



Expiry of Operating Agreements:

Preparing Manitoba's Non-Profit
Housing Sector



April 5, 2016



Preparing for EOA in Manitoba:

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 - Jino Distasio, Director and Vice President, Research & Innovation
 - Sarah Zell, Research Associate
 - Scott McCullough, Research Associate
- Funding from Winnipeg Foundation, MB Housing

Project Overview





Preparing for EOA in Manitoba:

- Phase 1: Review Best Practices Canada-wide
 - Identify key risk factors, strategies, resources
 - Survey Manitoba non-profit housing providers
- Phase 2: Case Studies of Manitoba Examples
- Phase 3: Development of Resources (toolkit)

Project Overview





Preparing for EOA in Manitoba:

- Goal is to help housing providers prepare for the end of their individual agreements.
- The primary intended outcome is the development of a comprehensive training program or tool.
- The final goal is to maintain or prevent the loss of affordable housing across Manitoba.

Project Goals



Program Type	Description
COOP (PRE-86 and ILM)	<i>Pre-86</i> - covered operating costs, stacked subsidies <i>ILM</i> - mortgage + stacked subsidies
POST 85 and COOP-85	<i>Post-85 (from 1986 on)</i> - 25–30% RGI
SEC 26/27	<i>Mortgage only, some subsidies</i>
SEC 95	<i>100% mortgages, minimum 15% RGI</i>
Urban Native & UN-Coop	<i>Mostly scattered site, 100% RGI</i>

Program Types



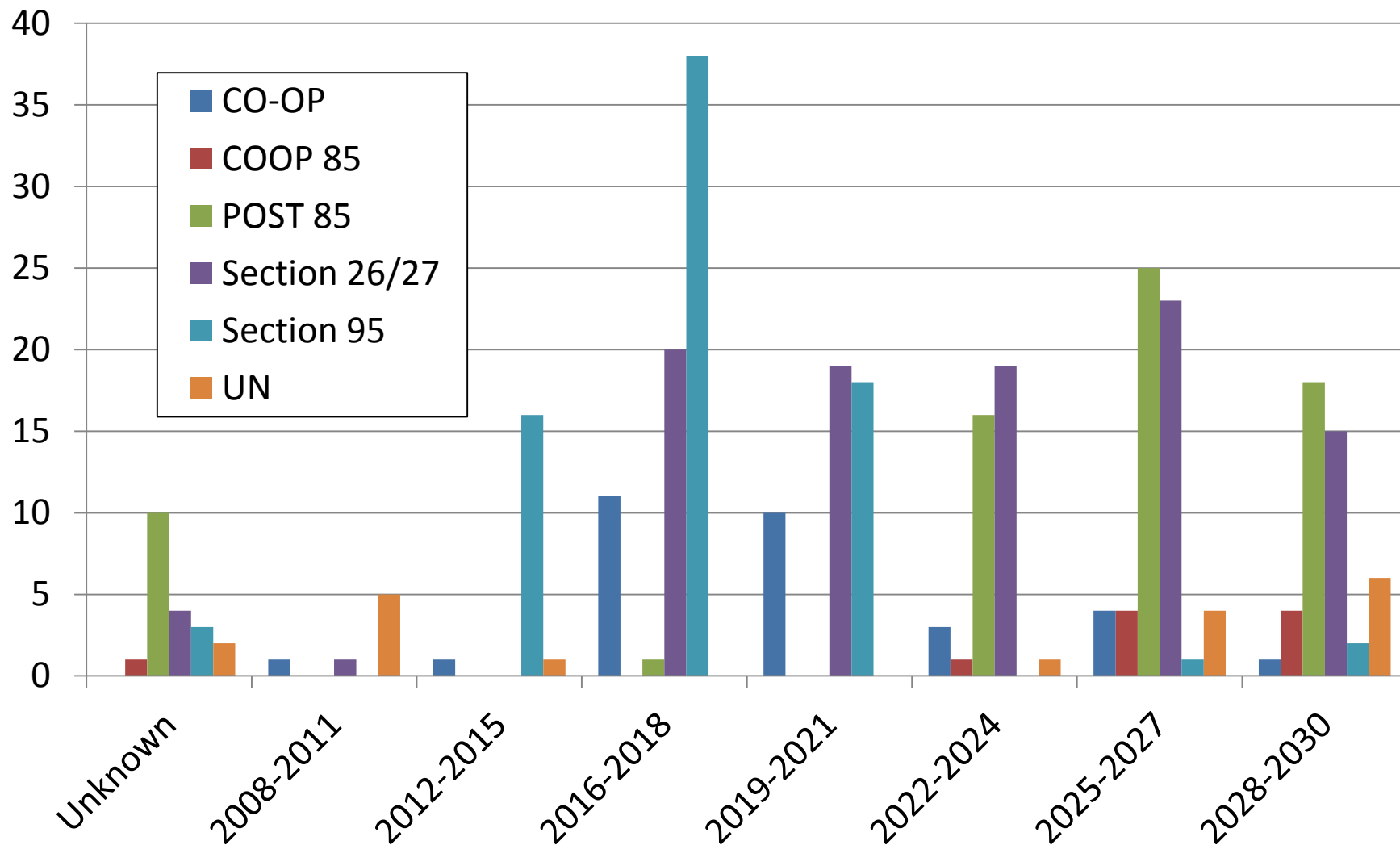


Manitoba:

- 390 non-profit housing providers, 17,500 units
- 308 are set to expire, 10% have done so already
- Most expired are Section 95 and Section 26/27
- In the **next 2 years, 53 agreements** will expire
- In the **next 5 years, 102 agreements** will expire
 - (48% Section 95, 31% Section 26/27, and 20% Co-op)
- From 2021 until 2030, **156 agreements will expire**

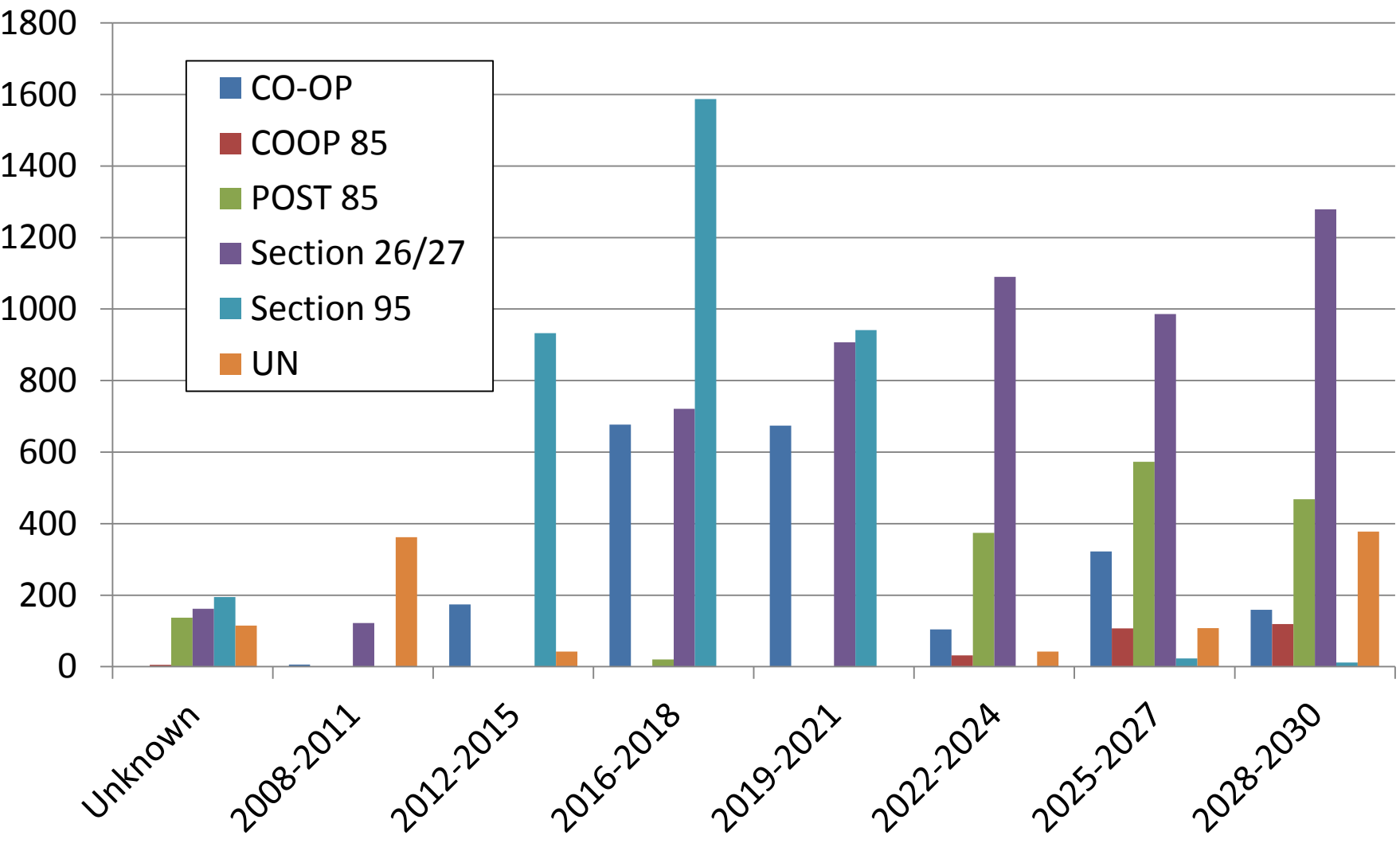
MB Context





EOAs by Type & Year



