal Reinvestment as Operating Agreements Expire (August 21, 2014).

Table 2: Examples of Subsidy/Funding Per Unit in Social Housing, Ontario (2010)			
Program	**avg. subsidy per unit**	**avg. federal funding per unit**	**federal share of subsidy**
Federal - S.27 NP program	$1,362	$0	0.0%
Federal – S.95 NP 2% program	$1,013	$1,751	172.9%
Municipal NP S.95 (1978-1985)	$2,984	$1,666	55.8%
F/P - Public Housing program	$4,438	$1,419	32.0%
Rent Supplement F/P programs	$5,113	$1,808	35.4%
Federal - Urban Native	$11,155	$10,910	97.8%
Note: S.95 NP 2% program has lower subsidy payable due to lower current interest rates, therefore subsidy is below block federal funding for this point in time.			
Source: "Social Housing End Dates in Ontario", HSC/OMKN (2012)			

As shown in Table 2, sample data for 2010 indicates that while the federal share of subsidy costs may be higher for non-targeted and mixed target programs, these tend to have lower overall per unit subsidy costs. Targeted programs have higher subsidy costs and lower federal subsidy shares. This means that for targeted programs, P/T partners are having to absorb a greater share of the cost burden over time, especially as federal dollars decline though agreement expiry. A very notable exception is the Urban Native programs where per unit costs are higher and where almost all subsidy is federal in origin. In the absence of renewed funding/assistance, expiry of agreements for these units signals a very clear issue in terms of sustainability.

With these historical subsidy cost parameters in mind, it is helpful to examine current federal funding by jurisdiction. As show in Table 3 on the next page, the distribution of units and associated federal dollars varies proportionally across the country based on CHS (Canadian Housing Statistics) data for 2014. Not surprisingly, the most populace provinces (Ontario and Quebec) had a higher concentration of units. Almost 80% of all units under agreement (450,000 units) fell within P/T administration. In jurisdictions that have executed an SHA, this proportion was higher while non-SHA provinces had a lower share. This same general trend was found for federal funding that accompanied these units. For non-SHA jurisdictions, CMHC retains funding and administration for its portion of cost-shared programs and in these instances, federal dollars were not transferred to P/T jurisdictions.

Table 3: Estimated Households in Social Housing Assisted through Existing Agreements - unit share by Province/Territory, 2014

Program	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.	Nunavut	Canada
Provincial/Territorial Admin.	10,400	950	16,850	12,500	87,500	193,800	30,550	22,200	22,200	47,100	500	2,350	2,450	449,350
P/T admin - share by P/T	*2.3%*	*0.2%*	*3.7%*	*2.8%*	*19.5%*	*43.1%*	*6.8%*	*4.9%*	*4.9%*	*10.5%*	*0.1%*	*0.5%*	*0.5%*	*100.0%*
CMHC Admin.	250	1,900	1,400	1,500	36,900	37,200	6,550	5,500	11,300	18,600	500	0	0	121,600
Fed admin - share by P/T	*0.2%*	*1.6%*	*1.2%*	*1.2%*	*30.3%*	*30.6%*	*5.4%*	*4.5%*	*9.3%*	*15.3%*	*0.4%*	*0.0%*	*0.0%*	*100.0%*
TOTAL HOUSEHOLDS	10,650	2,850	18,250	14,000	124,400	231,000	37,100	27,700	33,500	65,700	1,000	2,350	2,450	570,950
Total - share by P/T	*1.9%*	*0.5%*	*3.2%*	*2.5%*	*21.8%*	*40.5%*	*6.5%*	*4.9%*	*5.9%*	*11.5%*	*0.2%*	*0.4%*	*0.4%*	*100.0%*
H/H's net of On Reserve/RRAP	**10,400**	**2,650**	**16,850**	**12,500**	**119,500**	**216,750**	**30,750**	**22,950**	**29,050**	**59,150**	**600**	**2,350**	**2,450**	**525,951**
Total net - share by P/T	*2.0%*	*0.5%*	*3.2%*	*2.4%*	*22.7%*	*41.2%*	*5.8%*	*4.4%*	*5.5%*	*11.2%*	*0.1%*	*0.4%*	*0.5%*	*100.0%*

Source: Table 43 in "CHS - Public Funds and National Housing Act (Social Housing)" - 2014 (CMHC publication #61510)

Federal Funds Authorized under the NHA for Social Housing - funding share by Province/Territitory (Millions of dollars), 2014

Social Housing

2014	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.	Nunavut	Canada
Transferred Programs	$45.1	$0.0	$50.6	$32.9	$0.0	$482.3	$56.7	$89.9	$0.0	$136.2	$4.4	$20.8	$35.8	$954.7
Transferred - share by P/T	*4.7%*	*0.0%*	*5.3%*	*3.4%*	*0.0%*	*50.5%*	*5.9%*	*9.4%*	*0.0%*	*14.3%*	*0.5%*	*2.2%*	*3.7%*	*100.0%*
Non-transferred Programs	$0.6	$12.0	$4.0	$2.5	$438.7	$87.7	$28.8	$29.0	$121.7	$36.2	$3.4	$0.0	$0.1	$764.7
Non-transferred - share by P/T	*0.1%*	*1.6%*	*0.5%*	*0.3%*	*57.4%*	*11.5%*	*3.8%*	*3.8%*	*15.9%*	*4.7%*	*0.4%*	*0.0%*	*0.0%*	*100.0%*
TOTAL (Transfer + Non-Transfer)	$45.7	$12.0	$54.6	$35.4	$438.7	$570.0	$85.5	$118.9	$121.7	$172.4	$7.8	$20.8	$35.9	$1,719.4
Total - share by P/T	*2.7%*	*0.7%*	*3.2%*	*2.1%*	*25.5%*	*33.2%*	*5.0%*	*6.9%*	*7.1%*	*10.0%*	*0.5%*	*1.2%*	*2.1%*	*100.0%*
Costs Net of On Reserve	**$45.1**	**$11.9**	**$50.6**	**$32.9**	**$418.3**	**$545.6**	**$59.0**	**$95.7**	**$106.9**	**$157.4**	**$5.9**	**$20.8**	**$35.8**	**$1,585.9**
Total net - share by P/T	*2.8%*	*0.8%*	*3.2%*	*2.1%*	*26.4%*	*34.4%*	*3.7%*	*6.0%*	*6.7%*	*9.9%*	*0.4%*	*1.3%*	*2.3%*	*100.0%*

Source: Table 39 in "CHS - Public Funds and National Housing Act (Social Housing)" - 2014 (CMHC publication #61510)

Estimated Federal Funding for Social Housing Assisted through Existing Agreements - average assistance per unit, 2014

Program	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.	Nunavut	Canada
Total Funding per Household	$4,291	$4,211	$2,992	$2,529	$3,527	$2,468	$2,305	$4,292	$3,633	$2,624	$7,800	$8,851	$14,653	$3,011
Funding per Household (net of On Reserve/RRAP)	**$4,337**	**$4,491**	**$3,003**	**$2,632**	**$3,500**	**$2,517**	**$1,919**	**$4,170**	**$3,680**	**$2,661**	**$9,833**	**$8,851**	**$14,612**	**$3,015**

Source: Derived from Tables 39 & 43 in "CHS - Public Funds and National Housing Act (Social Housing)" - 2014 (CMHC publication #61510)

By comparing federal funding and units across all jurisdictions, Table 3 also illustrates that average federal assistance per unit varies. Overall, the national average for 2014 was just over $3,000 per unit with lowest provincial averages in Manitoba and highest averages in PEI. However, average per unit funding was markedly higher in the territories, ranging from $8,800 to over $14,600. The variance in these averages across the country is a direct result of differences in portfolio composition and housing costs that vary from jurisdiction to jurisdiction. Subsidy costs and associated federal funding share by program are the primary driver in most instances but differential housing cost regimes are a more substantive factor when considering assistance for housing in the territories.

Given these cost realities, impacts for P/T partners will continue to be amplified as federal dollars and units are withdrawn from agreements. As shown in Table 4, it is estimated that over the next 10 years, almost 330,000 units will reach agreement expiry. This is particularly disconcerting as almost 60% of these units are targeted and geared to addressing RGI needs.

Table 4: Projected Decline in Social Housing Units Under Agreement, 2015/16 to 2025/26

	Targeted units	Mixed units		Non-targeted units	Total Units
		target	non-target		
Base Year 2015/16	324,657	33,200	99,599	67,381	524,836
2016/17	-5,659	-4,704	-14,111	-934	-25,407
2017/18	-2,544	-5,172	-15,515	-2,267	-25,498
2018/19	-3,477	-4,879	-14,636	-3,092	-26,084
2019/20	-4,484	-3,740	-11,221	-2,964	-22,409
2020/21	-5,978	-4,648	-13,943	-4,611	-29,179
2021/22	-9,369	-3,640	-10,919	-4,189	-28,116
2022/23	-25,276	-1,744	-5,233	-4,976	-37,229
2023/24	-23,410	-1,370	-4,109	-5,619	-34,508
2024/25	-36,543	-1,161	-3,482	-4,636	-45,822
2025/26	-46,459	-795	-2,385	-5,676	-55,315
period reductions	-163,199	-31,851	-95,553	-38,964	-329,567
revised base 2026	161,458	1,349	4,046	28,417	195,269

targeted = RS, PH, UN, Post 85 FP, RNH - 100% RGI

mixed target = coop (ilm) + S.95 - apportioned 25% RGI/75% non-RGI

non-targeted = S.26/27/61 - 0% RGI

Source: figures from S.Pomeroy, based on CHS and SHA data via FOI request

2.1.3 General Assessment and Quantification of Impact of EOA

Since the initial shift in federal to P/T administration of off-reserve social housing, numerous studies have been undertaken to help assess and quantify impacts associated with the expiring agreements. As a result of these efforts, a more common understanding of general impacts has been fostered, although the range of methodologies and data to support them has yielded a range of findings which are not always consistent. Based on this body of work, certain general impacts and commonalities have been identified which are explored in greater detail in the following section.

