Building Capacity in Orléans through Collaboration: Summary Report

Prepared for the Orléans Cumberland Community Resource Centre and the Orléans Housing Advisory Committee (OHAC)

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This analysis was funded by the Community Housing Transformation Centre (the Centre) is a pan-Canadian non-profit organization founded in 2018. The Centre is a sector-led organization backed by the Canada Mortgage and Housing Corporation (CMHC) through Canada's National Housing Strategy working toward a more entrepreneurial and economically viable model of community housing—one that will serve the needs of our communities, now and in the future.

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Executive Summary

The objective of this initiative is to explore options to enable a group of small local providers to respond to unmet housing need in Orleans-Cumberland. Building on initial discussion among the Orléans Housing Advisory Committee (OHAC) the focus is on enabling small and single project organizations to collaborate as a way to increase capacity.

The process involved four assessments: housing need, asset condition and viability, potential for site intensification and redevelopment and organizational capacity assessment. Finally the approach involved a process of engagement with each of the existing providers and collectively, to assess opportunities and options for collaborations with a view to both strengthening collective capacity to operate and to expand the supply of affordable housing in Orleans Cumberland.

Concluding Observations

This review and assessment identified both a series of challenges as well as opportunities to explore collaborative approaches to responding to these challenges.

Prior to this exercise, OHAC had already started exploring the idea of collaboration. A proposal was tabled by the Cumberland Housing Corporation that identified an interest in participating in a peer-exchange-based-approach to seeking collaborative partnerships where missions and goals are aligned in the development of increased affordable housing stock in Orléans and/or surrounding areas in Ottawa's east-end. This assessment provides additional insight and also suggests potential areas of collaboration – with the more favoured approach being to explore comprehensive asset audits - and potential to lever existing assets via redevelopment.

This review and assessment has helped the participating organizations to identify the potential and benefits of collaboration. Action on pursuing and implementing these must evolve from common interests and active participation of OHAC members. This will require ongoing deliberations, including the creation of a plan of action, drawing on and prioritizing options to collaborate and with specific objectives and outcomes to which members of OHAC can contribute.

At this time, the providers do not appear to be convinced that collaborations are necessary or helpful versus pursuing these options independently, or through wider collaborations. Where shared service and fee for service arrangements might be beneficial the providers are looking more broadly to the larger Ottawa Social Housing Network.

The one exception where there was consensus is in pursuing funding to undertake an asset renewal strategy including options for redevelopment.

While the idea of organization consolidation does not currently resonate, this exercise has nonetheless planted some seeds and stimulated some thinking. And as executive directors age toward retirement, without succession planning, options to consolidate may become more attractive.

1. Introduction

Over the past few years housing providers in Cumberland Orleans have convened as the Orléans Housing Advisory Committee (OHAC), a forum to discuss common issues and provide mutual support. OHAC members include four providers that collectively own and operate 12 properties (agreements) with a total of 463 units. Other members include support service providers that do not have units but deliver services to community residents, as well as a supportive housing provider operating a number of group home residence (Innovative Community Support Services - ICSS).[1]

A proposal was tabled by the Cumberland Housing Corporation that identified an interest in participating in a peer-exchange-based-approach to seeking collaborative partnerships where missions and goals are aligned in the development of increased affordable housing stock in Orléans and/or surrounding areas in Ottawa's east-end. Other members agreed that this would be a worthwhile endeavor, especially given the disproportionately small number of both market rent and affordable rental options in this area.

OHAC secured the help of Focus Consulting Inc. to assist in an application to a new funding program under the National Housing Strategy, the newly created Centre for Community Housing Transformation (CHTC). This funding has supported a process of analysis and dialogue about potential ways that the providers operating in the eastern part of Ottawa might collaborate.

The primary objective of this initiative is to explore options to enable a group of small local providers to respond to unmet housing need in Orleans-Cumberland. Building on initial discussion among the Orléans Housing Advisory Committee (OHAC) the focus is on enabling small and single project organizations to collaborate as a way to increase capacity.

This report provides background analysis used to stimulate a process and discussion among these groups about potential options to collaborate toward the goal of expanding affordable housing opportunities in Orleans Cumberland. It highlights key challenges and opportunities that were discussed and concludes with a summary of the results of consultation and discussion among the four housing providers.

Method and approach

The approach used first involves an assessment of the existing real estate asset base across this group of providers. This examines the existing social-affordable housing operating agreements and associated funding with a view to identifying challenges and opportunities related to expiring agreements and funding.

[1] ICSS was not included in this assessment

We then identify current planning and zoning to determine potential opportunities for infill and/or redevelopment of the existing sites.

Whether intensifying redeveloping or undertaking development on new sites, some level of financial capacity as well as skill sets will be required. The initial assessment considers financial capacity.

A subsequent assessment of skills and expertise among employees as well as Board directors is then used to evaluate strengths and weaknesses in skill sets necessary to optimize asset management and maximize leverage of existing assets as a way to access new opportunities.

Finally the approach undertakes a process of engagement with each of the existing providers and collectively, to assess opportunities and options for collaborations with a view to both strengthening collective capacity to operate and to expand the supply of affordable housing in Orleans Cumberland.

It concludes with a summary of discussions on options to collaborate.

Why collaborate

The concept of partnership and collaboration is well established across the community and non-profit sector. It has recently been reinforced under the National Housing Strategy (NHS). While substantially expanding new funding streams to support preservation and expansion of affordable housing, the NHS seeks to achieve its goals by leveraging partnership and collaboration, premised on the notion that working collectively can secure access to additional resources and lead to greater impact (in this case more affordable housing).

The Bridgespan group, a US based global non-profit that facilitates social impact has highlighted the potential impact of partnership and collaboration as:

> *Strategic alliances that can be used by nonprofits for several purposes, typically relating to increasing their influence, scaling up their efforts, strengthening and expanding their programs and services, or streamlining operations to gain efficiencies*. [2]

All of these, and particularly the latter three, fit well with the aspirations of OHAC. As described below, in Orleans-Cumberland there is potential to achieve greater leverage, gain back-office and administrative efficiency and to expand services (number of units and households served).

The OHAC members have also framed potential goals to expand housing choices that would enable long term residents to downsize, thereby freeing up family size units to assist new families in need and to generally expand the supply of rental and affordable housing – both of which are under supplied in this region of Ottawa. [3]

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[2] https://www.bridgespan.org/insights/library/nonprofit-management-tools-and-trends/strategic-alliances

[3] Cumberland Housing Goals and Objectives for Orléans Housing Advisory Committee (OHAC) Undated.

The Cumberland Housing Corporation (CHC) draft goals of OHAC also reinforce a collaborative approach:

Partnership with OHAC-based housing sector and service providers presents CHC opportunities and/or options to develop new tools to drive affordable housing initiatives and model transformation. Partnership allows:

➢ *Intentional exchange of information on policies, practices and areas of common interest.*

➢ *Deeper collaboration and exploration with non-profit sectors on areas identified as priorities.*

➢ *Extension of collaboration into joint ventures that OHAC participants, or a subset of participants, can work on together.*

➢ *Support and promotion of innovative approaches to affordable housing; including new housing forms, service provider association, and inclusionary zoning application*

2. Setting the context

Situated on the eastern side of the Ottawa region, Orleans-Cumberland grew as a post-war residential suburb, predominantly at low density, engulfing pre-existing villages and townships.

The later growth of Orleans, compared to the central city of Ottawa is reflected in a younger housing stock, and predominantly single detached ownership dwellings:

- Across the City of Ottawa almost half (48% of homes) were constructed before 1980; in Orleans only 22% are pre 1980.
- The nature of its emergence and growth results in a lower density built form, with few multi-unit apartments, and domination of owner-occupied stock.
- In Orleans 87% of households are owners, which compares to 66% for the overall City of Ottawa. The converse is that only 13% of dwellings are in the rental market – which is typically more affordable for lower income households.
- There is much less multi-unit stock, much less rental housing and a very low number of social housing properties to assist lower income individuals and families in need.
- Since 2017 rental construction has accounted for only 4% of new housing in Gloucester-Orleans. This compares to a rental share of 25% in rest of city – so few new rental options are being created in this area.

Minimal social-affordable options

Much of Canada's public and social housing was constructed in the 1960's and 70's prior to the growth of Orleans. As a result the early funding programs to create a stock of social housing were more focused in already built up inner city areas and the inner suburbs – the Gloucester-Orleans-Cumberland area largely missed out on these early funding opportunities.

The small proportion of social-affordable housing that does exist in the eastern region was built in the later 1980's through mid 1990's federal-provincial programs, with a few additional units under the post 2001 Affordable Housing Initiative (branded locally as Action Ottawa).

The 2016 census reports that in Orleans only 6.5% of renters live in subsidized housing; this compares to 15.9% for the City at large. [4]

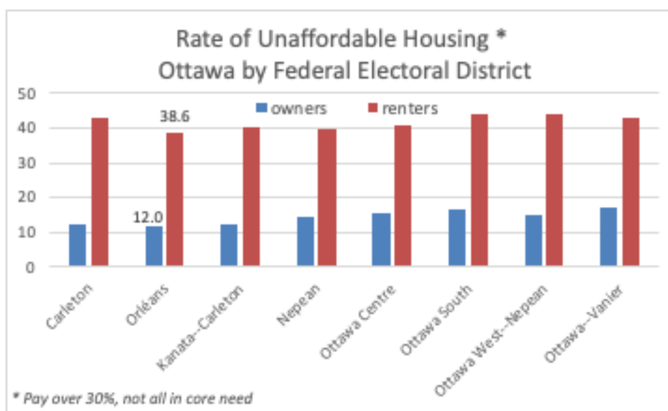
And across the entire housing stock (i.e. renters and owners) while social housing in the City of Ottawa matches the national average of 5.5% of all dwellings in Orleans less than 1% of all dwellings are subsidized.