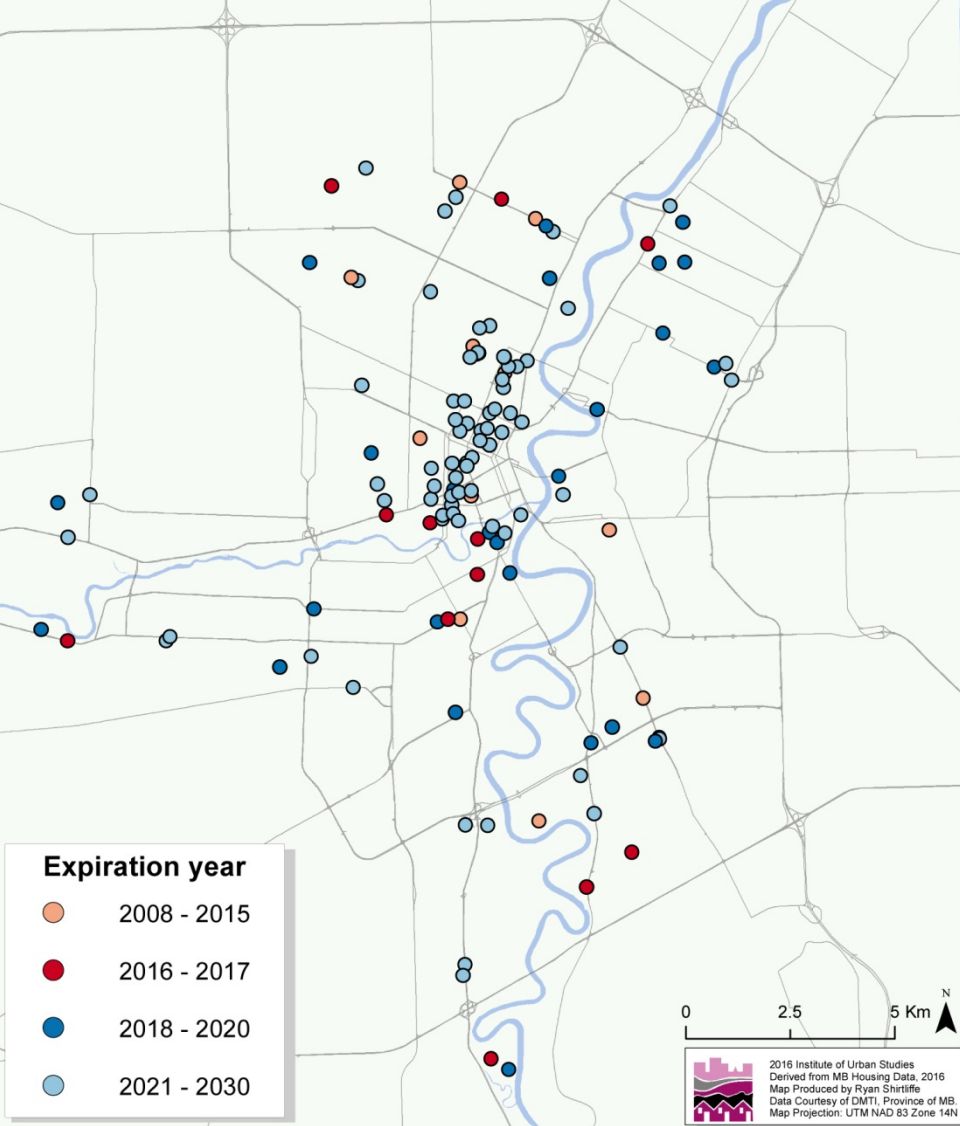


Number Units by Type & Year



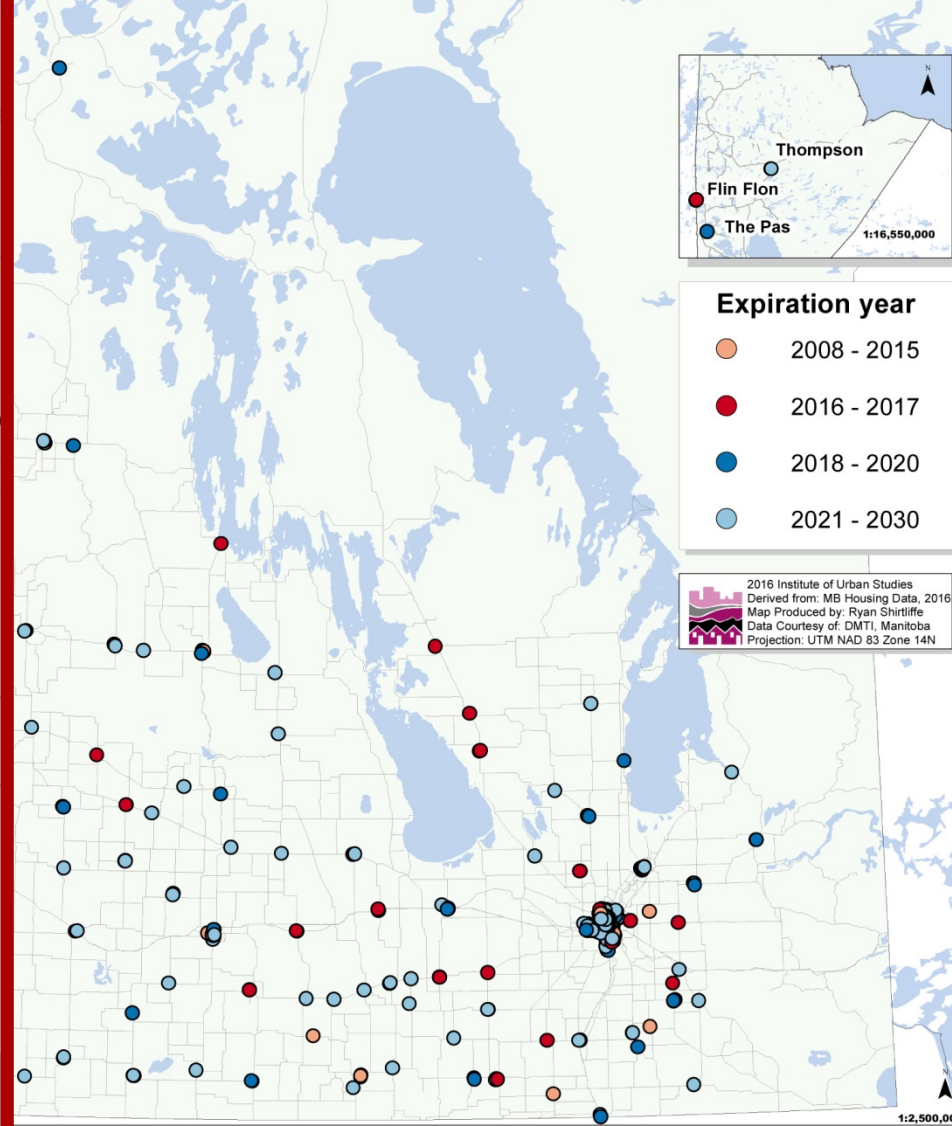
Preparing for EOA in Manitoba

Distribution of projects in Winnipeg by expiration year, 2015



Preparing for EOA in Manitoba

Distribution of projects in Manitoba by expiration year, 2015



The Survey:

“End of Operating Agreements in Manitoba”

The Survey





The Survey had several objectives:

- Gauge the knowledge and preparedness of housing providers
- Identify Housing Providers who may be challenged transitioning through EOA
- Understand local conditions
- Inform development of resources
- To raise awareness amongst housers

Survey Objectives





Distribution & Response

- Invitations to 203 unique contacts across the province
- Good data for 70 responses, linked to MB Housing data
- Both: providers with agreements already expired, and agreements not expired
- Each question had different response rates