The depth of affordability that units provide is a distinguishing factor between programs and has a direct bearing on the impacts that expiry of agreements can have. Based on current unit distribution by program clusters:

- The majority of units currently under agreement are considered **targeted programs** as they are oriented to RGI tenants and represent inherent affordability for those with low or moderate incomes. They tend to be highly subsidized to support the deeper affordability they provide. As a result, research has shown that they also tend to be the most negatively impacted by expiry of agreements.
- **Mixed target programs** (those within the pre-1986 non-profit/coop stream) have a minimum RGI requirement of 15%. These projects generally have a greater proportion of market-oriented rents, although literature suggests that these projects typically exceed the 15% RGI minimum. The ability to increase RGI above the 15% is based on revenue generation or receipt of provincial rent supplements. These units tended to be more moderately subsidized, depending on the share of RGI units they provide. As with targeted programs, mixed target projects with a higher proportion of RGI units have more challenges in terms of viability post expiry.
- A modest number of units fall within **non-targeted programs** which provide grants or preferred mortgage terms to encourage affordability. However, no formal RGI obligation exists for these units and as such, they tend to receive only minimal support. They also tend to have the least post-expiry impacts.

Cost-wise, the federal investment in social housing has been declining from over $2 billion at its peak and is projected to decline to $1 billion by 2020 and $530 million by 2025. By 2040, the federal investment in social housing is projected to be zero. When combined with P/T partners, a more complete sense of the total cost of social housing can be seen. Currently, P/T partners spend $1.5 billion on the same agreements for which they cost-share the subsidy whereas CMHC spends $1.2 billion. CMHC also spends an additional $543 million on the federal unilateral portfolio it administers as well as cost-shared programs in the three provinces that have not signed SHA agreements. Thus, the combined total federal, provincial and territorial spending on existing social housing is in the order of $3.1 billion.

Provinces/Territories

As time goes on, P/T partners will continue to shoulder the burden of a growing share of costs due to the federal withdrawal of funds at expiry. Challenges exist for P/T partners (municipalities in Ontario) that are responsible for funding and administering devolved programs because:

- federal funding is fixed and scheduled only to decline as individual agreements expire
- where costs escalate, P/T's inevitably end up increasing their funding share to offset the impact of the static/declining federal share
- P/T's also have the added cost pressures of sustaining stock they have developed/funded under their own unilateral programs

- there continues to be the need for more affordable housing in communities across Canada and the risk posed by loss of units through expiry of agreements only exacerbates this

Real challenges also exist for the low income households who live in social housing:

- as federal dollars are withdrawn, the ability of housing providers to maintain affordability and remain financially viable is an issue for targeted units in funded programs
- without assistance, units which have been developed with public funds under legacy housing programs could be pushed to market rent level thereby risking the level of affordability offered to low income households

Research findings also point to specific housing types that are at particular risk:

- Off Reserve Aboriginal social housing – higher per unit subsidization costs and unilateral federal funding translate into serious viability impacts at expiry
- Supportive Housing – higher operating costs due to limited scale economies and a heightened tendency towards adaptations that serve client needs
- Housing in the Territories – higher operating costs and less financial capacity oblige higher per unit funding to address fiscal realities in the north

2.1.4 A Closer Examination of Prospective Impacts

Early studies on EOA impacts were undertaken to try and understand potential overall impacts[3]. These studies also sought to establish general cost parameters as mortgages/debentures matured and federal funding was withdrawn from projects where the federal government had a cost-sharing role.

The majority of these earlier studies assessed EOA impacts across programs using case studies to better understand distinctions in program impacts. However, as case-sensitive examples, the breadth of impacts within and across programs was not well established. Furthermore, it was not possible to extrapolate these individual results to draw meaningful larger conclusions.

More recently, efforts to expand knowledge of program and provider-specific impacts has led to more extensive reviews, data gathering and analysis to better quantify impacts associated with EOA. Simplified assessment tools and resources have also been developed to assist housing stakeholders in determining these impacts at a provider-specific level.

Impacts associated with expiring agreements are typically measured in terms of two primary dimensions:

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[3] While there are a number of examples, two such studies that illustrate these higher level impacts include:

- Quebec – A 2013 report by the SHQ indicated that for the 70,000 units receiving federal support, this support was generally equal to their mortgage payment. A subsequent report by Réseau québécois des OSBL d'habitation (RQOH) in 2016 indicated that 24,000 N/P units would be affected by expiry and in these instances, subsidies exceeded current mortgage payments.
- New Brunswick – A 2011 Auditor General's report underscored the diminishing ability to meet annual capital requirements to a 'fair' standard ($13M) in the face of finite annual spending ($3.7M).

Operating viability – A past program assumption was that with the pay down of mortgages, the reduced operating costs for a housing provider could be carried by existing affordable rental revenues and still have room to cover capital upgrades when warranted. More simply put, in the absence of subsidy and mortgage payments, can the provider generate sufficient cash flow to remain operationally viable (i.e. operating surplus). The principal measure used here is Net Operating Income (NOI).

Capital viability – Another viability measure has been pushed to the fore in recent years as housing providers encounter growing capital needs in the face of aging housing stock. Where available financial resources are insufficient to keep pace with scheduled replacements, building conditions can deteriorate and affect operational viability. This can have the effect of compounding any operating issues which the project may already be encountering. Where sufficient reserves or funding is available to address capital needs as they arise, projects would be considered viable from a capital perspective. The principal measure applied here is capital reserve/resource adequacy versus capital needs.

Each of these dimensions is important to understanding project viability at expiry. To merge these concepts, a dual assessment approach was developed through research by Connelly, Pomeroy et al more than 10 years ago. This quadrant modelling approach has become a common fixture in the social housing sector and been applied in subsequent studies. The essence of the model is to test operating and capital viability at point of expiry to determine project viability. Based on results, remedial measures can be identified to help mitigate projected impacts. So where a project has positive operating cash flow and a positive capital account at expiry, they are likely to be viable without need for further assistance/funding. Projects which fail on both tests are unlikely to be viable without some form of assistance. The balance of projects have either insufficient operating or insufficient capital dollars which challenges their viability. Many studies and more recent assessment tools have adopted this model to assess projects on a pass/fail basis and while this is helpful in a general sense, the degree to which a project passes or fails is more useful in terms of quantifying impacts. Determining financial impacts on a per unit basis provides a more meaningful basis for comparison.

Divergent methodologies

In the case of operating viability, methodologies have remained fairly consistent within the research reviewed in determining operating position with regards to NOI. The general approach uses revenues and expenses projected to expiry date without subsidy or mortgage payments in order to determine if there is a surplus or deficit cash flow. A project that passes (i.e. has positive cash flow) could in theory continue to provide affordable rents without need of a subsidy. The degree to which the project passes or fails gives an indication of how much surplus they would generate or conversely, how much assistance or added revenue they would require to remain viable on an annual basis. Minor modifications have been made to refine calculations in some studies but there has been a fairly consistent approach to applying this methodology in the research.

For capital viability, there have been a broader range of methodologies employed in research which have divergent approaches. The range of approaches underlies a desire to try and establish more refined capital estimates on which to assess viability. These approaches can be summarized as follows:

(a) Basic proxy – in earlier studies where there was an absence of reliable data on building conditions, a proxy of $750/unit/year was established as a benchmark on which to base viability.

(b) Enhanced proxy – in subsequent studies (e.g. BC) a higher proxy value of $1,500/unit/year was used in response to testing which found the basic proxy insufficient

(c) Sherman-Dergis model – based on asset planning practice from outside the sector, a model has been used (e.g. BC) that establishes a capital benchmark based on share of replacement value and building age. Like the proxy approach, this model enables estimation of capital needs without detailed building assessments.

(d) Modified Sherman-Dergis model – as a variant on the above approach, a modified S-D model was used (e.g. BC) with refinements for escalating replacement value and age over time. This was determined to be a more realistic reflection of needs over time but also substantially increased capital needs as compared with the base S-D model.

(e) Replacement share modelling – The replacement share approach is similar to but simpler in application than the Sherman-Dergis model. This approach uses 2% of replacement value as the annual capital requirement based on like industry practices. It has been applied in a broader study context (CHRA 2014) due in part to its ease of use in calculation at an order-of-magnitude level.

(f) BCA-based modelling – As the application of more strategic asset management practices have become more prominent in some jurisdictions (e.g. Ontario), the use of Building Condition Assessments to set out capital need requirements has also become more common. These provide building-specific results that are much more reflective of actual needs. However, a common concern is that needs may be over-stated based on conservative costing applied in BCA studies.

While methodology has been fairly consistently applied for determining operating viability, there have been a range of approaches taken with regards to establishing capital viability. While advantages are evident with certain of these models, there has not been a consistent approach applied on the capital impact side, making comparison of reporting results challenging. In the case of static models (i.e. models a. through e. above), they are generally more straight forward to calculate in terms of annual requirement but do not factor in the current condition or unfunded capital needs of projects. Dynamic models (i.e. model f. above) account for existing and forecast future capital needs based on lifecycle forecasting but require more detailed analysis and must be replicated from time to time to ensure needs are current. Both general approaches have redeeming qualities but in the absence of a standardized approach, generating meaningful comparative results make assessment of impacts very challenging. Having a more consistent approach for determining capital needs would be an important factor to test during the proposed two to three year prototyping phase.

Exploring Details to Better Understand Impacts

For many of the pan-Canadian studies related to expiry impacts, broad assumptions and top down assessments have been used to generate prospective impacts on an order-of-magnitude basis. This is due in large part to the limited availability and quality of data being reporting by program. Aligning data by region has also proven a challenge due to use of differing methodologies or time periods, resulting in knowledge gaps.

For this reason, a number of prior studies have examined operating and capital impacts related to expiry of agreements on a case study basis. The availability of select data and the ability to draw sample cases enables these studies to profile projects on a ‘place-in-time’ basis. While general conclusions can be drawn based from each case, factoring up these findings and applying them on a proxy basis to develop a pan-Canadian perspective on impacts is problematic for a number of reasons.