CMHC has developed and uses a measure called core housing need to assess households that require help.[5]

Across Ottawa 13.1 % of households in 2016 were found to be in core need. Orleans was one of the lowest with only 6.5%. However this reflects the household characteristics, on average owners are far less likely to be in need compared to renters. And because of the large proportion of owners in Orleans this skews the overall rate.

Also notable, over the decade 2006-2016, while the incidence of core need increased marginally for Ottawa as a whole (12.9% to 13.1% of households; in Orleans it grew slightly faster rising from 5.6% to 6.5% of all households.

Among renters only, while Orleans is lower than the City-wide average, the incidence of unaffordable housing (using the core need 30% measure) is very significant at 38.6% (versus 42.3%. for City overall).



Even though need is marginally lower than the overall city rate, the lack of existing social housing makes it extremely difficult to address this level of unmet renter housing need.

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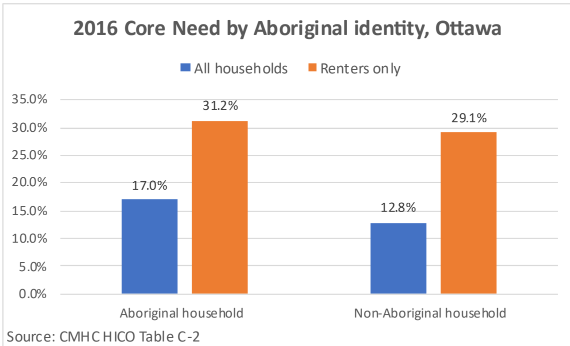
[4] This census analysis used the Federal Electoral area of Orleans – percentages are of subsidized renters as percentage of all renters.

[5] Only basic information as presented below is available in published data. To generated more detailed core need for Orleans would require a custom tabulation request to CMHC/Statistics Canada (this would detail by household type, age, and indigenous status)

Data is not readily available of indigenous households and relative level of housing need (this would require custom tabulation request) . However, the Statistics Canada Community Profile reveals that persons identifying as Indigenous in Orleans (FED) total 3,295. representing. 2.6% of all persons. This compares to 2.5% for the City of Ottawa as a whole.



On this basis is might be reasonable to assume a similar incidence of core need for indigenous households as the City overall.

This shows that the incidence of core need is higher among Aboriginal households compared to non-Aboriginal, both overall and among renters only, where the incidence of need tends to be higher (because renters typically have much lower income).

Looking at the private rental market, as noted there is a very small stock of apartments and rentals. Orleans benefits in part from somewhat lower home prices and rents and the average apartment rent (albeit for a very small stock) is 94% of the City average; much more of the rental stock in Orleans is in the form of rented row townhomes and here the average is 98% that of the City.

At the same time, with a larger proportion of owners and family households (2 parents with 2 incomes) the median household income is somewhat higher in Orleans, at $106,391 compared to the City average of $85,981. These high incomes are an important factor in reducing the incidence of core need affordability problems, especially for owners.

In addition to issues of housing need, a limited stock of smaller dwelling types (apartments) and limited rental limits options for aging empty nesters (seniors) that may wish to downsize but remain in Orleans. There are currently few options, especially for those that wish to cash out their equity by moving into rental housing (or even into condominiums).

And new construction has continued to favour ownership options -while Gloucester-Orleans' share of all housing built in Ottawa is 33% (average 2017-2020) it has only 8% of all rental starts, city-wide.

This frames the key challenge in Orleans:

A limited rental stock, and a very small number of social housing properties with insufficient opportunities to respond to persisting housing need, especially among renters; and limited opportunities for aging households It suggests a need to expand both general rental supply as well as more affordable rental options.

For the members of the Orleans Housing Advisory Committee (OHAC), the corollary question is how can the existing providers participate and draw on their collective resources to pursuing remedies to these challenges, including expanding general rental as well as affordable supply.

Assessing the potential contribution of member organizations

In order to assess the individual and collective capacity of the OHAC providers and partners, three separate assessments have been completed:

- Project and portfolio assessment on the potential impact of expiring subsidy agreements and mortgage maturity(most of which occur in next decade). This event may have positive or negative impact on cash flow and opportunity to negotiate rgi renewal via city service standard. It may also free up cash flows to support new activities (redevelopment and leverage).
- A planning and intensification assessment of existing sites - how do current zoning and proposed official plan density policies impact these sites; to what extent is there intensification or redevelopment potential.
- Assessment of organizational capacity – skill sets, competencies and gaps in property management, resident services and asset renewal and development expertise (including both staff and board capacity).

An important comment on new National Housing Strategy (NHS) programs

Before reviewing the result of the three assessments, it is useful to highlight the reason why these assessments are important. This is closely related to the requirements for partnership contributions under new NHS funding programs.

In the legacy social housing programs that prevailed from the 1960's through 1994, development was facilitated by seed funding and project funding that covered 100% of development costs and provided ongoing subsidy to enable non-profit and co-op properties to house households at low affordable rents. Such generous programming ended in 1994.

In the new version of funding, which emerged after 2001, the Affordable Housing Initiative, funding involved a one-time capital grant, covering perhaps up to half of cost. This required higher rents (compared to former RGI programs) that could cover both operating costs and carry debt payments on the residual capital cost (usually around 50% of total cost).

And now, the post 2017 NHS programs are predominantly loans, with much smaller grant amounts. Under the most favourable situation, with extreme achievements of energy efficiency, accessibility and partner cost sharing, a maximum grant of 40% of cost is theoretically possible; The range of most projects approved to date (sept 2020) under the National Housing Co-investment Fund (NHCF) have received grant levels equal to 2% to 12% of total cost.

One NHS funding stream that does provide larger grant amounts is the Ontario Provincial Priorities Initiative (OPPI), which is essentially a rebranding of the former Investments in Affordable Housing, delivered by the City as *Action Ottawa*. However the funding allocation to Ottawa is minimal, and as in the past, there is strong competition for funding from this limited source.

This means that to secure funding under the NHS programs, a majority of rents must be *near market* (mixed with a smaller proportion at affordable rents) and considerable equity or cash contributions will be required.

In order for OHAC to pursue new development it will be critical to bring substantial resources to the table.

Alternatively development could include market rent projects, that would fill a gap in the Orleans market, be more financially sustainable, and while not initially affordable, over time can build an asset to generate income that can cross subsidize the mission of providing affordable housing. By limiting ongoing annual rent increases, initial market rent units can become relatively more affordable (as the market median increases) and some can be directed to lower income applicants. Using some of these units to house lower income RGI households via rent supplement agreements can also facilitate a process to diversify rent structure in the existing 100% RGI targeted properties, as discussed below.

3. Project and portfolio assessment

The members of OHAC collectively own and operate a number of assets, built under early legacy programs (pre 1994) and most are now at a stage of their operations that is nearing the end of the original operating agreement term and mortgage amortization period.

Because these projects will become mortgage free, they may soon have surplus cash flow that can provide potential to lever resources, although there are some regulatory constraints from the Ontario Housing Services Act (HSA).

While projects developed under federal programs in the pre 1986 period still have project level operating agreements which expire after 35 years; projects developed in the later post 1985 era were funded under provincial delivered federal-provincial programs. Referred to as "Provincially Reformed" projects in the HSA, the original operating agreement has been cancelled and replaced by regulations in the HSA.

As a result, there may be less automatic flexibility (compared to former federal projects); the good news is that for projects with operating shortfall, the Act guarantees ongoing subsidy (through the City as legislated Service manager) when needed to sustain RGI support.

Projects in Orleans are all post 1985 and thus either provincial reformed, or in a few cases (4) post 2001 Affordable Housing Initiative, AHI agreements.

The portfolio assessment examines the cash flows for each project using a simplified assessment model (SAM) created for CHRA/ONPHA in 2012 as part of an effort to assess the impact of end of mortgage and agreements.

The SAM assessment determines two measures:

1. Setting aside mortgage payments and subsidy, does the project have positive cash flow (i.e. is it viable). This assessment is conducted both in the current year and at expiry year; and
2. Combining accumulated replacement reserve and ongoing annual contributions, does the project have financial capacity to manage required capital renewal, as indicated by BCA assessments.

The capital adequacy assessment uses a proxy measure based on typically required average annual investment in capital renewal. This can be refined using BCA data, when available. In the initial model availability of $750 per unit/year was adopted as a benchmark. Reflecting more recent BCA input, this benchmark has been increased to $1,500 per unit/yr, although capacity to spend above $1,000 is also a reasonable benchmark.

The model generates an assessment with four potential outcomes as indicated in the results matric below. The best outcome is when both operating viability and capital adequacy are positive; the least favourable is when both are negative.