Survey





Housing Providers with Expired Agreements

Survey Results





Housing Providers with Expired Agreements

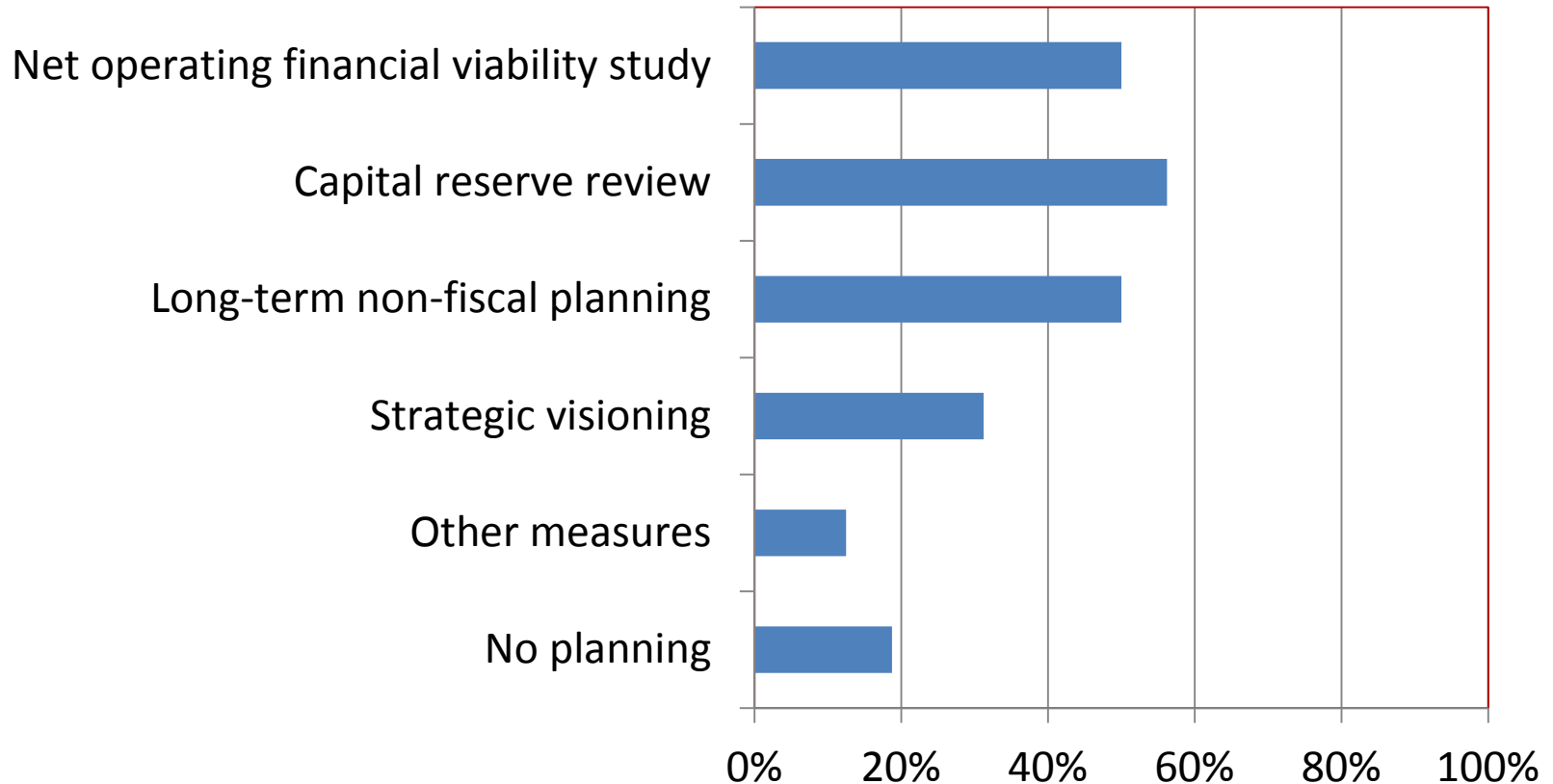
Sample (23%):

- Most in the last 3 years
- Most Section 95 or Urban Native
- Range of portfolio sizes
- 60% from outside of Winnipeg