More recently, jurisdictions have been exploring more robust data analysis options to assess expiry impacts. These more detailed exercises do take more time and effort because they examine more data points and in more detail. However, these bottom-up approaches tend to yield more useful and accurate results with regards to projecting and quantifying impacts.

Some examples of more recent, broad-based studies include:

- ***Ontario*** – a substantial sampling exercise (200,000+ units) based on 2010 data to determine trends and tendencies across programs in Ontario (HSC/OMKN) at a cost per unit level of detail.
- ***High Risk portfolios*** – in this 2011 study, Pomeroy examined a large cross-section of high risk projects (8,600 units) to draw out general conclusions by program and on a per unit basis.
- ***Alberta*** – *a large scale sampling exercise (25,000+ units) looking at impacts across programs but not based in cost per unit. Also examined impacts by project size.*
- ***British Columbia*** – a large sample size (32,000+ units) based on 2012 data and aimed at determining provincial impacts. Not broken down by program type or at a cost per unit basis.
- ***Manitoba*** – a modest sample size that identifies cost per unit but only examines one program over a two year time horizon.

While the finer granularity of data from these wide sample exercises does have the potential to create a more informed pan-Canadian picture on expiry impacts as compared to case study examples, there remain methodological disconnects and data layer issues which make comparison of results between jurisdictions challenging. A summary of operating and capital impacts by program is provided below.

By compiling available data from large sample studies and case studies, a general picture of expiry impacts can be drawn. This picture is not complete and relies on a number of working assumptions but does represent a reasonable basis for estimating expiry impacts for the purposes of this study. Having a more refined and comprehensive data set would enable a more complete and refined estimate of potential impacts. To that end, suggestions are provided elsewhere in this paper to expand data coverage and enhance data quality. In the interim, caution should be exercised in the use of figures contained herein which are intended for use within the context of this paper.

A summary of data results and synopsis of findings is provided in Table 5. Apart from defining program characteristics which can influence impacts, the summary table provides details/perspectives which attempt to quantify both operating impacts and capital requirement impacts. It is important to note that impacts are defined for all units in current dollars, effective at their expiry date. In reality, expiry dates will happen for different projects and different programs over time. These findings indicate the following:

Operating impacts

- The breadth of sampling data and general consistency in methodology for operating assessments help to support the average impact values per unit that have been identified. While individual project results can vary and there is a natural range of possible impacts, the averages identified represent a reasonable benchmark in terms of per unit impacts.

- Housing units in non-targeted programs typically run operating surpluses or break even at expiry and as a result, are generally considered as viable without the need for operating assistance.
- Units in mixed target programs have a degree of variability in terms of operating viability, showing both surpluses and deficits at expiry. Projects in these programs with higher RGI components tend to be less operationally viable without some form of assistance.
- Units in targeted programs consistently show operating deficits at expiry and are deemed to be not operationally viable without some form of assistance at expiry, due in large part to the high proportion of RGI units in these projects.
- For most targeted programs, the average operating shortfall is in the order of $3,000/unit/year but for the Urban Native program in particular, the shortfall is in the order of $4,000/unit/year.
- For mixed programs, the average shortfall is estimated at $1,000/unit/year for RGI units and this value was is deemed appropriate for the 25% of units which are assumed as RGI.
- There was insufficient data to identify operating cost shortfalls for units in the territories but it is recognized that these shortfalls would be substantially higher than typical targeted units, given information found in the literature.
- In the absence of assistance to address operating shortfalls, affordable rents would need to be eliminated in favour of market rents in order to maintain viability – RGI units are most at risk, given the higher per unit shortfalls they experience. In order to maintain affordability and viability, some form of assistance is required for these units at point of expiry and beyond.

Table 5: Impacts Based on Case Study and Sample Data Research Documentation

Program	Targeting	Number of Units	Proportion of Total	RGI @ EOA	Operating Requirements at EOA		Capital Requirements at EOA	
					Surplus/Deficit	Synopsis	Capital Requirements	Synopsis
Federal – S.26 Limited Dividend program	non-targeted	67,381	13%	0%	Based on limited sample data, deficit of ($1,320/unit/year)	Individual case study examples reflect surpluses higher than average in sampled data. Based on most reliable data point given sample size, suggests breakeven proxy for these programs.	Based on limited sampling, deficit of $3,300+/unit	Majority of data points represent BCA-based data sourcing which illustrates substantial pre-EOA deficits based on accumulated unfunded capital.
Federal - S.27 NP low rental program	non-targeted			0%	Sampled data (limited) indicates deficit ($332/unit) but case studies suggest surplus of $1,300/unit to $2,500/unit.		Based on limited sampling, deficit of $4,800+/unit	
Federal – S.95 NP 2% write down program	mixed target	132,798	25%	15 to 65%	Mixed results based on limited sample data (surplus $900-$2,000/unit) vs. case studies (deficit $350-$920 per unit).	Individual case study examples reflect a range of results that have variance as compared to sampled data. Range of RGI share also noted within examples but inconclusive by program. Data most useful in comparing for S.95 2% write-down shows a surplus in the $2,000/unit/year range. Limited sample data on which to base an assessment but most reliable data (per sample size) suggests surplus of $1,000/unit/year would be a suitable proxy.	Based on limited sampling, sizable avg. deficit of $25K/unit but lower in some jurisdictions	Substantial challenges in comparing sample/case study data with other data sets due to differing methodological approaches.
Municipal NP programs S.95 (1978-1985)	mixed target				Limited sampling shows modest surplus ($1,400/unit) but case studies show variability (ranging from deficit $850/unit to surplus of $2,140/unit).		Based on limited sampling, deficit of $6,400/unit. Limited case study examples, mixed outcomes in terms of capital adequacy.	Lack of distribution figures for some sampled data is also an issue which hampers ability to assess sampling reliability . Estimated deficit of $4.8B in the system at EOA (+/- $10,000/unit) based on mid-point average.
Federal – Coop (CMHC direct or delegated oversight)	pre'86 - mixed, post 85 targeted				Case study data only - variable surplus of $720-$4,700/unit.		Limited case study examples, insufficient basis on which to draw conclusions.	
Fed/Prov - Public Housing program	targeted	198,714	38%	100%	Limited sampling shows deficit of $3,000/unit but case studies more variable, ranging from a deficit of $3,600/unit to a surplus of $2,400/unit.	Individual case study examples reflect a range of results that have variance as compared to sampled data. General tendency for deficits in public housing (deficit $3,000/unit) as well as urban native (deficit $5,000/unit). Significant variance in other examples versus sampled data set.	Based on limited sampling, deficit of $7,863/unit. Limited case study examples, insufficient basis on which to draw conclusions.	
Federal/Provincial NP program (1986-1993)	targeted	68,655	13%	50 to 100%	Limited sampling shows deficit of $3,000/unit.	Most representative sample data identifies a deficit of $3,000/unit/year as a suitable proxy. For urban native, a higher proxy is warranted based on sample data as well as historically higher per unit costs in this program; suggests $4,000/unit deficit as proxy.	Based on limited sampling only, deficit of $9,500/unit.	
Provincial Unilateral NP programs (multiple)	targeted	n/a	n/a	70%	Limited sampling shows deficit of $3,000/unit but case study shows only deficit of $800/unit.		Based on limited sampling only, deficit of $9,500/unit, case study data insufficient basis on which to draw conclusions.	
Rent Supplement (mix of Federal + F/P + Provincial programs)	targeted	41,587	8%	n/a	n/a		n/a	
Federal - Urban Native (fully targeted)	targeted	8,680	2%	100%	Consistently poor outcomes per limited sampling (deficit $4,000/unit) and case study data (deficit $5,000-$5,400/unit).		Limited sampling suggests modest surplus of almost $3,000/unit but inconsistency in reported case studies.	
Federal – Urban Native (2% write down + added assistance)	targeted			100%	Mixed results based on limited sample data (deficit of $4,000/unit) and case study data (surplus of $2,300/unit).		Limited sampling suggests modest surplus of almost $3,000/unit but inconsistency in reported case studies.	
Other Programs - RNH	targeted	7,021	1%	100%	RNH - very limited data		no data	
		524,836	**100%**	***Total - Federally assisted Off Reserve Units (excludes P/T Unilaterals)***				

Capital requirements

- While a range of sampled and case study data has been used to derive capital impact ranges, the differing methodologies employed in determining capital impacts and the variability in data results warrant caution in the use of these figures.
- The most typical approach for assessing per unit impacts was using the BCA-based model. As a result, impacts reflect the net unfunded capital requirement in current dollars at point of expiry. This means that capital requirements have accounted for funding over the pre-expiry period and where needs have outstripped funding, an accumulated deficit position would be experienced at expiry.
- For units in non-targeted programs, an average deficit was identified in the range of $3,000 to $4,800 per unit. While the use of capital reserves was not common in these earlier programs, the positive cash flow position they enjoyed allowed them to better address capital needs over time as needed.
- For units in mixed target programs, a more substantive deficit and wider range was identified, in the order of $6,400 to $25,000 per unit. The use of designated capital reserves for these programs was more common but not always sufficient to meet on-going needs. As a result, higher unfunded capital liabilities are more common in these projects.
- For units in targeted programs, an average deficit of between $7,900 and $9,500 per unit was identified. Use of designated capital reserves in these programs was obliged and mandatory contribution amounts tended to be enriched as compared to earlier mixed-target programs. However, there remains substantive unfunded capital liabilities which threaten viability at expiry.
- Impacts are projected at point of expiry and failure to address capital shortfalls before then could result in compounding costs as assets age. Addressing capital shortfalls prior to expiry would have the opposite effect, helping to reduce the impact of capital needs on viability at point of expiry.
- As a general principal, addressing the capital needs of RGI units on a priority basis would assist in stabilizing their viability. However, addressing the capital needs of non-RGI units in exchange for their continued affordability post-expiry could provide an added opportunity to help sustain the supply of affordable housing within the system.