Overall Assessment Matrix		
	Capital reserves	
	Sufficient	**Insufficient**
Positive NOI	(1) Project is viable, can maintain current RGI market mix and has sufficient capital reserve	(2) Project generates a cash flow surplus, but asset is under-maintained.
Negative NOI	(3) Project is not viable but has good reserves	(4) The project is not viable and replacement reserve is insufficient. Project is at risk

In developing the tool a guide of potential remedial actions was also generated. This explores different options to adjust the RGI/Market mix as well as rent levels, and capital reserve contributions, as options to change the trajectory ahead of expiring agreements/mortgages. Such options may be appropriate for projects with sufficient years remaining in original commitment term to allow these adjustments to take effect (i.e. two or more years remaining).

Using this assessment for each project and provider portfolio provides useful insight across the OCAH portfolio.

Results for each portfolio
Completing this assessment for the 12 projects across four providers reveals that a substantial part of the portfolio is not viable, without ongoing subsidy, and most projects have insufficient capital reserves to maintain properties in sound condition (although generally reserve capacity is close to sufficient, i.e. above $1,000 per unit). This is shown in the assessment matrix below. Full results by project are attached as Appendix A.

Overall Assessment Matrix		
	Capital reserves	
	Sufficient	**Insufficient**
Positive NOI	(1) Project is viable, can maintain current RGI market mix and has sufficient capital reserve	(2) Project generates a cash flow surplus, but asset is under-maintained.
	Two CHC+Wigwamen	**Two CHC+1GHC**
Negative NOI	(3) Project is not viable but has good reserves	(4) The project is not viable and replacement reserve is insufficient. Project is at risk
	GHC (Cummings); Emily Murphy	**Other 4 GHC projects**

Note that the 3 projects that are found to be both viable and with sufficient reserves are those developed under the post 2001 IAH/Action Ottawa (two Cumberland and Wigwamen).

A key feature of this post 2001 era is that unlike earlier projects, the debt is not 100% of cost so mortgage amounts are reduced by an up-front capital grant; and there is no ongoing subsidy.

Most significant, rents are set at a higher level – usually at 60%-80% of median, labeled “below market rent” (BMR) not at deep RGI levels. In some cases there is a separate rent supplement agreement to help lower rents to RGI levels in a portion of the units (e.g. 20 of 41 in Wigwamen, 18 in Fiona Faucher). Thus there is higher rent revenue to cover debt and expenses, and thus enable more viable assets.

In contrast , the key reason for the low viability, particularly for Emily Murphy and most of the Gloucester portfolio is a legacy decision to target 100% of units to RGI households – precisely the situation that non-profit housing was intended to avoid when it replaced deeply targeted public housing in the late 1970’s.

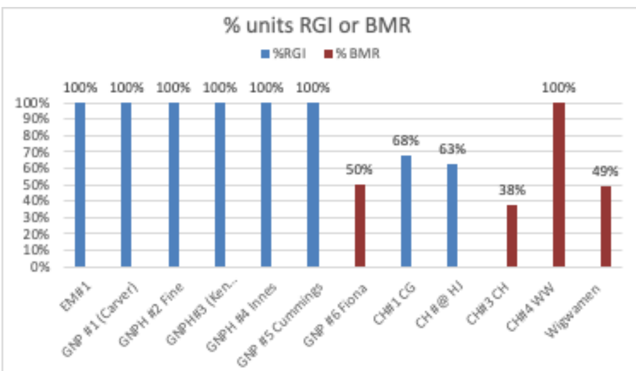
Gloucester Housing, created as a municipal non-profit with a board of councilors believed that limited funding should directed to those most in need, and accordingly adopted a policy of

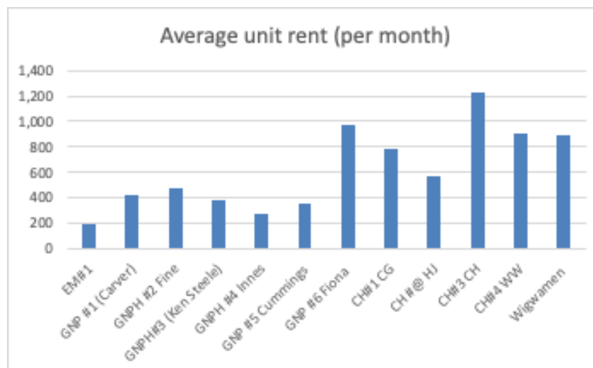
100% RGI. Perhaps a logical decision at the time (when deep RGI subsidy was available), but one that overlooked the longer term financial sustainability of the stock.

National analysis has demonstrated that there is a strong association between the degree and depth of RGI units in a project and the financial sustainability and capacity to leverage these assets.

In pre 1995 properties with a lower mix of RGI (generally fewer than two-thirds RGI) the Net Operating Income (NOI, ignoring mortgage payments and subsidy) is typically much stronger, and underpins future leverage potential.

Near market rent and “below market rents” (BMR) projects generate higher revenues to support the project. Those with a high proportion of RGI (and especially when this is deep RGI) remain dependent on government subsidy.





Here we see that the Cumberland projects either had a lower proportion of RGI and their newer projects (Coburn and West Wing, both built under the post 2001 IAH-Action Ottawa) were built with below market vs. RGI rents. Some of Coburn also have rent supplements to make them RGI, without reducing project revenue. The result is stronger net income and ongoing viability, albeit with few deep need households assisted.

Providing very low rent to enable very affordable housing has some merit, but it also places the assets at risk, and makes it difficult to maintain assets in sound condition.

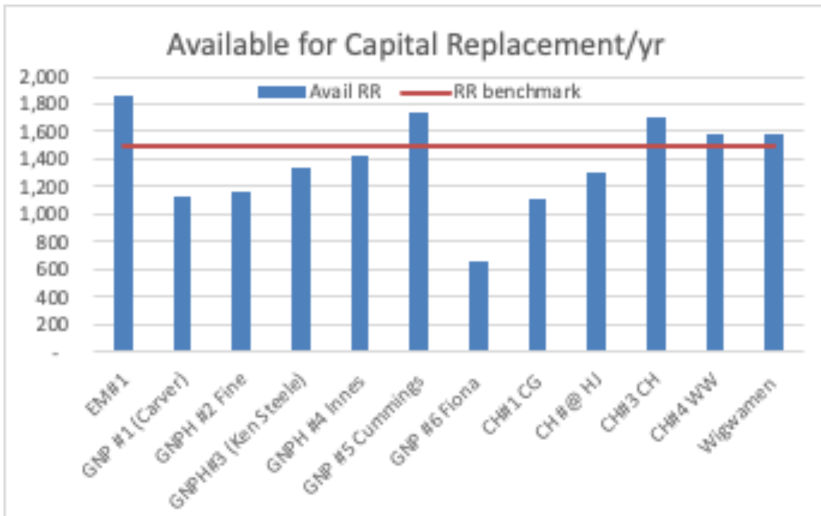
And in the context of the current challenge – expanding the stock, these viability conditions negate potential to lever these existing assets – indeed those with negative NOI (Gloucester and Emily Murphy) have no equity and are liabilities, not assets (beyond underlying land values, which can be realized only via more intense redevelopment).

One reason for these very low rent revenues in RGI units is the perverse rent policy associated with OW/ODSP income assistance beneficiaries living in social housing. In these situations the tenants pay an anachronistic extremely low minimum rent (singles \$85; families \$185), which are far below the maximum shelter component for OW/ODSP (which the same tenant would receive if living in private rental and paying market rent). These low assisted rents are notable especially in Emily Murphy.

Ability to maintain assets well

As noted the combination of reserves and annual contributions that enable annual spending on replacement are in many cases below the $1,500 benchmark established in the SAM as a reasonable level, although all are over $1,000 so are approaching a healthy level. And in the main the properties have been maintained to date in sound condition (BCA's are currently being updated and will provide greater insight).

Again we see strong reserves and capacity to manage capital renewal in the Cumberland and Wigwamen portfolios, largely due to higher rental revenue.



Typically, if a property was in poor or only fair condition and there is strong intensification potential it may be a candidate for redevelopment.

While planning and development potential is examined in the next section, the existing properties are relatively young, but some may be in poor condition, and thus candidates for redevelopment, unless substantial intensification possible.

Leverage potential

For those projects that have positive NOI at End of Mortgage, there is potential to allocate surplus cash flow to finance debt for asset renewal or development.

For the five projects with positive cash flow, it is assumed that 25% of cash is retained in an operating reserve while the remainder is available to support refinancing. The amount that can be generated through this leverage is identified in the table, both on a per unit and a project basis. Amortizing over longer terms clearly generates a large capital amount to spend immediately and can be used to fund replacement and retrofit or to contribute as equity in to new development.

Potential leverage capacity after mortgage expiry

Loan terms	GNP #6 Fiona	CH#1 CG	CH#3 CH	CH#4 WW	Wigwamen
	Project				
5 years	$181,085	$62,980	$109,881	$78,173	$103,867
10 years	$345,020	$119,995	$209,355	$148,942	$197,897
15 years	$493,427	$171,609	$299,407	$213,009	$283,021
	Per unit				
5 years	$5,030	$1,574	$6,868	$5,212	$2,533
10 years	$9,584	$3,000	$13,085	$9,929	$4,827
15 years	$13,706	$4,290	$18,713	$14,201	$6,903

Conclusions on potential leverage

Where a property has positive NOI and thus generates surplus cash flow, there may be opportunity to lever this as a way to raise capital for new development or expansion.