Survey Results

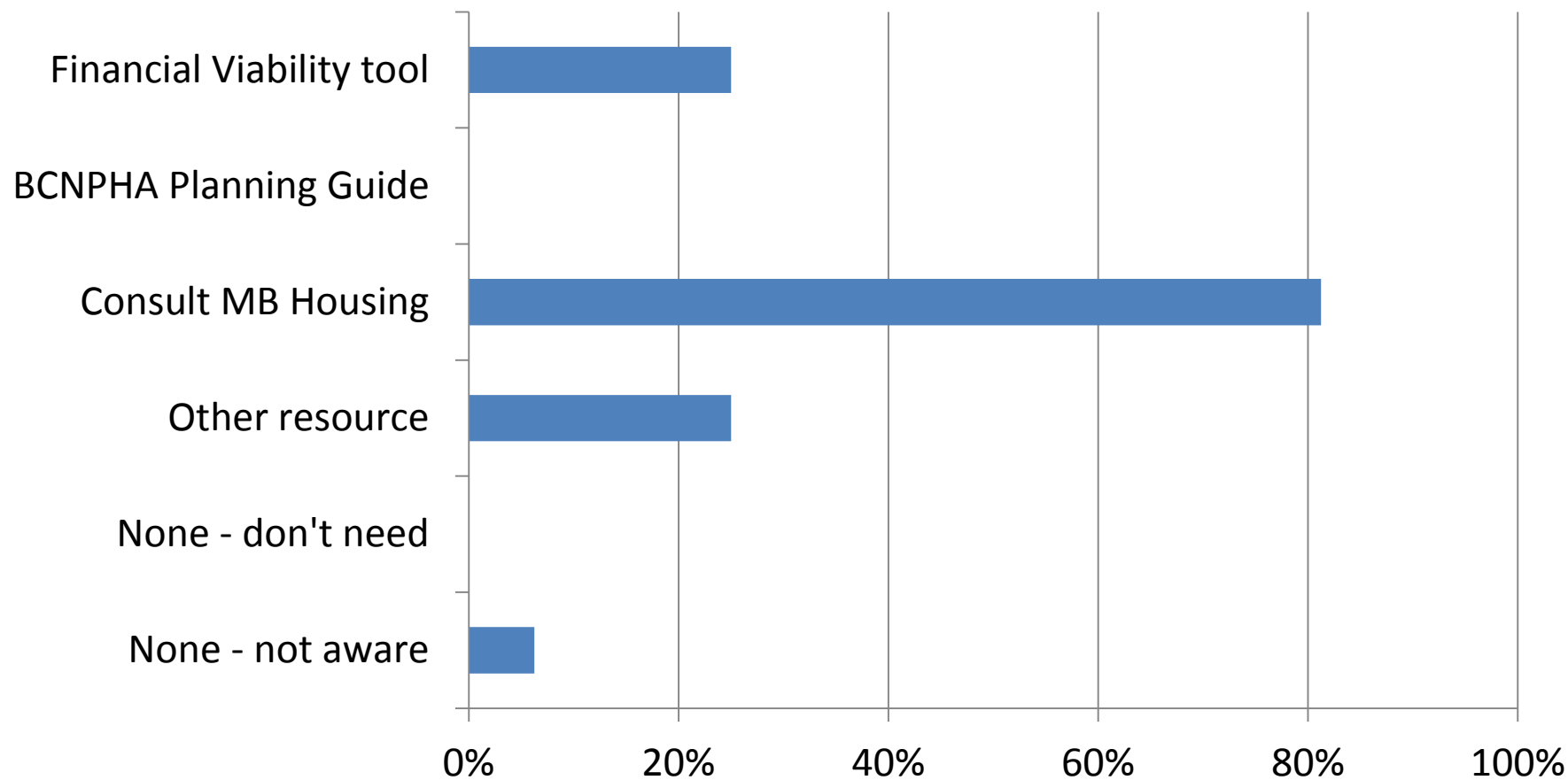


- Most started planning 1-2 years before expiry.



Planning Undertaken





Resources Used





Assets and Affordable Units:

- Most projects retained all assets.
- No projects in the sample lost non-profit status.
- Half of the respondents indicated they raised rental rates.
- 55% did *not* experience a net loss of affordable units.
- 9% had a *net loss* of affordable units.
- 23% experienced a change in their % of RGI units.

Outcomes





Effects on Tenants:

- *“Tenants no longer need to provide all of their income figures to us if they do not want to. We have both RGI suites and market rent suites.”*
- *“Numerous capital infrastructure improvements were initiated to the benefit of both the landlord and the tenants.”*

Outcomes





Effects on Tenants:

- *“Prior to the transition tenants were worried (stressed) about their RGI rents. Residents meetings helped to resolve their concerns (PowerPoint presentations were very helpful).”*
- *“Disruption due to changes in rent calculations; lack of understanding of the processes now that we have both RGI and market rents.”*

Outcomes





1. Early Planning is essential - 2 years minimum

Lessons Learned




1. Early Planning is essential - 2 years minimum
2. Update Vision, Mission, Guiding Principles
 - Determine priorities and plan for those

“We determined that we still wanted to have RGI units and established a policy for offering RGI units, creating several budget scenarios.”

Lessons Learned




- 
1. Early Planning is essential - 2 years minimum
 2. Update Vision, Mission, Guiding Principles
 - Determine priorities and plan for those
 3. Seek Outside Assistance

“We learned a lot about Manitoba Housing’s expectations. We had not always been compliant. Communication with the Portfolio Officer is very important.”

Lessons Learned




- 
1. Early Planning is essential - 2 years minimum
 2. Update Vision, Mission, Guiding Principles
 - Determine priorities and plan for those
 3. Seek Outside Assistance
 4. Confirm Financial Viability

“To ensure we had a strong reserve, we did a lot of capital planning. Also, an internal subsidy program was developed and is funded by our members to maintain some RGI units—even though it is lower than what it was prior EOA.”

Lessons Learned



- 
1. Early Planning is essential - 2 years minimum
 2. Update Vision, Mission, Guiding Principles
 - Determine priorities and plan for those
 3. Seek Outside Assistance
 4. Confirm Financial Viability
 5. Research rental rates, develop increase strategy

- *“Be familiar with and start building a relationship with the Residential Tenancy Branch. Understand their rental structure and terminology.”*
- *“We reviewed rental rates in comparison to area and negotiated increase in maximum (market) level. We adjusted all rental rates to market and instead offered discounts to existing tenants. We also negotiated a new Subsidy Agreement with Manitoba Housing.”*

Lessons Learned





1. Early Planning is essential - 2 years minimum
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6. Community and tenant engagement important

Lessons Learned





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4. Confirm Financial Viability
5. Research rental rates, develop increase strategy
6. Community and tenant engagement important
7. 100% RGI and single family housing challenging to transition