The findings above highlight research results from both case study and sample data exercises. While there is some general consistency within programs for certain findings, there are also areas where there are marked variability in results. There is a growing body of work, especially in terms of capital impacts, that is examining Building Condition Assessment level information at the project and portfolio level. While more recent studies/exercises have taken this approach, the ability to compare results from one jurisdiction to another is hampered by differences in methodology, data details and timing. This underscores why a broader, consistent sampling approach is better suited to generating more accurate results.

Data challenges

Having a more robust data set would increase accuracy in determining impacts and help to support a more comparable approach to weighing results across jurisdictions. To assist in that regard, data challenges encountered are identified below.

- CMHC reporting via CHS data on social housing units and spending have continued to change since the transfer of responsibilities to P/T's. In some cases, changes in reporting by program, program groups, costing etc. have changed on a year-over-year basis. As a result, the ability to track the step down of units and associated costs is severely hampered. Estimates that have been developed are therefore order-of-magnitude and reflect a best estimate based on available information.
- Funding breakouts for programs at the P/T level are not available via CHS which has led to the development of aggregated program estimates based on SHA schedules for participating P/T's. Furthermore, P/T subsidy costs are not reported consistently in the same way that CHS figures are, so determining the non-federal side of the cost equation for each jurisdiction is severely hampered. This is especially the case for non-SHA provinces.
- Operating impact assessments have largely been done on a case-by-case or scenario basis, using selected projects in representative programs and geographies to help illustrate differential impacts. While effective in illustrating program differences, relying on these spot assessments to extrapolate broader results by program/geography is troublesome and could lead to erroneous assumptions about impacts/timing.
- In some instances, larger sample assessments have been used to estimate typical impacts by program/geography. Given the larger sampling, these exercises have been successful in generating more reliable estimates of impact at a given point in time for a specified area. However, results are not always available across all programs or jurisdictions and the approach to measuring impacts has not always been consistent.
- Operating assessments have also been conducted at various times and aligning results across jurisdictions or reporting periods is equally challenging. Data availability and reporting from CMHC has also exacerbated this problem, given the time lag in publishing of CHS data.
- These challenges make it difficult to establish a complete and accurate perspective on both the timing and decline in federal funding at the provincial and program level as well as the operating impacts of such withdrawals
- Similar concerns can be flagged for capital impact assessments and here, variances in results are even more evident given the range of methodologies applied to calculate impacts. Having a standard methodology applied across a full data set would enable a consistent, comparable set of results across jurisdictions.

2.1.5 Key Themes and Directions

Despite a growing body of work among housing providers and stakeholders, expiry impacts have been difficult to consolidate into a clear overall picture. While a bottom-up approach is considered a beneficial way to collect the necessary information, differences in methodologies, assumptions used and data gaps have created a patchwork of results which are difficult to weave together into a reliable pan-Canadian picture of EOA impacts. There also remains room for discussion on best measures for assessing capital impacts given the variety of methodologies that have been used to date.

As result, a more top down approach to assessing impacts is warranted which has regard for the data points offered by case study and sample data. The most recent framework that aligns with this approach is found in CHRA's 2014 study "Housing for All" wherein general estimates, impacts and policy responses are defined. Adopting this approach and contextualizing with case study and sample data is deemed the most suitable for deriving a pan-Canadian perspective within the context of available data and time.

Despite these shortcomings, some key themes emerging from past research and data gathering include:

1. **RGI Ratios Matter**
   - Projects that have higher RGI ratios (i.e. greater than 50%) or high capital liabilities are more likely to be non-viable, suffer declines in affordability or be lost altogether at expiry.
   - Conversely, projects that have lower RGI ratios and have capital liabilities under control are doing well.
   - Operational impact values per Table 5 suggest that on a per unit basis, units in targeted programs (almost exclusively RGI) tend to have deficits at expiry of $3,000 to $4,000 as compared to non-targeted units which tend to show a modest surplus or break even.

2. **Capital Repairs Matter**
   - Based on the standard benchmark of 2% of replacement cost, the aggregate annual requirement necessary to maintain the existing off-reserve social housing stock in sound condition was estimated at $1.54 billion in 2013. However, this static-impact model approach does not account for funding, reserves, current building conditions or unfunded capital liabilities.
   - Estimated capital impact figures per Table 5 which are BCA-based, show a range of potential impacts by program type that if aggregated, would have a cumulative average impact in the order of $4.8 billion at expiry. Given the high degree of variability in results, actual impacts could be in the order of 30% above/below this average, based on source data samples.

3. **Funding Programs Matter**
   - The funding structure of programs under which the projects were originally developed has an impact on a provider's ability to continue providing affordable housing once agreements end.
   - Most viable projects were pre-1986 non-profits and coops, which had both lower levels of RGI and subsidy design where total subsidy was always less than the total mortgage
   - Urban Native, Public Housing and single project non-profit providers are at greatest risk operationally, given the high ratio of RGI tenants they serve and the associated subsidy required to support this level of affordability.
   - The impact of ending federal funding varies by program cluster:
     - Targeted – these programs targeted low-income families and include Public Housing, Rent Supplement, Urban Native, Rural and Native and post-1985 co-operative and non-profit section 95 (100% RGI).
     - Non-targeted – these programs provided either loans or ongoing subsidies that offset borrowing costs such that project rents (not RGI) covered all operating and financing costs. Early programs (Section 26, 27 and 61) did not involve on-going funding.
     - Mix-targeted – Pre-1986 Section 95 projects required a minimum (15%) level of targeted RGI rents which were funded via the interest rate write-down formula. Most providers

exceed the minimum and based on data to date, it is estimated for purposes of this study that 25% of these units are RGI. In other cases, a separate (targeted) Rent Supplement was stacked onto a certain number of homes in order to include low-income households.

4. Geography Matters

- In the Territories, operating costs and annual funding needs are far higher than in the 'south' while their fiscal capacity is far less
- Compared to Southern jurisdictions, construction costs for both renovation and new builds in the North are two to three times higher.
- Extreme weather also presents difficulties as it decreases the lifespan of buildings and obliges that a higher building standard be used.
- An examination of CHS data in terms of costs per unit by P/T (Table 5) illustrated this, with current federal funding that is two to three times higher per unit in the territories as compared to the provinces.
- In addition to inter-provincial cost differences, evidence from prior research has also shown intra-provincial differences as well, especially when comparing urban and rural regions which have different realities in terms of localized market conditions (e.g. market rents, RGI demand).

5. Size Matters

- Size matters when it comes to a housing provider's ability to research and plan ahead.
- Many small providers may not have sufficient revenues from tenant rents to continue to offer affordable units
- Other less viable projects tended to be post-1985 non-profit and those under single project agreements (i.e. small providers that lack economies of scale, access to shared reserves and tend to have less experienced or qualified property managers or boards)
- Larger and more urban providers have the potential to expand their portfolio given the additional leveraging and financing opportunities that may come to bear upon expiry, although operating and capital impacts also tend to be higher in urban areas
- Recent assessments done in Alberta and to a lesser degree BC, point to impact differentials based on portfolio size. A more robust data set of unit cost by program would help to further validate this finding.

6. Data Quality Matters

- Caution should be exercised in extrapolating from case study or sample data due to sample sizes and methodological inconsistencies
- Data gaps are an issue in extrapolating impacts. This is particularly true where capital needs info is not available
- Having more robust, comparable data sets would help to sharpen the ability to define impacts and develop associated solutions to mitigate these impacts.

2.1.6 Estimated Impact Model

As a result of expiry impacts identified in Table 5 and having regard for research reviewed as part of the study, an estimated impact model has been developed for both operating and capital. By identifying impacts, the model also frames in a general way the assistance that would be required to maintain basic operational and capital viability at expiry. It must be emphasized that these are general estimates only and given the data and methodology issues that have been flagged with the study, additional detailed analysis would be required to generate a more accurate impact model.

Operating Impacts

As illustrated in Table 6, an impact model based on current affordability levels has been developed that estimates operational assistance requirements to maintain basic viability. The model uses identified average deficits per unit for each program area and multiplies these by RGI program units to arrive at impact by program cluster. When added together, a total annual value for operational assistance of just over $1 billion is estimated. This means that in order to sustain the basic viability of the almost 360,000 RGI units deemed at risk, assistance in the order $2,800+ per unit per year (current dollars) would be required at expiry and beyond.

Table 6: Estimated Operational Assistance (RGI units)

	unit type	units	assistance	total	comments
non-targeted	all	67,381	$0	$0	assumed as $0
mixed	RGI	33,200	$1,000	$33,199,500	assumed 25% share of total mixed are RGI
	Non-RGI	99,599	$0	$0	assumed as $0
targeted	reg. units	315,977	$3,000	$947,931,000	excludes Prov. Unilateral and UN, includes RNH
	UN units	8,680	$4,000	$34,720,000	UN units only
	Total	**524,836**		**$1,015,850,500**	*Note: does not include enhanced assistance for Territorries*
		357,857	***Total RGI units to be assisted (68.2%)***		

Note: reflects total assistance F+P+T, cost-sharing to be determined

In terms of assistance, it should be noted that this is the total operating shortfall requirement and that as such, cost sharing arrangements between federal and P/T partners would need to be resolved to arrive at the appropriate funding split. The expiry of units is expected to continue to occur between now and 2040, and ideally, the staging of assistance would come into effect as units hit expiry. As such, there would not be a need for $1 billion in operational assistance today but rather a gradual increase in the need for assistance as units reach expiry over the next 23 years.

Capital Requirements

As with operating impacts, modelling for estimated capital requirements has also been undertaken and results are shown in Table 7. Given the data and methodological concerns noted, the estimates for capital are provided in the form of assistance ranges on a per unit level. Deficit range values for each program cluster (high, low, mid-point), were multiplied by actual units under agreement (but excluding rent supplement units) to arrive at impact estimates. Totals from each program cluster where then added to arrive at an overall assistance requirement of $4.8 billion based on mid-point averaging. This means that at expiry, all units would require an average injection of almost $10,000 per unit (current dollars) to be viable from a capital perspective. However, as a mid-point average, this cost could be higher or lower by more than 30% based on data examined as part of this study.