The SAM analysis reveals that there is no such potential leverage in the Gloucester (except Fiona Faucher) or Emily Murphy portfolio (due to 100% RGI).

There is, however, some capacity on the Cumberland properties, and on the post 2001 projects (including Wigwamen) this is likely to grow overtime.

4. Potential intensification opportunities

Opportunities for intensification were assessed by reviewing current zoning as well as potential Official Community Plan designations for potential up-zoning, especially where sites are near a future LRT site.

The following table summarizes the potential for intensification based on a comparison of existing zoning in relation to basic property characteristics. This provides only a high level review; a more detailed analysis would be required for each site, including accounting for current land use, density and setback requirements:

Table 1 Summary of intensification opportunities

Project addresses	Intensification Opportunity	Zoning
2676 Innes Road	Yes	AM-11
1900-1940 Ken Steele Court	Limited	R3-Y
1-12, 1408 Meadowbrook Drive & 1601-1669 Fine Cres	Limited	R3-Y
4200-4298 Carver Place	Yes	R3-Y
1081-1089 Cummings Ave	Yes	R5-A
2676 Innes Road	Yes	AM-11
Charlemagne Gate- Marinoff Way	Yes	R3-WW
Coburn Heights 112 Vieille Caserne Private	Yes	R3-Y
Herve Joly (2980 Colonial Road Sarsfield)	Limited	V3-F
West Wing (an addition to Herve Joly)	Limited	V3-F
205 Eric Czapnik Way (Place Perrault)	Yes	R5-Z
Fiona Faucher	n/a	n/a

Comparing current use to the current zoning potential all sites have some intensification potential, although more limited on two of the Gloucester and two Cumberland sites Cumberland. Additional details on these opportunities are highlighted below for each organization and project in Appendix C.

City of Ottawa Official Plan Opportunities

The current City update to the Official Plan is emphasizing intensification, both within existing built areas as well as around existing rural villages (like Sarsfield) which are designed to accommodate at least 50 per cent of rural growth. This will focus on villages designated on a Schedule, where community facilities, commercial facilities, schools and public infrastructure already exist or can be efficiently provided or upgraded. Most of this development will occur in the large and medium villages – so potentially may create additional intensification on the Herve Joly-West Wing property.

The proposed OCP updates will also set targets for residential intensification in existing urban areas. Intensification may occur in a variety of built forms from low-rise to high-rise provided urban design and compatibility objectives are met. Denser development, that often means taller buildings, should be located in areas that support the Rapid Transit and Transit Priority networks and in areas with a mix of uses. Building heights and densities for different areas may be established through this plan or a secondary plan and will be implemented through zoning.

It is expected that transit oriented zones will be defined as those properties within a 1km radius of an LRT station. Two of the Gloucester properties are within or very close to or just beyond this distance:

- Meadowbrook Drive 1601-1669 Fine Cres is proximate to the Blair Station; and
- Cummings property is close to the Cyrville site.

Depending on adjoining intensification patterns, these sites may be candidates for intensification, although likely not in the short term.

The City will *encourage the production* of affordable housing in new residential development and redevelopment to meet an annual target of:

- 25% of all new rental housing is to be affordable to households up to the 30th income percentile; and
- 25% of all new ownership housing is to be affordable to households up to the 40th income percentile.

The City will encourage and promote the achievement of the targets by providing a toolkit of planning incentives and direct supports, including but not limited to: density bonusing; density transfer; deferral or waiving of fees and charges; alternative development standards; land; and more flexible zoning. Where the support includes municipal investment, it will be associated with mechanisms to ensure the long-term affordability of the units.

These OCP policies may create opportunities for existing non-profits to partner with private developers as potential owner-operators of the portion of units designated as affordable.

Conclusions of intensification and redevelopment potential

The planning and OCP review reveals that there may be some potential for site intensification or redevelopment, however the configuration of existing dwellings occupies much of the space. Intensification would be possible only via demolition and rebuilding on the existing sites.

All organizations have commissioned Building Condition Assessments (BCA)'s and these are expected to be available by early 2021. Armed with current information on the conditions of each structure, each organization will be better positioned to evaluate the alternatives of investing to upgrade and repair vs demolish and replace (at a higher density, thus adding affordable homes). Staff believe the Innes property (GHC/EM) will be identified with significant deficiencies and may be a redevelopment candidate. This can be confirmed using the Facility Condition Index that is generated using the *Asset Planner* tool.

5. Capacity Assessment

The final element of the assessment was a review of the current capacities across the providers. This sought, at a high level to determine what expertise and capacity is present, as well as gaps and weaknesses across each organization. Potentially this can help identify options for collaboration and shared activities.

Non-profit housing providers exist to manage properties and deliver tenancy services to residents. As such there is a core set of necessary expertise required to operate – largely related to tenancy management (selection and evicting, collecting rent responding to requests for services; subsidy management, calculating rent gear to income rent and ensuring eligible households receive subsidy, usually in-kind via RGI or below market rent); and property management (maintain property, manage responses to maintenance calls); and asset management (ensuring necessary investment to sustain assets in sound condition and replace aging capital fixtures). And as public funded entities there is a requirement for accountability for subsidy received and financial management.

Increasingly funders require evidence of expertise and capacity as a pre-condition to allocating funding, including for new development/intensification as well as for capital renewal and modernization grants.

As OHAC looks to expand affordable housing options in Orleans Cumberland, the capacity and expertise of the existing organizations will be an important factor in accessing such new funding.

Interviews were conducted with each provider to assess both staffing levels and the expertise and skill sets within these staff. The responses to these assessments are attached as Appendix B. It should be noted that Wigwamen which has only one property in Orleans is part of a larger Toronto based Indigenous housing provider, so has access to a much larger "back-office" than is the case for the three local providers, as such their capacity is much different.

It was found that in each case, staffing levels are very limited, but many staff have been with the organization for many years (typically more than 10 years and/or have broader sector experience).

Staffing ratios across organizations are quite similar, approximating a ratio of 1 full-time staff for every 30 units. This ratio is augmented by some outsourcing, typically book-keeping and in one case for maintenance.

As small organizations with minimal staffing a single person is responsible to a wide span of activity (overall management, tenancy management, overseeing maintenance staff or contractors) which leaves these organization highly vulnerable in the event that this one person leaves or becomes ill or otherwise incapacitated. Most lack administrative support, leaving heavy burden on the Executive Director/General Manager

While all aspire to grow their portfolio and increase the supply of affordable housing in Orleans-Cumberland, there is very limited expertise in capital renewal, asset planning and new development, other than in Wigwamen, and this expertise is located in their larger Toronto operation. None have up to date or robust asset management and renewal strategies (in part because updated BCA's are just now being completed – early 2021).

While each of the providers have quite experienced boards, with a good breadth of experience, the small scale nature of the providers means that board members are more active, hands on contributors, rather than advisory/policy setting boards.

Summary of assessments

	Gloucester	Cumberland	Emily Murphy*	Wigwamen
Units/staff	36	32	39*excludes separately funded social-support workers	41
Strengths	long serving knowledgeable staff – especially in tenancy management and maintenance	– small staff, most long term, efficient operation – Very low turnover so less pressure on tenancy management role – Recent experience in intensification/new development	– Separately funded social-support workers so strong in tenancy support	Large professional organization with extensive expertise and capacity –a large professional back office Substantial replacement reserves and a new development reserve Extensive and strong tenant support staffing, but based only in Toronto
Weakness	Limited capacity for community engagement; Limited capacity in project management and procurement for substantial capital renewal or intensification/new development	largely a "one-man show" – risk re no succession plan and potential loss of corporate memory – dependent on 1 person, no admin support	- Minimal staff, largely a "one woman show" - Minimal/no maintenance asset management expertise - With limited staff, more "hands on" board	Place Perreault is geographically distant from its base in Toronto

What this suggests re collaboration

This brief assessment highlights a number of areas for collaborations.

A number of providers lack admin support in tenancy intake and management – while turnover is low, this may be manageable. Even without turnover, there are frequent calls from people seeking housing and it takes time to listen and respond. Strengthening this capacity may be important as demand and need persists.

Others, notably Gloucester have a larger capacity in this area, so this may be expertise and capacity that could be shared (e.g. centralized intake, income verification, tenancy management shared service).

An issue that has arisen across the sector over the past two decades, following new statutory requirements for prioritizing high need households and individuals – including those exiting homelessness is a shift in the characteristics of tenants. There has been a gradual shift to an increasing proportion of tenants with support needs. As a supportive housing provider with case workers on staff Emily Murphy has more expertise in this area and could potentially offer support services to other providers (and ICSS a group home provider similarly has this expertise).

At the same time some providers depend on outsourced-contracted maintenance while others have full-time maintenance staff that might be shared, potentially on a fee for service basis. Alternatively, the 4 providers could explore the option of creating a maintenance subsidiary that could service all 12 properties).

With properties aging and reaching a stage when substantial capital asset renewal will become critical, there is a very limited capacity to manage larger scale procurement and asset renewal – and similar skill sets will be needed if any redevelopment or intensification is pursued. [6]

Because this expertise is not required on a permanent basis and cannot be financially sustained in a small organization this is a resource that could be potentially established on a shared basis.