Lessons Learned





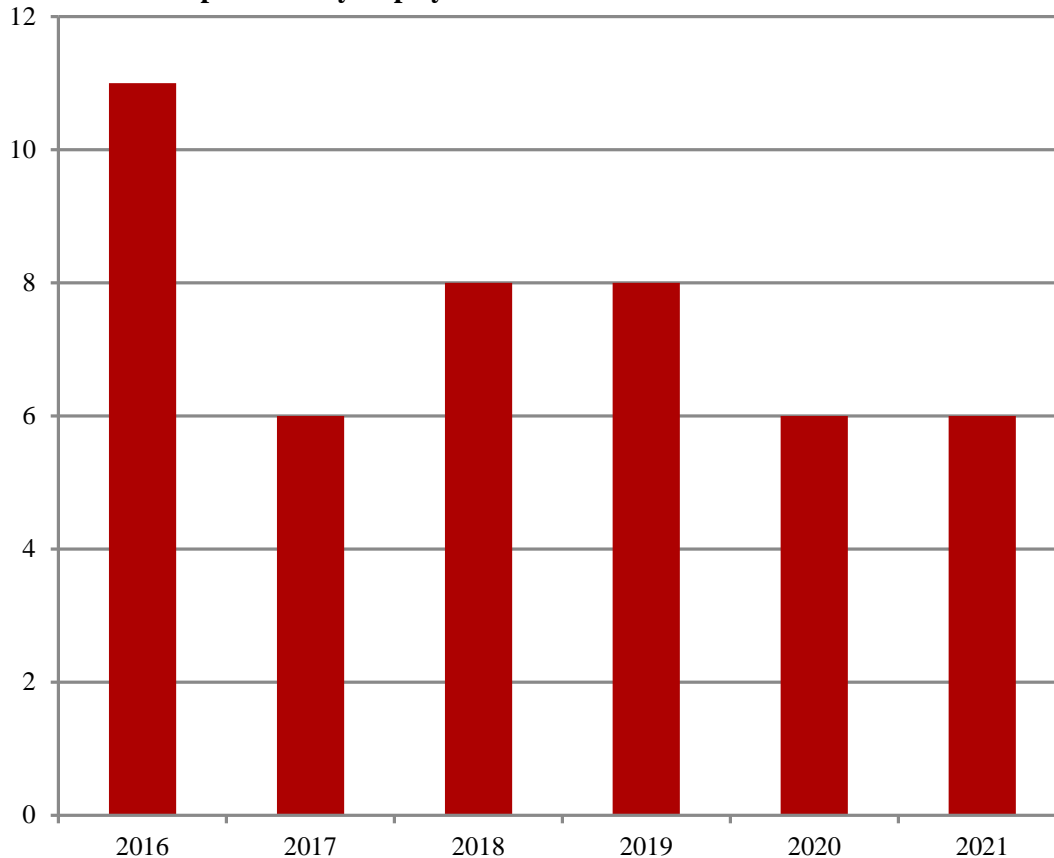
Housing Providers with NOT Expired Agreements

Survey Results



Providers with NOT Expired Agreements:

% Respondents by Expiry Date - Next 5 Years

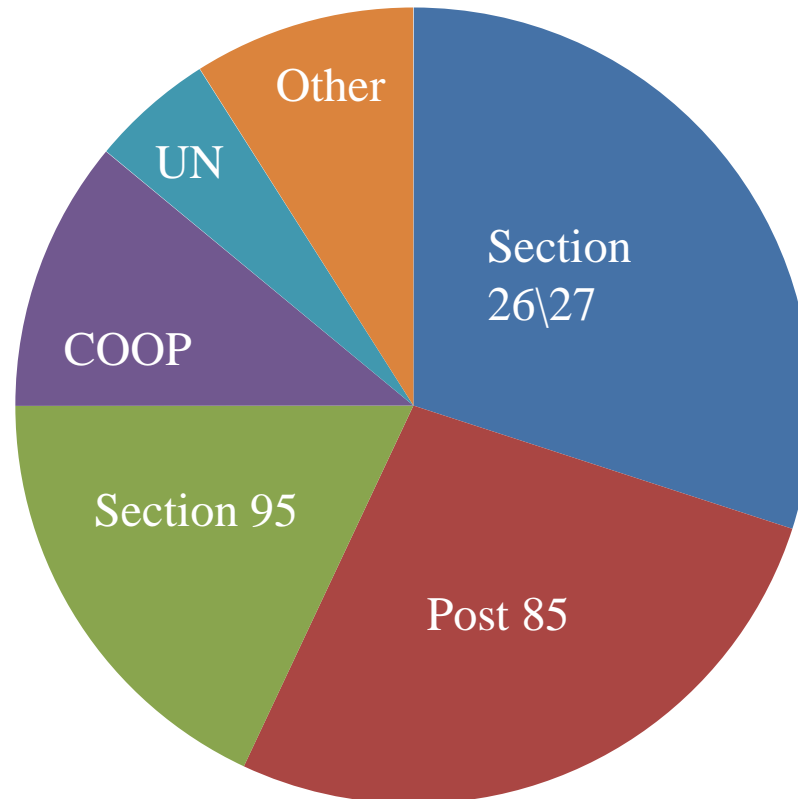


- 11% will expire this year
- Half will expire in next 5 years.
- Few indicate membership in MNPHA

Survey Results

Providers with NOT Expired Agreements:

% Respondents by program type



Survey Results



- More than one-third (35%) have already started planning
- Most are planning for 2-5 years
- Those that haven't started, are intending to plan
- Those not planning are Section 26/27