Table 7: Estimated Capital Repair Assistance (all federally assisted units)				Capital Assistance - Mid-Point Averaging			
	share	units	range of assistance required	Low	High	Mid-point	Per Unit
non-targeted	13%	67,381	Range: $3,000 to $4,800 deficit	$202,143,000	$323,428,800	$262,785,900	$3,900
mixed	25%	132,798	Range: $6,400 to $25,000 deficit	$849,907,200	$3,319,950,000	$2,084,928,600	$15,700
targeted	54%	283,070	Range: $7,900 to $9,500 deficit	$2,236,253,000	$2,689,165,000	$2,462,709,000	$8,700
Totals	**92.1%**	**483,249**	***Total capital units to be assisted*** *(includes all units except rent supp)*	**$3,288,303,200**	**$6,332,543,800**	**$4,810,423,500**	**$9,954**

Note: reflects total assistance F+P+T, cost-sharing to be determined

There are a few important caveats to these estimates. As with operating shortfalls, capital shortfalls are based on total requirements and F/P/T partners would need to establish an appropriate cost sharing arrangement. Unlike operating impacts, there is an existing and growing impact today from unfunded capital liability. While estimates project impacts based on status at expiry, addressing capital shortfall today could actually decrease downstream requirements prior to expiry. As such, consideration could be given to providing capital assistance prior to expiry.

While the focus of any capital assistance would be to support the viability of RGI units, extending capital assistance to non-targeted units in exchange for affordability would present an added opportunity to retain legacy social housing for social purposes. This approach would provide the unique ability to extend affordability at a modest per unit cost as compare to replacing these units elsewhere in the housing system (i.e. via subsidy or new construction). Despite these opportunities, there remains a primary need to harmonize methodologies, gather additional data and expand analysis in order to refine capital impact estimates, especially in light of data issue identified to date.

2.2 Framework of Current Agreements

The research considered the framework of current agreements between the federal and provincial government with respect to social housing providers, and how a future flow of funding can be based on these agreements. The current working assumption is that there is not a significant appetite to alter these agreements in the short-term.

- Funding structures between providers and each province will substantially impact/influence a one-size-fits-all solution across Canada (e.g. Ontario which is probably most extreme example where Municipal Service Managers administer and fund social housing); this will require some thoughtful deliberation.
- Provider agreements would need to re-frame the accountability relationship where additional funding is flowed to sustain operations or support capital improvements. An addendum to current agreements or new agreements linked to administration structure would likely need to be used.
- The funding agreements between F/P/T partners would also need to be re-visited and these could have implications for the approach to P/T agreement with housing providers, depending on how funding, accountabilities and obligations flowed. It is presumed that the SHA framework established with the majority of P/T partners would form a solid foundation on which to build. In the case of non-SHA provinces, alternate agreements would have to be struck.
- Agreements (new/reframed) would also need to consider:

- Obligation to retain legacy social housing ‘envelope’
- Appropriate federal and provincial/territorial cost sharing formulae
- Funding indexing
- Commitments to federal unilateral programs

Since 1996/97 (base year), the Federal funding envelope spent on off reserve social housing has continued to decline from $1.697B. Based on current estimates (see Table 8), federal funding is now at about 80% of the base year amount ($1.3B) and will reach the 50% threshold by 2021 (+/- $800M). In the absence of a reframed F/P/T funding relationship for social housing, this envelope will continue to erode to $0 by 2040.

Table 8: Reduction in Federal Off Reserve Social Housing Spending

Year	Annual Spending ($ Millions)	As % 95/96	Reduction from Prior year	Reduction from Base Year (95/96)	Cumulative Federal Reductions Over Time
1996/97	$1,691.5	100%	$0.0	$0.0	$0.0
1997/98	$1,691.5	100%	$0.0	$0.0	$0.0
1998/99	$1,691.4	100%	$0.1	$0.1	$0.2
1999/00	$1,691.2	100%	$0.2	$0.3	$0.5
2000/01	$1,690.3	100%	$0.9	$1.2	$1.7
2001/02	$1,687.7	100%	$3.2	$4.4	$6.2
2002/03	$1,682.5	99%	$4.5	$9.0	$15.1
2003/04	$1,676.8	99%	$5.7	$14.7	$29.8
2004/05	$1,667.4	99%	$9.4	$24.1	$54.0
2005/06	$1,656.1	98%	$11.2	$35.4	$89.3
2006/07	$1,640.6	97%	$15.6	$50.9	$140.3
2007/08	$1,625.7	96%	$14.8	$65.8	$206.1
2008/09	$1,605.2	95%	$20.5	$86.3	$292.3
2009/10	$1,582.9	94%	$22.3	$108.6	$400.9
2010/11	$1,558.3	92%	$24.6	$133.2	$534.1
2011/12	$1,529.5	90%	$28.8	$162.0	$696.1
2012/13	$1,497.5	89%	$32.0	$194.0	$890.1
2013/14	$1,457.0	86%	$40.4	$234.5	$1,124.6
2014/15	$1,408.4	83%	$48.6	$283.1	$1,407.7
2015/16	$1,347.1	80%	$61.3	$344.4	$1,752.1
2016/17	$1,272.0	75%	$75.1	$419.5	$2,171.5
2017/18	$1,202.3	71%	$69.7	$489.2	$2,660.7
2018/19	$1,126.4	67%	$76.0	$565.1	$3,225.8
2019/20	$1,055.1	62%	$71.2	$636.4	$3,862.2
2020/21	$979.0	58%	$76.2	$712.5	$4,574.7
2021/22	$898.2	53%	$80.8	$793.3	$5,368.1
2022/23	$773.4	46%	$124.8	$918.1	$6,286.2
2023/24	$645.5	38%	$127.9	$1,046.0	$7,332.1
2024/25	$530.3	31%	$115.2	$1,161.2	$8,493.3
2025/26	$423.9	25%	$106.5	$1,267.6	$9,760.9
2026/27	$329.2	19%	$94.7	$1,362.3	$11,123.2
2027/28	$238.9	14%	$90.3	$1,452.6	$12,575.8
2028/29	$162.5	10%	$76.4	$1,529.0	$14,104.7
2029/30	$112.1	7%	$50.4	$1,579.4	$15,684.1
2030/31	$81.4	5%	$30.8	$1,610.1	$17,294.2
2031/32	$63.9	4%	$17.4	$1,627.6	$18,921.8
2032/33	$50.5	3%	$13.4	$1,641.0	$20,562.8
2033/34	$37.8	2%	$12.7	$1,653.7	$22,216.5
2034/35	$21.4	1%	$16.5	$1,670.1	$23,886.6
2035/36	$7.1	0%	$14.2	$1,684.4	$25,571.0
2036/37	$0.4	0%	$6.7	$1,691.1	$27,262.1

Source: Pomeroy, S. (2014). "The Fiscal Impact of Expiring Federal Social Housing Operating Subsidies": Appendix A.

2.3 Areas Requiring Further Research

The review of the existing research and documentation on the expiry of operating agreement identified the following areas requiring further data/research:

General

a) Where there are no Social Housing Agreements (SHA) between provincial government and CMHC, accessing reliable, consolidated data is a problem (i.e. Quebec and PEI).

b) P/T costs for units under agreement and beyond – no definitive sources to tabulate costs on the P/T side of the ledger, especially as evidence indicates a growing share of assumed costs over time.

c) Federal breakdown of housing costs for transferred programs has not been identified - while this may be available in SHA schedules, more transparent reporting would be helpful.

d) CHS reported funding does not align with unit reporting for same year – getting CMHC to provide more detail on costing breakdowns would be helpful in assessing program-level impacts.

e) Consistent reporting/projections on when units hit expiry over the entire federal funding horizon by program, by province and by year would assist in better defining the timing/magnitude of impacts.

Methodological Issues

f) Affordability assumptions – modelling continues to assume the retention of RGI units going forward and while estimates have been made for RGI units in mixed target programs, additional analysis to validate this proportional share would help strengthen the impact model.

g) Operating impact methodologies – there is general consistency in approach, especially for Pomeroy-related work but this is not universal. Reference to an F/P/T-agreed approach was noted in BC Housing's "*Examining the Viability of British Columbia's Social Housing Stock When Agreements Expire*". A similar approach was referenced in a related study complete in Alberta. Having a common, agreed methodology would enable comparison of results across jurisdictions and nationally.

h) Capital needs methodologies – these have been refined and changed over the years and applied differently depending on some studies and it's not clear there is consensus on any one approach. As above with operating impacts, having a consistent methodological approach would enable comparison of results across jurisdictions and nationally. More importantly, building on a standard methodology and expanding data analysis would help to refine capital need estimates which are currently defined by sizeable ranges.

i) There is a mix of case study, large sample survey and extrapolation methodologies - trying to weave into a consolidated picture is challenged by aggregated or missing data. By standardizing methodologies and gathering additional data within these parameters, it would be possible to undertake analysis which produces more meaningful results in terms of operating and capital impacts.

3.0 PART 2 – SET OF OPTIONS

3.1 Overview

Social housing is a valuable community asset with many benefits to the country and its citizens. It provides safe, stable and affordable housing in communities across the country, improves health outcomes for low income households, and is an important component in the competitive positioning of many Canadian municipalities internationally. For the federal government, social housing is a valuable financial asset that reflects decades of public investment.