Potential for collaboration and/or consolidation is reviewed next, along with results of discussions with each provider and with OHAC as a whole on these opportunities.

[6] Wigwamen is the exception here - it has extensive expertise as reserves, and has an interest in pursuing new development options in Ottawa.

6. Consolidation of issues, challenges and opportunities

Key challenges:

The Orleans-Cumberland area is underserved with both rental options and more particularly affordable housing. There is a very small rental stock, with limited opportunities for aging and small households to downsize but remain in their community.

And there is a very small number of social-affordable housing units with insufficient opportunities to respond to persisting housing need, especially among renters. This suggests a need to expand both general rental supply as well as more affordable rental options.

A legacy social housing stock in which many projects are 100% targeted to very low income residents. Eight of 12 projects operate with rent -geared to income (RGI) while 4 are at Below Market Rent (BMR). While this high level of deep targeting (in 8/12) serves an important function in providing assistance to a small number of households, it may exacerbate issues of poverty and social inclusion, compared to more mixed income communities. It also impacts ongoing viability – with minimal rent revenue, providers are dependent on subsidy, which City seeks to constrain.

Low rents create liabilities, rather than assets. Predominantly RGI rental revenues are very low and efforts by the City as funder (through benchmarking) may further constrain the project revenues and thus capacity to either maintain assets well or to leverage assets to help support new development.

Administrative challenges

One provider noted that there are no guidelines on how to manage non-targeted (AMR) units in post 2001 affordable projects. This provider believes some guidelines are needed and to date the Service Manager has not provided any direction. This suggests an opportunity for a sector based collaborative approach to develop guidelines drawing from experience of members of Ottawa Social Housing Network (OSHN)

Most projects are close to reaching the maturity of their original operating agreements (replaced by a new legislated framework). Even after mortgages are paid off, which reduces expenses, without renewed and extended RGI assistance most projects remain unviable and unsustainable (because very low RGI rents do not cover remaining operating expenses). For each of these end of mortgage projects, providers will need to negotiate a new subsidy regime with the City as Service Manager. With this negative net income, these are liabilities and are not useful as inputs to collaborative initiatives (a key challenge is how can they be converted to assets?)

One option being advocated by ONPHA and contemplated by MMAH in Bill 184 HSA amendments in 2020 is to replace project based subsidy with a rent supplement agreement.

This would free provider from detailed operating oversight, while targeting affordability via tenant based RGI assistance).

Most projects in this portfolio are aging and in need of substantial capital renewal. Much of the required capital replacement is beyond the fiscal capacity of the providers. Ability to extend their useful life is entirely dependent on accessing retrofit funding programs (and associated operating conditions).

Some properties are in poor state of repair, with substantial deferred capital replacement.[7] At which point is this a case of pouring good money after bad: there is an important consideration whether to renovate or to redevelop (and though intensification increase number and mix of units). A detailed asset management and rationalization exercise, drawing on new BCA data could assist and could be undertaken on a collaborative basis across the entire combined portfolio

As small organizations they have limited budgets to fund staff. So most operate with minimal staffing. While providing low operating costs, this can create stress and staff burnout and there is minimal ability for staff succession planning. With few staff there is less (or no) scope for a full range of expertise and skills.

Two organizations rely very heavily on a single primary staff person and lack administrative support. In addition to over burdening individuals, this puts organizations at risk in event of departure or incapacitation – as well as loss of critical corporate memory.

Limited expertise and capacity to manage substantial retrofit or new development activities. While one provider has managed a recent addition, this was a lot of work and often frustrating. Most lack expertise and capacity in project management, procurement and asset renewal, activities that are becoming increasing necessary as the properties age.

These are activities critical to addressing the goal of OHAC to expand the supply of affordable and appropriate options in Orleans-Cumberland. Wigwamen has considerable expertise in this area, but this is based in Wigwamen's main centre of operations. Toronto. A collaborative approach around asset rationalization, and renewal could help all providers.

Alongside these challenges are a number of opportunities:

Tradeable capacity and expertise. While each provider has challenges, they all have specific expertise that might potentially be shared. For example, Emily Murphy has expertise in tenant engagement and supports (as does ICSS); Gloucester has an experienced in-house maintenance team and tenancy management administrative capacity, and as noted below, owns potential intensification/redevelopment sites; Cumberland has stronger assets and leverage capacity as

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[7] Updated BCA's scheduled to be received January 2021, so these will add information on condition and level of renewal required.

well as recent capital project expertise. Wigwamen has expertise in development and asset management, but this is based in Toronto where most of the Wigwamen portfolio is located.

New operational efficiencies might be achieved. By sharing services in a mutual arrangement, and operating on a portfolio basis, each organization may generate operating efficiencies. While the current funding regime may seek to claw back savings, negotiating on a portfolio basis can strengthen the capacity to push back against such attempts by the City, as funder, to reduce subsidy (a collective consensus negotiating position may also help as projects reach end of mortgage and new subsidy agreements are negotiated with the City). Shared service models may be possible in the area of tenant support/engagement, property maintenance, and asset renewal.

New and expanded funding sources for asset renewal and new development. The NHS and associated bilateral agreement with Ontario have created a new set of funding sources. This includes an extension of legacy subsidy to ensure that any project reaching end of agreement or end of mortgage has access to new subsidy (both new RGI subsidy and retrofit funding) – a process delegated to management by the City; as well as new sources to help finance and fund affordable development (including both via the city/province and unilateral federal CMHC funding).

Redevelopment and intensification potential. Each of the 12 existing sites owned by the OHAC providers was assessed for redevelopment potential. This examined current and potential zoning and opportunities for redevelopment. Both the Emily Murphy and two Gloucester Housing sites have intensification potential. This can be further explored once the current condition of the existing buildings is revealed in the pending Building Condition Assessment (BCA) reports. This will facilitate site specific assessment on options to retrofit vs redevelop.

Building market rent development. Among the new NHS programs is one to finance new market rent supply, with a small (20%) affordability requirement. This requires minimal equity and operating such projects initially on a market basis would generate new revenues to cross subsidize the core mission of OHAC members. It would strengthen the balance sheets of the group, create opportunities to dilute 100% portfolios by shifting RGI units to the new project and, over time, market units can transition to more affordable levels (e.g. by not increasing annual rent to keep up with the market). Such projects may also create options to temporarily house existing residents as redevelopment of existing properties are phased.

Realizing opportunities

Some of these opportunities can conceivably be pursued independently. The ability to pursue others is very much dependent on how the organizations seek to collaborate. It would be very difficult to act, for example on new development without substantial contributions, which alone, none of the Ottawa based providers currently have – they remain dependent on winning in the Action Ottawa funding “lottery”. Thus the OHAC goal to achieve expansion is largely negated by limited Action Ottawa funds and strong competition (especially from more active development groups).

And while there are new funding sources from the NHS the caveat here is that unlike pre 1995 programs which subsidized 100% of cost, or the 2001-18 IAH (Action Ottawa) which provided capital grant often up to 50% of cost, the new NHS funds provide much smaller per unit grant. It is possible to increase potential grant amounts when there are significant partner contributions (and projects are net zero and fully accessible), but again none of the existing Ottawa-based providers alone have sufficient resources to achieve this alone.

So it is critical to assemble partner sources (including new partnerships, such as local faith groups that may have surplus land) and in-kind contributions (e.g. land). Wigwamen have expertise and new development reserve funds and have an interest in expanding their footprint in Ottawa, so may be a potential partner – especially is targeted funding for and Urban Indigenous program materializes.[8]

With the province keen to reform the legacy social housing funding model (2020 Bill 184 and associated amendments to the Housing Services Act) and the imminent arrival of end of mortgages there will be new opportunities to explore reform in subsidy and operating practices. These will entail challenging negotiations with the City which can be managed better on a portfolio basis (strength in numbers).

[8] The NHS proposes funding for urban and rural indigenous housing and the CHRA Indigenous caucus is actively campaigning for a by Indigenous for Indigenous program and funding.

7. Options and collaborative models

The primary objective of this analysis and process is to explore potential options for collaboration. This can take a variety of forms from simply one-off collaborative initiatives, through to shared service agreements and at the extreme to full merger.

Spectrum of collaboration

Associations (includes coalitions and collaborations)	**Joint Programming**	**Shared Services**	**Group Structure**	**Merger (includes affiliate and subsidiary**
A group of organizations that voluntarily combine forces to accomplish a purpose over time	Contractual programmatic undertakingof two or more entiyties without actual legal incorporation	Jointly hiring a third party or agreeing to share an existing resource to provide services such as accounting, maintenance, IT.	A formal arrangement between two or more entities to create a linked structure comprised of a number of interdependent organisations known as group members who collaborate and agree on strategic direction	A legal and formal combining of two or more organizations into one.Can be achived via combining separate entities, or joining together to form a new one (and transfering asets into new entity).

Less — Level of integration — More

Adapted from Partnerships and Collaborations, https://www.bridgespan.org/insights/library/nonprofit-management

As illustrated here, the spectrum evolves from relatively little integration to a high level of integration, with mergers involving assimilation into a single structure encompassing all of the parts and functions of the contributing organizations (which each then cease to exist).