Planning





	Number of respondents (out of 54 total)				
	Will NOT do	Willing to do	Plan to do	Already done	Not sure
Study of financial viability	1	6	22	15	9
Capital reserve review	1	8	17	18	9
Audit/building condition assessment	1	12	12	15	10
Use EOA financial viability assessment tool (Pomeroy)	3	14	11	7	16
Consult BCNPHA <i>EOA Planning Guide</i>	5	14	7	2	20
Long-term organizational planning other than fiscal (e.g., strategies, policies)	2	11	19	5	13
Strategic visioning (e.g., changes to mandate or organizational structure)	4	12	16	5	14
Other planning: raising rents on annual basis	-	-	1	-	6

Planning Intentions





	Number of respondents (out of 54 total)				
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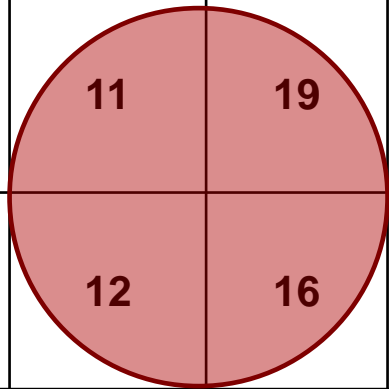


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Planning Intentions





Commitment:

- More than 80% committed to affordable housing

Capacity:

- A need for guidance in: Planning, Financial Planning, Fundraising, Community Outreach, and Marketing

Viability:

- 60% believe they will maintain their affordable housing
- **Capital Improvements:**
 - More than 60% have already undertaken
 - More than 50% planning capital improvements
 - Large and Medium sized organizations better positioned
 - **Small organizations have less capacity and are less able**

Governance





	Very Unlikely	Unlikely	Not Sure	Likely	Very Likely	No Answer / Blank
Lower the Percentage of units that are RGI	6	14	15	8	6	4
Convert a portion of units to market rental rates to subsidize others	10	13	9	8	8	5
Increase rental rates	2	6	14	15	11	5
Improve energy efficiency performance	3	8	9	24	6	3
Site intensification (add buildings or units)	23	11	11	2	1	5
Site expansion or redevelopment	21	11	9	7	1	4
Sell property	31	4	13	0	0	5
Others	3	1	7	1	1	40

Strategies





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Strategies





- Organizations were NOT in favour of partnering
 - 45% were opposed or very opposed to partnering.
 - **Of those in favour of partnering, more were small to medium sized organizations.**
- Organizations were equally unwilling to merging
 - 46% were opposed or very opposed to merging.

Partnerships



- The vast majority of organizations would consult resources or seek assistance for EOA transition
- Respondents were strongly in favour of:
 - A guidebook – 74%,
 - A contact person / government representative – 60%
 - A workshop – 58%
- Less support or capacity for online tutorials

Communications



Housing Providers with NOT Expired Agreements

1. Strong commitment

Learnings



Housing Providers with NOT Expired Agreements

1. Strong commitment
2. Many have started planning

Learnings



Housing Providers with NOT Expired Agreements

1. Strong commitment
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Learnings



Housing Providers with NOT Expired Agreements

1. Strong commitment
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3. Remainder are willing to plan
4. Preference for ‘doing it themselves’, but...
 - i. Need for a Guidebook
 - ii. Need for a Contact Person for questions

Learnings



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Learnings



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4. Preference for ‘doing it themselves’, but...
 - i. Need for a Guidebook
 - ii. Need for a Contact Person for questions
5. Resistance to intensification, expansion, or selling
6. BUT opportunities for efficiency:
 - i. Energy efficiency, possibly shared resources

Learnings

1: Adapt the BC *Planning Guide* for Manitoba



Expiring Operating Agreements

A Planning Guide for BC's Non-Profit Housing Societies

November, 2014

- Recent, comprehensive
- Duplication would be inefficient
- Additional modules already in development
- Adopted in Ontario, New Brunswick
- Requires local context

Recommendations





2. Proceed with Case-Studies, MB examples

- Local policy/regulatory contexts
- Local markets

3. Create a “First-Contact” Position at MNPHA

Recommendations



“Thank you for this opportunity to voice our concerns with regards to the EOA. Hopefully, we'll be able to offer a continued service in our community.”

Full report is available on the MNPHA website:

<http://mnpha.com/>

- Scott McCullough
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- Sarah Zell
s.zell@uwinnipeg.ca

Contact



Laurie Socha

BCNPHA Planning Guide for EOA

- Memorandum of Understanding with BCNPHA ✓
- Legal review of MOU ✓
- Manitoba Case Studies – Proposal for Autumn 2016
- Develop Manitoba Planning Guide – Proposal for Autumn 2016

‘Contact Person’ – Position in MNPHA

- Part-time Position: In development for Summer 2015 ✓

Next Steps





Thank You