The wide range of research undertaken on the impact of expiry of operating agreements over the last 10 years, as well as the Part 1 analysis (section 2.0 of this paper), concludes that this important asset is in jeopardy of being lost in terms of providing continued affordability or due to disrepair of the physical condition of the stock. The research overwhelming concludes that the majority of the social housing stock will require some level of continued funding to maintain affordable, safe and quality social housing into the future. In particular, public housing, post 1985 and Urban Native Housing will not be financially viable at end of the operating agreements without continued government funding. There are provincial, territorial and regional differences that must be considered in policy program development, however, these differences were difficult to quantify with the available data. Further, there is a sense that many of the 'unviable' providers are the ones that support the most vulnerable populations, including those requiring support services. It is also clear, based on observations of recent outcomes of end of operating agreement, that not all housing providers need or want continued government support. In particular, some providers see EOA as an opportunity to be free of government oversight and do not require continued government funding to be sustainable.

As was identified in an Auditor General's report for the Province of New Brunswick, although many provincial and territorial governments are committed to continued investment in social housing after operating agreements end, they will be exceedingly challenged to address both the needs left by the withdrawal of federal funding in existing social housing, as well as the needs for additional affordable housing to meet current and future demand.

There are two ends to the spectrum of policy choices for addressing the impacts of expiring operation agreements. At the one end, the federal government could continue to fund housing providers in a similar fashion as current operating agreements thereby protecting many years of public investment in social housing. At the other end, the federal government could choose to continue to withdrawal funding in the social housing system with the result being a range of possible outcomes, for example, some provinces / territories will fund some or all of the required subsidy for project viability; some housing providers will continue to operate with a reduced level of affordability; or some housing providers will eliminate the rent-geared-to-income (RGI component) of their social housing projects. What is being proposed is a suite of potential strategic directions that lie between these two ends of the spectrum with a focus on transforming the current social housing system to one that is sustainable in the long term.

This section includes the development of a set of options that support a transition from the current operating agreement framework to a new and transformed partnership between the federal and provincial / territorial governments and a new business models for housing providers.

3.2 Reinvestment Framework

The research and input from collaborators from across the country contributed to the establishment of a set of goals and objectives for federal investment to transform social housing for low-income households. The proposed ***Social Housing Reinvestment and Transformation Framework*** allows for flexibility to address geographic, housing provider type, program type, and future changes in priorities. Proposed goals, objectives and guiding principles of the framework are outlined in the following.

3.2.1 Goals

The overarching goal of the Social Housing Reinvestment and Transformation Framework (the Transformation Framework) **is to maintain and, where possible, grow affordability of housing in the system by leveraging the public investment that has been made in achieving this affordability**. It is proposed that these goals be met by federal reinvestment of funds from expiring federal social housing agreements and the replacement of existing funding arrangements as operating agreements expire with a new funding mechanism that builds a more efficient, self-sustaining, and innovative system of social housing in Canada.

3.2.2 Objectives

1. **Ensure no net loss in the number of rent-geared-to-income units in the system:**

   There is a pent up demand for additional affordable rental housing in virtually every community across the country. For more than five decades, social housing has provided safe, stable and affordable housing for the most vulnerable population groups in our country, including those on social assistance, those requiring support services, and formerly homeless individuals.

   This objective recognizes that approximately two-thirds of social housing units still under operating agreement provide geared-to-income housing for low income households and that the vast majority of housing providers cannot maintain affordability at these levels once the operating agreements end without some form of continued assistance.

   Further, the recent federal/provincial affordable housing programs such as the Investment in Affordable Housing (IAH) are not positioned to offset or replace the decline in federal funding for existing social housing. IAH's goal is to meet current and future affordable needs, and its approach for doing so targets more moderate income and incorporates a multi-prong approach including incorporating homeownership, housing allowances, and the creation of new affordable rental, including second units.

   As such, one of the primary objectives of the Social Housing Transformation Framework is to ensure that the current level of rent-geared-to income units in the system is maintained, while recognizing that how the units are delivered may change (i.e. move to other buildings to improve income mixing and in-situ programs).

2. **Ensure the safety, sustainability and physical condition of social housing:**

   The research clearly demonstrates that there is a repair crisis within social housing and without government investment it will continue to grow. The estimated backlog of unfunded capital ranges from about $3.3 billion to about $6.3 billion in existing social housing projects. This important part of the housing system is in jeopardy without increased funding. While investing in new supply to meet current and future demand for affordable housing is important, it is equally important to re-invest in the revitalization, improvement and management of existing social housing stock given that re-investment costs in existing stock are lower than funding new supply.

3. **Leverage opportunities to create more energy efficient and sustainable social housing buildings:**

   Capital investments to maintain the existing social housing stock should consider and leverage opportunities to improve energy efficiency, sustainability, and regeneration of aging stock in recognition of reducing operating costs over time. The redevelopment of social housing properties can be catalyst for building healthy and complete communities, as well as creating additional social, affordable and market rental units.

4. **Foster the transformation of the social housing sector to become increasingly dynamic, innovate cost-efficient and self-sustaining:**

   Continued investment in social housing needs to go hand-and-hand with fostering social housing operations that are effective and cost-efficient. Further, the success of leveraging these existing public assets is dependent on creating a new business model that builds on and enhances the knowledge, experience, capacity and strength of the housing sector. Transforming the social housing sector needs government investment to: explore opportunities for innovative revenue generation approaches (e.g. social enterprises) and alternate financing vehicles (e.g. social finance) to enhance long term sustainability; undertake capital portfolio planning to investigate the modernization and regeneration of existing social housing properties; explore innovative ways to leverage existing assets to create new units; and consider opportunities for merging and/or sharing resources.

3.2.3 Principles

The proposed framework principles are as follows:

1. **Collaboration of key partners in the housing system is essential:** The federal government, provincial/territorial governments (municipal in Ontario), housing providers, sector organizations and residents all have an important role in ensuring the long term viability of social housing in Canada. Private sector developers and financial institutions, foundations and other not-for-profit organizations in the housing system are important contributors to promoting innovation and enterprise solutions in the sector. As such, a principle of the Transformation Framework is that all key partners work together to ensure this important public asset is maintained in the housing system.

2. **The social housing reinvestment framework is predictable and sustainable in the long term:** The long term viability of social housing is compromised when funding is unpredictable. Further, implementing

innovative financing mechanisms and business models are challenging when the policy and funding framework does not guarantee long term sustainability. A long-term federal government commitment to re-investment in social housing is an essential principle of the Transformation Framework.

3. **Accountability framework is administratively efficient and cost-effective and allows for flexibility:** Funding programs should avoid the cumbersome and costly administrative arrangements of the past, aiming for greater flexibility and seeking to strengthen providers such that they become more effective in maintaining their asset in the long term, employing a business enterprise approach, and possibly expanding their housing portfolio.

4. **A set of outcomes are established to guide program design**: Successful implementation of the Transformation Framework is dependent on establishing outcome based measures. These outcomes will guide program design at the provincial/territorial level and be the basis for ongoing reporting and accountability. The measures should allow for flexibility to address local market conditions, the type of housing provider (public, non-profit or co-op), and to account for the rights of housing providers to exit the existing operating agreements when they terminate. As such, an important principle of Transformation Framework is the collaborative establishment of outcomes for low income households, housing providers and all orders of government.

5. **Province / Territories share in the funding of social housing:** It is estimated that the provinces, territories, and municipalities in the case of Ontario, contribute approximately $1.5 billion to cost-shared programs, which now exceeds the federal government's current spending on cost-shared social housing programs ($1.2 billion – see Table 1). In keeping with general principles of the Social Housing Agreements and current programs such as the Investment in Affordable Housing Program, continued provincial/territorial investment in social housing is another important principle of the Framework.

6. **Provinces / Territories be responsible for program design and delivery with exception of federally administered co-ops:** Over time, there has been a shift in funding and administrative responsibility away from sole federal stewardship and towards increased provincial and territorial (and in the case of Ontario municipal) cost-sharing and program development. Based on a set of universal eligibility standards and outcomes, provinces/territories would be responsible for program design and oversight of delivery by housing providers. This approach to program design and delivery is similar to other relevant federal / provincial funding programs (e.g. IAH, SHIP) and recognizes P/T's investment in social housing as identified in principle #5.

7. **Federal funding is allocated according to number of existing social housing rent-geared-to-income (RGI) units by province/territory:** Social Housing Agreements provide a framework for distribution of federal funding that could form the basis of future allocation of federal funding, specifically based on the current number of social housing units by province.

8. **Social housing providers are expected to maximize their assets, improve efficiencies and adopt a business enterprise approach to managing their portfolio:** The research shows that some providers will be able to leverage their existing asset to meet capital repair requirements and introduce income mixing to improve financial viability. Further, there are potential efficiencies that could be realized by fostering

partnerships, sharing of resources and amalgamations among social housing providers. However, many housing providers are not aware of these opportunities or do not have the resources or capacity to implement them. While it is an important principle of the Transformation Framework for housing providers to commit to maximizing their assets and improving efficiencies, it is equally important for government to create and fund resources to identify these opportunities, educate, and build capacity in the sector.

9. **Reinvestment in social housing considers value for money:** Research has shown that some social housing providers will not require capital repair investments or ongoing subsidies to maintain RGI units. To ensure value for money, housing providers should be required to demonstrate the need for ongoing financial support to maintain RGI units and confirm that their building is in a state of good repair and/or plans are in place for sustained functional viability of the building. Similarly, housing providers should be required to demonstrate the need for capital repair funding and verify the cost-effectiveness of capital funding in sustaining the life cycle of the building(s). Also, the value for money exercise should incorporate a cost-benefit analysis on whether the sale of asset and reinvestment of funds in another form of social housing is more cost-effective than continuing to invest in existing buildings, many of which are more than 30 years old.

10. **Staged implementation approach is required:** Transformation of social housing is proposed to be a federal and provincial/territorial partnership to be delivered to housing providers under a new framework. Once the new framework is in place, housing providers will move to a transformed operating regime as their operating agreements expire or as they are allocated additional funds to address their capital backlog. Incenting housing providers who are still under the old agreement to transition to the new framework may need to be considered.

3.3 Strategic Directions

This section presents three strategic directions that support the goals, objectives and principles of the Reinvestment and Transformation Framework.