Some illustrative examples

Joint Programming – Ottawa Community Housing (OCH) are the region's largest housing provider – highly professional and with extensive capacity they have strong capacities in tenancy and property management, asset renewal and new development. But they lack expertise in design and delivery of supportive housing services for more vulnerable clients, including formerly homeless. To access this specialized expertise they have entered into service agreements with organizations like Options Bytown, a supportive housing provider with this required specialized expertise. OCH retains tenancy property management, while Options Bytown delivers supports on a fee for service basis. In Edmonton the Capital Region Housing Corporation (CRHC) has extensive "back-office expertise such as financial accounting, HR services. CRHC sells these services of a fee for service basis to small providers that lack this necessary expertise and are too small to be able to take on this capacity in house. Potentially this type of arrangement could be created between Emily Murphy levering their support expertise and capacity to offer services to others; or by a consolidation of "back office" functions in one provider extending these services to others.

Shared services: Prior to this being a legislated requirement, social housing providers across the Ottawa region networked through the Ottawa Social Housing Network (OSHN), recognized that with each organization maintaining their own wait list there was extensive overlap and duplication, both in terms of the total number of households seeking access to social housing and in the administrative functions and cost to maintain a list. By working collaboratively OSHN created a single centralized housing registry to perform this function on behalf of all providers – initially on a voluntary basis, but subsequently legislated and extended across the province (with Ottawa as the basis for this approach in other cities). Currently OSHN is exploring options for a similar collaborative shared services approach to contracting snow removal and pest management.

Group structures – beginning in the early 1980's the concept of group structures emerged as part of UK asset transfers from public to community non-profits. This model has not transferred to Canada, with the exception of an Urban Native organization in BC, M'akola. Initially a Victoria based Urban Native Non-Profit, M'akola extended its operations into other smaller communities in Vancouver Island. Subsequently it has absorbed a number of struggling Urban Native providers across the interior and northern parts of BC. In this model, the individual providers initially retained local operations and local boards. Overtime the boards were gradually replaced such that the board of each individual provider were identical, even though each continued to exist as a separate legal entity. This provided more professional and consistent governance, as well as facilitating restructuring to achieve economies of scale in back office core functions while retaining local tenancy and where appropriate cultural supports.

Full Merger – Prior to the Downloading of social housing and creation of the Service Manager role in 1998, Ottawa had two large public providers. Ottawa Housing Corporation as the local administration of provincially owned and operated public housing and the City's municipal nonprofit City Living. With two separate organizations essentially delivering the same service, albeit with quite different corporate cultures, now both owned by the City a decision was made to merge these two organizations,. All assets and staff of City Living were amalgamated into OHC which was subsequently rebranded as Ottawa Community Housing.

8. Toward collaborations – open and constructive dialogue

For many organizations and especially those that created their corporation decades ago and have nurtured it to this point, there is strong attachment to the legacy identity and may be reluctance to give up control. Existing staff may consider any discussion that explores formal merger or acquisition as a threat to their continued employment (especially if there is an efficiency, cost saving imperative). And in some cases there are significantly different corporate histories and cultures that may be perceived as incompatible (e.g. the 2001 merger of Ottawa Housing Corporation, a provincial bureaucracy, and the private non-profit city subsidiary, City Living).

Accordingly, any discussions and exploration between the collaborating groups should be open and without any predetermined structure. Ideally, form (corporate structure) should follow function, so the appropriate structure should be determined based on shared objectives and outcomes.

And while shared objectives and outcomes should be confirmed through mutual consultation, a potential over-arching objective could be to strengthen and grow the affordable housing opportunities in the Orleans-Cumberland area). This may not require formal mergers – the options of shared service agreements or group structure may be sufficient.

Discussion on options to collaborate

Initial briefings with each of the 4 providers reviewed and discussed findings (in two cases this included executive directors and as well board members). Subsequently, and drawing on feedback from these briefings a meeting of the Orleans Housing Advisory Committee (OHAC) was convened to explore and identify opportunities for collaboration. Specific options were identified and provider participants were asked *do you see any potential benefit in each of the following*? The responses are presented below, with conclusion or next steps *italicized*:

1. Building consensus position to negotiate with Service manager re new subsidy agreement at End of Mortgage

There was agreement that strength in numbers is good. At this time there is uncertainty as to options because while recent legislation (Protecting Tenants and Strengthening Community Housing Act 2020) creates new options including a simple rent supplement contract, the associated regulations have not yet been promulgated.

> *It was noted that a broader coalition of the entire Ottawa Social Housing Network (OSHN) is pursuing this, so it may not be necessary to collaborate only among the four Orleans providers.*

2. Providing support services to disadvantaged tenants (priority placement)

Given the gradual increase in tenants across all portfolios that are placed from the priority list, many with support needs, there is need to extend supports, but as housing providers this is an unfunded activity. Both Emily Murphy and ICSS have expertise in delivering support services. There was potential interest and Wigwamen was identified as a potential client, as they are physically distant from the parent organization, which does provide supports in Toronto. Under current Covid situation however capacity to extend services is not feasible.

This potential should be revisited once the pandemic situation is over.

3. Creating a maintenance collective

GHC noted that they lack strong maintenance capacity and may be interested. GHC has an after-hours call centre arrangement with OCH. It was noted that CCOC has a similar fee for service arrangement with a west end provider, which could be a model to follow. The new GHC ED had prior experience with doing this when at CCOC so this may create an opportunity. and

Cumberland have expertise but expressed uncertainty if they had capacity to draw on this team to service other providers.

Again it was noted that OSHN is also doing an analysis on shared services, so there may be broader opportunities – however the geographic proximity of the Gloucester-Cumberland providers is a unique benefit to pursue via OHAC.

Providers should explore this opportunity further through OHAC or on a mutual basis, building on prior experience of new GHC Executive director.

4. Undertaking joint asset management and renewal study

This entails two aspects, first analysis recently received BCA reports to assess condition of assets and adequacy of capital reserves (the SAM assessment undertaken in current work also highlighted substantial reserve shortfall). The second, which would be informed by properties in poor condition with excessive reserve shortfall would undertake more detailed redevelopment options (i.e. does redevelopment make better financial sense).

Given that City funded BCAs it was suggested that group could wait and see if City reacts with any increased retrofit or rehab funding. The city budget for renovation via COCHI are already known and are very limited; there may be options via the CMHC National Housing Co-investment Fund or via FCM Sustainable Affordable Housing Fund (for retrofit existing units for higher energy performance).

It appears that providers prefer to pursue these retrofit funding options independently.

With respect to exploring redevelopment options, both GHC and Emily Murphy had previously done some work in this area. Armed with new BCA data and opportunity to consider retrofit vs. rebuild there may be merit in undertaking a portfolio wide comprehensive assessment. This could include potential to add units via intensification and would necessarily require consideration of rehousing existing tenants if redevelopment is a selected option.

OHAC to review and consider this as a phase 2 exercise

5. Collaborating to add new affordable (potentially to facilitate rehousing during redevelopment)?

There was some discussion of options to build at market (or average market) and cross subsidize existing portfolios with options to layer rent supplement for deeper affordability. Potentially market rent properties can gradually morph into more affordable overtime (by minimizing annual rent increases) – a longer run strategy to grow the affordable stock.

The opportunity to add additional affordable units is a key priority across all providers. However there was no clear consensus on whether they wished to pursue this individually versus as a collective. It was implied that a collective approach may add complications (e.g. who owns, who shares what portion of cost vs any revenues etc.).

6. Other opportunities

In addition participants identified two other options:

Is there any interest in creating a land trust or in joining the recently created Ottawa Community Land Trust (OCLT). This could be a repository of any new development assets and could also hold existing assets (transfer into the land trust).

Participants were unfamiliar with recently incorporated Ottawa Community Land Trust – and suggested it may be useful to have OCLT present to OHAC before they could consider any options in this regard

The idea of partnering with private developers that may be developing as part of transit hub intensification was also noted. If the City imposes an inclusionary requirement, such developers may seek a non-profit partner to take ownership and/or operate the affordable element (more so if a condominium rather than a rental operator).

Again strong interest but at an individual provider level, not as a collective.

9. Concluding observations

This review and assessment has identified both a series of challenges as well as opportunities to explore collaborative approaches to responding to these challenges.

Prior to this exercise, OHAC had already started exploring the idea of collaboration. A proposal was tabled by the Cumberland Housing Corporation that identified an interest in participating in a peer-exchange-based-approach to seeking collaborative partnerships where missions and goals are aligned in the development of increased affordable housing stock in Orléans and/or surrounding areas in Ottawa's east-end. This assessment provides additional insight and also suggests potential areas of collaboration – with the more favoured approach being to explore comprehensive asset audits - and potential to lever existing assets via redevelopment.

This review and assessment has helped the participating organizations to identify the potential and benefits of collaboration. Action on pursuing and implementing these must evolve from common interests and active participation of OHAC members. This will require ongoing deliberations, including the creation of a plan of action, drawing on and prioritizing options to collaborate and with specific objectives and outcomes to which members of OHAC can contribute.

At this time, the providers do not appear to be convinced that collaborations are necessary or helpful versus pursuing these options independently, or through wider collaborations. Where shared service and fee for service arrangements might be beneficial the providers are looking more broadly to the larger Ottawa Social Housing Network.

The one exception where there was consensus is in pursuing funding to undertake an asset renewal strategy including options for redevelopment.

While the idea of organization consolidation does not currently resonate, this exercise has nonetheless planted some seeds and stimulated some thinking. And as executive directors age toward retirement, without succession planning, options to consolidate may become more attractive.

Appendix A: EOA Simplified Assessment Matrix - Output summary

Simplified Assessment of impact of End of Agreement (Mortgage)												
Assessment output	**Emily Murphy**	**Gloucester**						**Cumberland**				**Wigwamen**
Project name/identifier	EM#1	GNP #1 (Carver)	GNPH #2 Fine	GNPH#3 (Ken Steele)	GNPH #4 Innes	GNP #5 Cummings	GNP #6 Fiona	CH#1 CG	CH #@ HJ	CH#3 CH	CH#4 WW	Wigwamen
Expiry year	2025	2030	2029	2026	2025	2023	2039	2027	2023	2061	2061	2036
Years until expiry	5	11	10	7	6	4	20	8	4	42	42	17
Total units (includes market and RGI)	39	63	47	38	66	38	36	40	24	16	15	41
Test 1: Operating viability								0	0	0	0	
(assumes subsidy and mortgage expired this year)												
Total revenues (excluding any subsidy)	94,822	324,586	266,973	175,177	221,795	165,746	418,267	375,830	163,756	235,056	163,000	441,243
Total operating expenses (Excl mortgage P&I)	265,728	448,737	334,772	270,667	470,106	270,667	227,865	309,610	170,872	119,522	80,805	332,032
Net Operating Income (NOI, (today)	(170,906)	(124,151)	(67,799)	(95,490)	(248,310)	(104,921)	190,402	66,220	(7,116)	115,534	82,195	109,211
NOI **per unit per year**	(4,382)	(1,971)	(1,443)	(2,513)	(3,762)	(2,761)	5,289	1,656	(297)	7,221	5,480	2,664
Test 2: Projecting NOI to actual expiry year												
Assumed annual increase in operating costs	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Assumed annual increase in rents	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Projected revenue year of expiry	99,659	362,131	294,904	187,813	235,440	172,476	510,365	406,970	170,405	357,001	247,563	522,566
Projected operating year of expiry	293,385	557,948	408,086	310,911	529,415	292,979	338,595	362,757	184,957	274,571	185,629	464,925
Projected NOI	(193,726)	(195,818)	(113,181)	(123,098)	(293,975)	(120,503)	171,770	44,213	(14,552)	82,429	61,934	57,641
NOI per unit at Expiry (annual)	(4,967)	(3,108)	(2,408)	(3,239)	(4,454)	(3,171)	4,771	1,105	(606)	5,152	4,129	1,406
Test 3: Adequacy of replacement reserves												
Last fiscal year end (data year)	2020	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
Year Operating Agreement terminates	2025	2030	2029	2026	2025	2023	2039	2027	2023	2061	2061	2036
Remaining years before expiry	5	11	10	7	6	4	20	8	4	42	42	17
Balance in replacement reserve	212,010	236,035	176,089	142,370	247,275	142,370	71,010	85,417	4,610	97,856	39,000	271,901
Annual allocation to Capital Replace Reserve	30,044	50,144	37,409	30,246	52,532	30,246	20,418	34,500	31,560	25,000	22,820	48,952
Sec 95 Surplus subsidy Fund (SSF)								-5,452				
Available to spend on capital replacement each remaining year	72,446	71,602	55,018	50,584	93,745	65,838	23,969	44,496	31,349	27,330	23,749	64,946
Available for capital replace per unit per year remaining	1,858	1,137	1,171	1,331	1,420	1,733	666	1,112	1,306	1,708	1,583	1,584
Summary assessment												
Is project viable	NO	NO	NO	NO	NO	NO	YES	YES	NO	YES	YES	YES
Do you have sufficient reserves	YES	NO	NO	NO	NO	YES	NO	NO	NO	YES	YES	YES

Appendix B: Capacity Assessments

Capacity Assessment Framework: Gloucester Housing

Total Full time staff: 7 (but 1 FT on leave)

Total Part Time staff: 1

Performance Area	**Activities**	**# staff #FT #PT, or outsourced**	**Level of knowledge minimal, average, strong**	**Years of experience (<1 year; 1-3, >3 years**
Tenancy Management	Receive and process applications Rent setting and adjustment Rent collection and arrears management Eviction management and processing	3 F/T	2 Very strong; 1 average	All 5+ years in sector
	Familiarity with legislative/regulatory framework (including RTA, Prov Housing Leg- HSA), project operating agreement			
Financial Management	Effectively maintain GL and necessary reporting on key performance indicators. Robust strategic and operational financial plan and risk management strategy	1 F/T Finance officer; 1 PT office admin to manage rent processing etc.	Very strong	
Community Engagement	Identify and maintain community partnerships to connect tenants to appropriate supports and services in order to enhance tenant outcomes	1 F/T tenancy management;	Good on Tenancy mgmt.; less expertise in community engagement	
Property Maintenance and repair	Set and meet property condition standards. Responsive to maintenance calls with timely completion	1 F/T; 1 P/T seeking to strengthen	Good experience, but limited capacity	
Asset Management	Assess and plan for capital renewal of existing stock Effectively manage and invest in capital replacement		Currently no plan (awaiting update to BCA)	

	Project management and procurement for substantial capital renewal		Limited capacity or expertise
New development/ intensification	Project management and procurement for new construction		No capacity or expertise

Governance			
Effective board recruitment and renewal (term max, frequency of renewal)	Max terms 3yrs, 3 renewals		Turnover last election Good mix of old and new members
Board members have range of skills sets and expertise: e.g.	Property management	Finance/accounting	Architecture /planning /development
	Yes	Yes	Yes
Board policy documents complete and up to date (Coherent and robust strategic, financial and risk planning – evidenced by updated strategic and risk management plans) - year updated	Strategic Plan (year updated)	Board policy manual (year updated)	Risk Management Plan (year updated)
	July 2019	Most recent update 2017; plans to update	Plan to be prepared 2021

Overall assessment

Strengths

– long serving knowledgeable staff – especially in tenancy management

– Inhouse maintenance team

Weaknesses

– Limited capacity of community engagement activities;

– Limited capacity in project management and procurement for substantial capital renewal or intensification/new development.

Capacity Assessment Framework: Cumberland Housing

Total Full time staff: 3 (1 overall management; 2 maintenance); recently added a 4th for janitorial/maintenance

Total Part Time staff: 0

Performance Area	**Activities**	**# staff #FT #PT, or outsourced**	**Level of knowledge minimal, average, strong**	**Years of experience (<1 year; 1-3, >3 years**
Tenancy Management	Receive and process applications Rent setting and adjustment Rent collection and arrears management Eviction management and processing	1 F/T	Very Strong	20+ yrs
	Familiarity with legislative/regulatory framework (including RTA, Prov Housing Leg- HSA), project operating agreement			
Financial Management	Effectively maintain GL and necessary reporting on key performance indicators. Robust strategic and operational financial plan and risk management strategy	Same person as above – when issues arise work with SM	Same person as above	Same person as above
Community Engagement	Identify and maintain community partnerships to connect tenants to appropriate supports and services in order to enhance tenant outcomes	No formal staff	2 of 4 properties for seniors, so have strong relationships for community services from LHIN and OCCRC	
Property Maintenance and repair	Set and meet property condition standards. Responsive to maintenance calls with timely completion	2 F/T	Long term maintenance staff; properties younger and well maintained	
Asset Management	Assess and plan for capital renewal of existing stock Effectively manage and invest in capital replacement		Awaiting new BCA (2011 outdated)	

	Project management and procurement for substantial capital renewal		ED plus Maint Mgr 10+yrs experience and manage procurement – most work performed internally
New development/ intensification	Project management and procurement for new construction	Recently added addition	ED and Architect acted as construction mgrs

Governance			
Effective board recruitment and renewal (term max, frequency of renewal)	Max terms 3yrs , max 2 terms		Turnover last election Bylaws require 7, seek to have 9 for succession planning
Board members have range of skills sets and expertise: e.g.	Property management	Finance/accounting	Architecture /planning /development
	YES	Yes	Limited
Board policy documents complete and up to date (Coherent and robust strategic, financial and risk planning – evidenced by updated strategic and risk management plans)	Strategic Plan (year updated)	Board policy manual (year updated)	Risk Management Plan (year updated)
- year updated	No formal plan, but active board discussions	Yes	no

Overall assessment

Strengths

– small staff, most long term, efficient operation

– Very low turnover so less pressure on tenancy management role

– Recent experience in intensification/new development

Weaknesses

– largely a "one-man show" – risk re no succession plan and potential loss of corporate memory

– dependent on 1 person, no admin support

Capacity Assessment Framework: Emily Murphy *

Total Full time staff: 2 (1 overall management; 1 support worker)

Total Part Time staff: 1 social/support worker plus a contracted bookkeeper

Performance Area	**Activities**	**# staff #FT #PT, or outsourced**	**Level of knowledge minimal, average, strong**	**Years of experience (<1 year; 1-3, >3 years**
Tenancy Management	Receive and process applications Rent setting and adjustment Rent collection and arrears management Eviction management and processing	1F/T	Moderate-strong	20+ yrs
	Familiarity with legislative/regulatory framework (including RTA, Prov Housing Leg- HSA), project operating agreement			
Financial Management	Effectively maintain GL and necessary reporting on key performance indicators. Robust strategic and operational financial plan and risk management strategy	Same as above	No formal asset or risk plan – mainly putting out fires	
Community Engagement	Identify and maintain community partnerships to connect tenants to appropriate supports and services in order to enhance tenant outcomes	1 F/T; 1 P.T	These two support staff mange and deliver program related to EM support/recovery mission	
Property Maintenance and repair	Set and meet property condition standards. Responsive to maintenance calls with timely completion	Out-sourced	Largely reactive as maintenance issues arise	
Asset Management	Assess and plan for capital renewal of existing stock Effectively manage and invest in capital replacement	Outsource maintenance, and major repair no asset plan	Typically spend annual RT allocation in current year	

	Project management and procurement for substantial capital renewal		No capacity or expertise
New development/ intensification	Project management and procurement for new construction		No capacity or expertise

* As a supported housing provider for victims of violence support staff, plus portion of ED salaries are funded jointly by MCCSS and the City Community Funding, as distinct from housing subsidies.