Strategic Direction 1:	Provide Leadership and Resources for Sector Transformation
Strategic Direction 2:	Address Loss of Affordability by Supporting Low-Income Households
Strategic Direction 3:	Address Legacy Issues through Investment in Capital Renewal

3.3.1 Strategic Direction 1: Provide Leadership and Resources for Sector Transformation

Housing providers require a range of knowledge, specialized skills and capacity to manage their social housing operations, renew their buildings and grow their portfolio in an innovative, cost-efficient, and self-sustaining manner. They require strategies to attract and keep qualified board members and staff to transition to the new framework; robust systems; portfolio planning expertise; advice on innovative revenue generation approaches (e.g. social enterprise); enhanced knowledge and expertise on enterprise solutions and alternate financing vehicles; and advice on opportunities for merging and/or sharing resources. The successful implementation of the Transformation Framework is dependent on providing both leadership and resources to housing providers for sector transformation.

It is proposed that the Federal/Provincial/Territorial governments take a leadership role in:

- making changes to legislation and policy to remove impediments to housing providers' ability to modernize and regenerate their existing housing portfolios (e.g. ability to maintain charitable status when income mixing and flexibility in CMHC mortgage insurance requirements for re-financing of social housing properties);
- conducting research on leading practices in sector transformation and enterprise solutions;
- developing tools for knowledge and capacity enhancements;
- exploring alternate financing options (e.g. Housing Bank); and
- providing expertise to help providers navigate and manage opportunities to leverage their assets.

It is proposed that a social housing innovation and transformation fund be created for housing providers and their sector organizations to:

- enhance training and staff development to attract and keep qualified board members and staff;
- foster partnerships, shared resources, and mergers of small housing providers where desirable;
- test new business models and innovate approaches to revenue generation such as renting out commercial space and enterprises for the purpose of revenue generation;
- undertake comprehensive portfolio planning by providing funding to investigate the modernization and regeneration of existing social housing properties and exploring financial models that are less dependent on ongoing government funding;
- review service delivery models with a view of moving towards more entrepreneurial and business enterprise models as appropriate;
- put in place robust IT and other systems to assist in modernizing and regenerating social housing portfolios;
- investigate other opportunities to achieve greater efficiency, build sector capacity, and foster innovations and self-sufficiency;
- undertake other initiatives to innovate and transform social housing providers to maximize and grow their assets, improve efficiencies, and 'unlock' their valuable social housing asset.

It is proposed that the social housing innovation and transformation fund be established at $40 million to be distributed over a 5 year period. This fund is based on approximately $75/unit for the 525,000 social housing units (includes RGI and low end of market rent) currently in existence.

3.3.2 Strategic Direction 2: Address Loss of Affordability by Supporting Low-Income Households

For more than five decades, social housing has provided safe and affordable housing for many low income households, including the most vulnerable population. However, the vast majority of the approximately two-thirds of social housing units providing geared-to-income housing for low income households will not be able to maintain the current levels of affordability once the operating agreements end without some form of continued assistance.

To address the loss of affordability in the system as operating agreements expire, it is proposed that the federal/provincial/territorial governments:

- provide ongoing funding to support low-income households in social housing once operating agreements;
    - *The estimated funding required to maintain current affordability in the social housing system is about $1 billion per annum in today's dollars once all operating agreements expire.*
- consider different funding levels based on geography and program type;
- maintain levels of affordability in place at the signing of the Social Housing Agreements or alternate date agreed upon by federal, provincial and territorial government; and
- recognize modernization of the social housing system may mean that how low-income households are supported may change (e.g. move to other buildings to improve income mixing).

3.3.3 Strategic Direction 3: Address Legacy Issues through Investment in Capital Renewal

The funding programs under which the projects were originally developed impacts housing providers' ability to continue to maintain their housing stock and ultimately provide affordable housing once operating agreements end. The targeted programs (i.e. public housing, urban native, and post-1985 co-operative and non-profit section 95) are particularly challenged in terms of having adequate reserves to undertaken required capital repairs in both the short and longer term as these programs did not incorporate the establishment of a replacement reserve fund. On the other hand, social housing buildings developed under non-targeted programs (i.e. Section 26, 27 and 61) are more likely to have adequate capital reserves.

It is proposed that legacy issues related to unfunded capital requirements be addressed by:

- providing capital funding to address capital repair requirements and support regeneration of social housing in order to maintain the safety, sustainability and physical condition of the social housing stock;
    - *The estimated backlog of unfunded capital at end of operating agreement ranges from about $3.3 billion to about $6.3 billion in existing social housing units with a mid-point estimate of $4.8 billion or about $10,000 per unit*

- providing capital funding for energy retrofits to help improve state of buildings and reduce operating expenses;
  - *This funding is to be combined with capital funding for repairs and replacement where appropriate.*
- establishing eligibility requirements for receipt of capital renewal funding (e.g. effective operations, full leverage of existing assets, maintenance of affordability);
- considering the feasibility of addressing the capital needs of non-RGI units as an opportunity to help sustain or increase the supply of affordable housing within the system.

4.0 PART 3 – PROCESS TO ACHIEVE OBJECTIVES

A proposed process to achieve the goals, objectives, principles and strategic directions identified in the *Social Housing Reinvestment and Transformation Framework* is outlined in this section. The assumption is that federal/provincial/territorial partners would commit to the framework in principle with the acknowledgment that refinements will be made to the strategic directions and amount of funding earmarked for each strategic direction as more accurate data is obtained and lessons are learned during the pilot phase.

Key steps included in the process are:

1. Identify areas requiring further research and carry out required research in the next one to two years.
2. Conduct pilot tests of proposed strategic directions over the next two to three years to fully assess the feasibility and impact of these directions.
3. Identify an implementation framework and timeframes for the evolution of social housing system to a more enterprise-based approach that leverages its assets and maximizes public investment in terms of affordability and social impact.

4.1 Undertake Further Research to Refine Model

Having a more refined and comprehensive data set would enable a more complete and refined estimate of potential impacts. To that end, efforts should be made to harmonize methodologies, gather additional data and expand analysis in order to refine operating and capital impact estimates.

In particular, the following data issues should be addressed:

a) *Confirm P/T costs for units under agreement and beyond*: There are no definitive sources to tabulate costs on the P/T side of the ledger, especially as evidence indicates a growing share of assumed costs over time.

b) *Identify federal breakdown of housing costs for transferred programs*: While this may be available in SHA schedules, more transparent reporting would be helpful.

c) *Align CHS reported funding with unit reporting for same year*: Have CMHC provide more detail on costing breakdowns to more accurately assess program-level impacts.

d) *Put in place consistent reporting/projections on when units reach expiry*: Information for the entire federal funding horizon by program, by province and by year would assist in better defining the timing/magnitude of impacts.

e) *Validate affordability assumptions*: Modeling assumed the retention of RGI units going forward while estimates have been made for RGI units in mixed target programs. Additional analysis to validate this proportional share would help strengthen the impact model.

f) *Establish operating impact methodology*: There is general consistency in the approach for estimating operating impact at EOA but a common approach is not in place. Reference to an F/P/T-agreed approach was noted in BC Housing's "*Examining the Viability of British Columbia's Social Housing Stock When Agreements Expire".* A similar approach was referenced in a related study complete in Alberta. Having a common, agreed methodology would enable comparison of results across jurisdictions and nationally.

g) *Establish consistent capital needs methodology*: The methodologies for estimating unfunded capital needs have been refined and changed over the years and applied differently depending on some studies and it's not clear there is consensus on any one approach. As above with operating impacts, having a consistent methodological approach would enable comparison of results across jurisdictions and nationally. More importantly, building on a standard methodology and expanding data analysis would help to refine capital need estimates which are currently defined by sizeable ranges.

h) *Gather additional case study information in a consistent manner*: There is a mix of case study, large sample survey and extrapolation methodologies. Trying to weave into a consolidated picture is challenged by aggregated or missing data. By standardizing methodologies and gathering additional data within these parameters, it would be possible to undertake analysis which produces more meaningful results in terms of operating and capital impacts.

4.2 Conduct Pilot Testing of Strategic Directions

Given the data limitations and need to standardize methodologies, it is recommended that the proposed strategic directions be pilot tested over a two to three year period. The pilot test period is an opportunity to develop and test a standard methodology to be applied across a full data set to enable a consistent, comparable set of results across jurisdictions. Similarly, tools for assessing individual housing provider's viability and need for continued funding could be refined during the pilot testing period.

The pilot testing could be funded by CMHC as a demonstration project.

It is proposed that the pilot projects focus on the unilateral federal programs to test the effectiveness and appropriateness of the proposed model. This will help facilitate a staged approach to implementation that allows for refinement of the Transformation Framework as more detailed, accurate and consistent information is gathered and tested. The pilot projects should be representative of province/territories, project size, and strategic directions.

4.3 Implementation Framework

Reinvestment in social housing is proposed to be a federal and provincial/territorial partnership to be delivered to housing providers under the new Social Housing Reinvestment and Transformation Framework. The following are proposed guidelines for the staged implementation of the Framework:

- Based on outcomes of steps 1 and 2, scope the next eight years of transition from the current system to a new framework.

- Once the new transformation framework is in place, housing providers will move to the new framework as their operating agreements expire or as they are allocated additional funds to address their capital backlog. The federal, provincial and territorial governments should consider reframing the current operating agreements earlier than their expiry as they are a disincentive for entrepreneurial and enterprise behaviour.
- Incenting housing providers who are still under the old agreement to transition to the new framework will be considered.