Governance			
Effective board recruitment and renewal (term max, frequency of renewal)	Max terms No max; I over 30yrs		Turnover last election Departing board members responsible to recruit replacement
Board members have range of skills sets and expertise: e.g.	Property management	Finance/accounting	Architecture /planning /development
	some	some	No
Board policy documents complete and up to date (Coherent and robust strategic, financial and risk planning – evidenced by updated strategic and risk management plans) - year updated	Strategic Plan (year updated)	Board policy manual (year updated)	Risk Management Plan (year updated)
	2014	Reviewed and updated some in 2019	No

Overall assessment

Strengths

– Separately funded social-support workers so strong in tenancy support

Weaknesses

- Minimal staff, largely a "one woman show"
- Minimal/no maintenance asset management expertise (outsource maintenance)
- With limited staff, more "hands on" board

Capacity Assessment Framework: Wigwamem *

Total Full time staff: 22 (confirm total)
Total Part Time staff:

Performance Area	Activities	# staff #FT #PT, or outsourced	Level of knowledge minimal, average, strong	Years of experience (<1 year; 1-3, >3 years
Tenancy Management	Receive and process applications Rent setting and adjustment Rent collection and arrears management Eviction management and processing	2 to process applications (of which this is only one part of job); 6 in rent management, collections and eviction management	High; Wigwamen operates as an alternative provider and has detailed access plan.	extensive
	Familiarity with legislative/regulatory framework (including RTA, Prov Housing Leg-HSA), project operating agreement			
Financial Management	Effectively maintain GL and necessary reporting on key performance indicators. Robust strategic and operational financial plan and risk management strategy	CMA as chief Finance officer	Very strong	
Community Engagement	Identify and maintain community partnerships to connect tenants to appropriate supports and services in order to enhance tenant outcomes	8 tenant support workers	Extensive array of supports and programming (mainly in Toronto) – a critical mass is req'd to establish similar services in Ottawa	
Property Maintenance and repair	Set and meet property condition standards. Responsive to maintenance calls with timely completion	1 highly skill Maintenance manager with expertise in energy efficiency, and 3 additional maintenance workers - in Orleans typically contract for repairs		
Asset Management	Assess and plan for capital renewal of existing stock Effectively manage and invest in capital replacement	Up to date BCA's and extensive capital reserves (over $16 M)		
	Project management and procurement for substantial capital renewal	Extensive expertise. In addition to reserves pro-active in pursuing additional sources of retrofit funding		
New development/ intensification	Project management and procurement for new construction	F/T development manager, recently acquired Pan Am Village to add to portfolio		

* Wigwamen is a larger provider with over 850 units based in Toronto, primarily serving Indigenous residents. It operates one project in Ottawa Place Perrault, a 41 unit apartment in Orleans. This capacity assessment reflects the larger organization. Place Perreault in Orleans has 2 full time property managers and draws on both Toronto based staff (and back office functions as well as contracting local trades when required. .

<table>
<tr><th colspan="5">Governance</th></tr>
<tr><td>Effective board recruitment and renewal (term max, frequency of renewal)</td><td colspan="2">Max terms
No max; some over 20yrs; but also some turnover and recruit for skills as required</td><td colspan="2">Turnover last election
Departing board members responsible to recruit replacement</td></tr>
<tr><td rowspan="2">Board members have range of skills sets and expertise: e.g.</td><td>Property management</td><td colspan="2">Finance/accounting</td><td>Architecture /planning /development</td></tr>
<tr><td>yes</td><td colspan="2">yes</td><td>yes</td></tr>
<tr><td rowspan="2">Board policy documents complete and up to date (Coherent and robust strategic, financial and risk planning – evidenced by updated strategic and risk management plans)
- year updated</td><td>Strategic Plan (year updated)</td><td colspan="2">Board policy manual (year updated)</td><td>Risk Management Plan
(year updated)</td></tr>
<tr><td>No strategic plan, but annually discussion on priorities</td><td colspan="2">Detailed policy manual and monthly briefings to Board</td><td></td></tr>
</table>

Overall assessment

Strengths

– As a large professional organization (over 20 staff and over 800 units) Wigwamen has extensive expertise and capacity

– Able to draw on capacity of a large professional back office

– It has substantial replacement reserves and a new development reserve

– Extensive and strong tenant support staffing, but based only in Toronto

Weaknesses

– Place Perreault is geographically distant from its base in Toronto

Other: Wigwamen is interested in expanding its footprint in Ottawa and could bring its expertise and resources to assist if opportunities are available

Appendix C: Planning and Intensification Assessments

Gloucester Housing

2676 Innes Road

This property currently has 66 units dedicated to families. The property is zoned AM-11 (Arterial Mainstreet). This represents redevelopment, infill development and intensification opportunities on this property as the current zoning allows for greater height and the goal of the zoning is to promote intensification.

1900-1940 Ken Steele Court

This property currently has 38 units dedicated to families. The property is currently zoned R3-Y (Residential Third Density Zone). There may be room for additional redevelopment, infill opportunities and development potential for a planned unit development, but potential is quite minimal.

1408 Meadowbrook Drive 1601-1669 Fine Cres

This property currently has 47 units dedicated to families. The property is currently zoned R3-Y (Residential Third Density Zone). The property has different sub zoning requirements dependent on the type of development including planned unit development, three unit, duplex, detached linked unit, semi-detached, and townhouse. Given current use, intensification potential is quite limited. However, as noted below, this site is just within a 1km radius of the Blair LRT and as such may potentially be included in policies that encourage transit oriented intensification – which might justify replacement and rebuilding at a higher density.

4200-4298 Carver Place

This property currently has 63 units dedicated to families. The property is currently zoned R3-Y (Residential Third Density Zone). The goal of this zoning is to allow a wide variety of residential building forms including townhouses, and semi-detached properties.

1081-1089 Cummings Avenue

This property currently has 12 units dedicated to families. The property is currently zoned R5-A (Residential Fifth Density Zone). The R5 zoning allows several other residential uses to provide additional housing choices within the fifth density residential areas as well as to permit ancillary uses to the principal residential use to allow residents to work at home and to accommodate convenience retail spaces. As noted below, this site is just within a 1km radius of the Cyrville LRT and as such may potentially be included in policies that encourage transit oriented intensification.

Emily Murphy Non Profit Housing Corporation

2676 Innes Road

This property currently has 40 units dedicated to families with special needs. The property is currently zoned AM-11(Arterial Mainstreet). This represents redevelopment, infill development and intensification opportunities on this property as the current zoning allows for greater heights and the goal of the zoning being to promote intensification.

Cumberland Housing

Charlemagne Gate- Marinoff Way

This property currently has 40 units dedicated to families. The property is currently zoned R3-WW (Residential Third Density Zone). This zoning allows a wide variety of residential building forms including townhouses, and semi-detached properties. The property has different sub zoning requirements dependent on the type of development including planned unit development, three unit, duplex, detached linked unit, semi-detached, and townhouse.

Coburn Heights

This property currently has 16 units dedicated to families. The property is currently zoned R3-Y (Residential Third Density Zone). This zoning allows a wide variety of residential building forms including townhouses, and semidetached properties.

Herve Joly

The property has 24 units dedicated to seniors. The property is currently zoned V3-F (Village Residential Third Density). The purpose of V3-F zoning is to permit a range of low and medium density housing types in areas designated as Village in the Official Plan; therefore restricting the building form to low rise, medium density, based on existing development patterns. As below, this property has already been intensified.

West Wing

West Wing, is an addition to the Herve Joly property, it is part of a larger Affordable Housing Program (AHP). It has 24 units dedicated to seniors. The property is zoned V3-F (Village Residential Third Density). The purpose of V3-F zoning is to permit a range of low and medium density housing types in areas designated as Village in the Official Plan; therefore restricting the building form to low rise, medium density, based on existing development patterns.

Wigwamen

Place Perrault

This property currently has 41 units dedicated to families. The property is currently zoned R5-Z (Residential Fifth Density Zone). The R5 zoning allows several other residential uses to provide additional housing choices within the fifth density residential areas as well as to permit ancillary uses to the principal residential use to allow residents to work at home and to accommodate convenience retail spaces. The R5 zoning is also meant to regulate development in a manner that is compatible with existing land use patterns so that the mixed building form, residential character of a neighbourhood is maintained or enhanced.