5.0 APPENDIX: PROGRAM DESCRIPTIONS

Proponent	Number of Units	By Program	Program Description	Range of RGI
Public Housing	205,692	Section 79 Public Housing	Projects funded under this program are fully targeted to low income households in core need. Tenants pay rent based on their income. Capital costs are shared 75 percent by the federal government and 25 percent by the province. The projects are jointly owned by the federal government and the province on a 75/25 basis. The usual amortization is 50 years. The federal government provides funding to cover 75 percent of eligible operating losses of the project, including amortization. Units = 40,000	Full
		Section 82 Public Housing	The program is fully targeted to low-income households in core need. Eligible tenants pay rent geared to their income. Capital financing of the projects was provided by the province or through 50 year National Housing Act loans for up to 90 percent of capital costs. Most of the projects are community housing and senior self-contained accommodation owned by the province. Other projects are owned by municipalities; municipal projects funded this program are basically community housing. The federal government provides funding to cover up to 50 percent of the operating losses, including amortization of 100 percent of approved capital costs, for projects committed under this program. Units = 165,000	Full
Rural and Native Housing	24,815	Rental	The program is fully targeted to aboriginal and non-aboriginal households in rural areas with a population of 2,500 or less. The rent is geared to tenant's income. Capital costs are shared 75 percent by the federal government and 25 percent by the province. Amortization is for a period of up to 25 years. The federal government provides funding to cover 75 percent of eligible operating losses, including amortization, for projects. Rental units are 2/3 or total units and are 100% RGI	Full
Urban Native Housing	10,301		Most Urban Native housing is federally funded where all households were subsidized (100% RGI). Newfoundland, Quebec and Manitoba cost-shared, accounting for some 20% of the total 10,000 homes post-1985, mostly in existing scattered single-family homes with 25-year mortgages.	Full
Co-operative	61,164		Co-op and Non-Profit housing has been funded under a variety of programs. Section 27 and 61 provided capital grants and direct loans from CMHC that were repaid with rental income.	

Proponent	Number of Units	By Program	Program Description	Range of RGI
			The Indexed Linked Mortgage program was for co-ops only, incorporating a real interest rate loan and stacked Rent Supplements.	
Non-Profit	244,234	Section 95 Public Non-Profit	The program is fully targeted to low to moderate income households in core need. Tenants pay rent based on their income. All the projects funded under this program are owned by the province. For projects committed under the pre-1986 -2% write down funding, the maximum annual federal assistance is based on the difference between the cost of amortizing eligible capital costs at the approved rate and 2 percent over 35 years. These projects were required to house a minimum of 15% RGI, although many exceed this level. For post 85 projects, an operating subsidy is provided to cover the difference between operating costs and revenue. Operating losses are shared on a 70/30 basis by the federal government and the province.	Mixed
		Section 95 Private Non-Profit	Projects are owned by the private non-profit groups. While clients served include low-income families, seniors and singles, a large number of these projects are targeted to non-elderly singles. Tenants pay rent based on their income. Project funding is provided under the pre 86 interest write down to 2 percent program or the regular non-profit program. The annual assistance to the project is shared on a 70/30 basis by the federal government and the province for up to 35 years.	Mixed
		Section 95 Municipal Non-Profit	These municipally owned projects are funded under the post 85 non-profit regular program. The annual subsidy to the project is shared by the federal government and the province on a 70/30 basis. The projects are targeted to non-elderly singles in need.	Mixed
Rent Supplement	46,998		Rent Supplement pays the difference between 25% or 30% of a household's income and the rent charged for the home that they occupy. The three types are: - Private (pre-1986): are in privately held buildings and many have expired - Non-profit (pre-1986): are "stacked" in federally funded co-op and non-profit projects - Post-1986: are allocated by the P/Ts to households in private rentals or "stacked" in other projects and cost-shared F 50%/ P/T 50%	
		Unilateral Provincial RGI Projects	These projects are fully targeted to low to moderate income families, seniors and non-elderly singles in core need, with most of the units provided under the Senior Citizen Self-Contained Program. The rent is based on tenant's income. All the projects are owned and unilaterally funded by the province.	Full

Source: (Canadian Housing and Renewal Association, 2014)

6.0 BIBLIOGRAPHY

A range of existing research was reviewed and a brief summary of the content is presented below. NOTE: This list of resources will be properly cited in final draft of paper and some documents maybe be removed because they are internal, non-public resources.

1. *Expiry of Operating Agreements (Connelly et al for CHRA, 2003)*: Examines the original commitment data and schedules appended to the federal-provincial Social Housing Agreements (which transferred administrative responsibility to the provinces and territories in all but 3 provinces (Alberta, Quebec and PEI).

2. *Was Chicken Little Right? (Pomeroy et al for CHRA, 2006):* Synopsis of issues and case study impacts analysis from projects across Canada

3. *Was Chicken Little Right? Case Studies on the Impact of Expiring Social Housing Operating Agreements: Ontario Addendum (Connelly Consulting, 2006)*

4. *Social Housing End Dates – SM perspectives (HSC, 2010)*: A summary of prior literature and issues as well as positioning on what should be done next.

5. *Courage Under Fire (Keith Ward for CHRA, 2011)*: This discussion paper looks at case studies across the country after the expiry of their social housing operating agreements. It looks at different types of providers and the pre-planning they did. Basically, projects with a higher proportion of RGI units are more likely to experience difficulty and larger projects tend to do better. This report also has some recommendations that may be helpful for the next phases of this study.

6. Is Emperor Nero Fiddling as Rome Burns? Assessing Risk when Federal Subsidies End (Steve Pomeroy, May 2011)

7. *Social Housing End Dates in Ontario (Re/fact for HSC, 2012)*: A major survey/analysis of Ontario housing providers by Service Manager to determine impacts by program, region, and size of the end of operating agreement, as well as Service Manager best practices.

8. *Examining the Viability of Alberta's Social Housing Stock When Agreements Expire, Summary Report (Alberta Municipal Affairs, July 2012)*: Note: This is not a public document.

9. *Extract From EOA Study (December 2012, Author Unknown)*: Note: This is not a public document.

10. *City of Toronto S.95 EOA guide (City of Toronto, 2013)*: A discussion guide for federal providers to frame EOA issues/areas for consideration.

11. *EOA Resources Tools (HSC, 2014)*: A synopsis table of workshop ideas from HSC Regen Forum in 2014 listing EOA issues and approaches by program.

12. *Fiscal Impacts of Expiring Federal Subsidies (Pomeroy, 2014)*: Brief summarizing estimate of impact of federal subsidy withdrawal in Canada.

13. *Examining the Viability of British Columbia's Social Housing Stock When Agreements Expire (BC Housing, March 2014):* Note: This is not a public document.

14. *Expiry of Operating Agreements:* Exploring Segmentation (BC Housing, January 2014). Note: This is not a public document.

15. *A Terrific Loss: The Expiring Social Housing Operating Agreements in Manitoba* (CCPA, 2014): This is a high level look at social housing in Manitoba.

16. *Kingston EOA Summary Report (SHS + Re/fact for Kingston SM, 2016)*: A review of EOA impacts from the perspective of a social housing Service Manager in Ontario, examining issues by program and quantifying potential mitigation strategies.

17. *EOA Planning Guide for Federals (HSC, 2016)*: A planning guide for federals in Ontario, discussing issues and options.

18. *End of Operating Agreement*: *Legal Issues* (Robins Appleby, 2016): A summary of legal issues to assist Ontario housing provides in analyzing their options at end of operating agreement (companion document to #17 above).

19. *Scenarios for Managing the End of Operating Agreements* (Prepared for BC Non Profit Housing Association and BC Housing, Focus Consulting Inc. July, 2016): Note: This is not a public document. This document, along with an assessment tool and six different scenarios, provides a framework for financial analysis and options for what to do once the operating agreement expires.

20. *Housing Nova Scotia Accountability Report and Business Plan (2016-2017):* Includes a high level look at their investments and future plans.

21. *Importance of Federal Investment in Northern Housing: Pan-Territorial Housing Analysis and Position Paper* – a basic assessment of needs in the three territories.

22. *Housing for All: Sustaining and Renewing Social Housing for Low-Income Households* (CHRA, 2014) – an assessment of the impacts of expiring operating agreements across Canada which includes historical and program context. Based on impacts, the paper also proposes a 3 pronged approach to addressing operating, capital and sector impacts through reinvestment.

23. *Briefing Memorandum: Legal Considerations and the Expiry of Operating Agreements* (Bull Housser, May 2016).

24. *Affordable Housing in Perilous Times* (D. Priebe for HSC, 2009) – Looks at issues mainly from a bricks and mortar perspective and relates this to new supply (so NOT EOA centric nor focused on operating costs). Useful in terms of quantifying some capital needs in Ontario and situating capital solutions in context of other initiatives – some nuggets may be applicable to the capital solutions side of the equation.

25. *BC Housing EOA Planning Guide* (Cityspaces Consulting for BC Housing, 2014) – Resource aimed at housing associations (providers) that sets EOA context, discusses how to evaluate impacts, reviews options for mitigating & associated factors – all in a stepwise format. [Editing note: we understand that HSC is in the process of developing a similar style document for Ontario].

26. *Beyond Bricks and Mortar: Important Considerations in the Future of Social Housing in Ontario* (AMO, 2007) – This paper is an interjurisdictional examination of varied approaches taken to address social housing needs and includes content on policy directions.

27. *Built to Last* (Pomeroy + CURE for FCM, 2015) – A big picture perspective on Housing in Canada with a slant to affordability and issues and speaking to new frameworks/approaches. Apart from confirming big picture trends, the paper advocates for a 3 pronged policy approach to addressing persistent housing needs.
28. *Manitoba Assessment Materials (August, 2016)* – an informal summary of projected impacts for Pre-86 S.95 projects in Manitoba that are set to expire over the next 2 years (based on extensive sampling of target projects).
29. *La fin des conventions d'exploitation entre la Société d'habitation du Québec et les organismes gestionnaires de logements sociaux* (Société d'Habitation du Québec, 2013) – provides some context on state at end of operating agreement of over 70,000 of units in Quebec receiving federal support
30. *La fin des conventions d'exploitation (*Le Réseau québécois des OSBL d'habitation) – an overview of state of 24,000 non-profit housing units at EOA.
31. *Report of the Auditor General of New Brunswick (2011)* – provides some insight into impact of end of operating agreement for New Brunswick housing providers.