



# Innovation to Address Social Housing Capital Repairs

## *Capital Repair Loan Process*

*Arfona Zwiers, OMSSA, March 2018*

[simcoe.ca](http://simcoe.ca)

- Purpose of Presentation
  - Content – details on Capital Repair Loan Process
  - Process – identification of key leadership / innovation opportunities
- Background Context
- Converging Issues
  - Identification of issues and timing = opportunities for progress
- From Analysis to Activity
- Capital Repair Loan Process
- Fit with EOA Task Force / Tool Kit Development
- Challenges & Lessons Learned
- Questions





- County of Simcoe has 16 member municipalities, 2 separated cities
- Some member municipalities do not have SH
- 3953 social housing units, under 25 providers (including SCHC)
- 2,558 units through NP and Coop providers
- NP and Coop Providers range in size 20 – 953 units



# Converging Issues

---



- 4 converging issues
  - Enhanced SM technical and financial knowledge in-house
  - Increased County financial tools to address SH since devolution
  - One SH provider in crisis – catalyst
  - Alignment with 10-year Strategy – “Protect Existing Public Assets”
- Coincidental timing
- How to harness this convergence?
- Recognition of opportunities, also risk
- Other SM’s EOA/M plans and analyses – EOA Task Force
- Success was direct result of convergence of 4 issues



# Converging Issues – Knowledge

---



- SHRRP technical staff 2010
- Building Condition Audits 2003 and 2011
- End of Operating Agreement / Mortgage analysis 2013/14
- Increased attention on EOA issue nationally, provincially, locally
- EOA Tool Kit Task Force
- Councillors and key management engaged



- Created EOA/M Steering Committee comprised of key leaders and subject matter experts from SH and Finance
  
- Scope of analysis:
  - Included PR, FF, UN providers
  - Excluded SCHC from analysis
  - Projected to 2031, tie in last EOA/M date
  
- EOA/M analysis found that majority of SH providers would be operationally sound but would need help with capital repair costs



# Converging Issues – Financial Tools

---



- Established annual dedicated contribution to SH Reserve specifically for purpose of SH provider capital repairs in 2011/12
- Surplus sharing policy in 2012
- Inclusion of NP and Coop provider info in RIVA
- Small tangible steps = increased working arrangements between County depts, also buy-in from providers



# Converging Issues – Catalyst

---



- 2013 – unique request from SH provider for necessary, urgent capital repairs that they could not afford to do
- Slow process to address request through multiple Council reports through 2013/14
- Slow process did not match urgency of situation
- Learning experience for all
- Reality check
- Recognition that it would be impossible to address unique requests using individual Council approvals





# Converging Issues – Strategic Alignment

---



- County Long Term Affordable Housing Strategy Steering Committee established 2012
- Significant focus on increase in affordable housing, and also recognized need to continue to pay attention to existing SH stock
- *Our Community 10-Year Affordable Housing and Homelessness Prevention Strategy*
  - approved in draft summer 2013
  - final approved format January 2014
- Included strategic opportunity of “Protect Existing Public Assets”
  - 2 specific recommendations / priority activities



# Convergence of Issues

---



- Used convergence of all issues in timed process 2014:

SM knowledge

+ Financial tools

+ Urgency of 'catalyst' provider loan

+ Alignment of H&H Strategy

+ Political input from Council

= Good timing to introduce capital repair process



- Summer 2014
  - EOA/M analysis complete
  - Loan agreement approved for unique provider
  - H&H Strategy approved
- Time was right of development of Capital Repair Loan Process
- Modelled on approved process/criteria for unique SH provider
- Designed to fit annual County planning to inform budget planning, short and long term
  - Annual budgets – SH reserve
  - Long Term Business Planning – how to address peak years



# Capital Repair Loan Process

---



- Eligibility – mandated social housing providers
- Intent of the loan – to support providers with funding for necessary repairs to their social housing infrastructure
- Protect existing public assets across social housing system
- To work flexibly with other funding/resource opportunities
- Not intended to support shortfalls that arise due to poor decision-making
- Recognized process with deadlines to fit County budget cycles for solid decision-making



# Loan Process – Steps

---



1. Provider required to use most of capital reserve fund.
2. Provider needs to maximize funding available to them.
3. Provider submits application February only for necessary items (ie life safety, building envelope, code compliance issues).
4. Application must be complete, including business case.
5. Verification that all reasonable opportunities to utilize funds have been considered.
6. Provider must demonstrate they have exhausted all avenues of accessing other funding.



# Loan Process – Steps

---



7. County staff review submissions; ask for more info if necessary; document process; confirm suitable submissions.
8. Total submissions included in annual budget planning process for SH reserve.
9. Identification of future year pressures on SH reserve becomes part of long-term business planning.
10. County annual budget approval is basis of approval to enter into loan agreement for set amount.
11. Letter of intent summarizes amount, capital repairs, and loan details for provider.
12. Loan agreement template used for each provider.





- As part of business case, provider required to submit 3-year capital repair plan
  - Info into RIVA for improved accuracy on County annual budgets
- Provider cannot request access to additional funds until 3 years have passed
- Loans registered on title
- Supervisory Management Agreement may be recommended depending on risk level of the provider





- February requests considered for following year budget
- Set up as loan allows for future possibilities
- Loan re-payment will start at end of provider's mortgage for a 15 year term with the interest rate at the Ontario bond rate or 2% (whichever is greater)
- Interest will not start to accrue until repayment start date
- Provider legal costs are paid for by provider; County legal costs are paid for by County





# EOA Tool Kit Development

---



- Many SM's asking questions about EOA/M
- EOA Task Force (OMSSA with HSC)
- Development of guiding tools and templates for analysis of individual SH providers



# Challenges – Many!!!

---



- How to keep this issue current for annual budget decisions on contributions to SH reserve
- Also how to keep in big picture of long-term business plan
- Need for ongoing advocacy with federal/provincial levels
- Varying expertise and capacity of providers
- Upkeep of RIVA info
- First year – little take-up
  - Needed to review why and how to address



- SM info on capital repair is only as good as the accuracy of the info from SH providers
  - Devil is in the detail: make sure providers know how to read quotes to include all the soft costs that may be hidden
- Managing expectations and building capacity within providers
- Providers need support/guidance in this process
- Data collection = need for data maintenance
- Use letter of intent with providers to introduce loan agreement



# Lessons Learned – Process

---



- Shared leadership opportunities
- It's OK to ask dumb questions; it's OK to test the waters with dumb answers
- Richness in having SM staff with expertise in various areas – financial, technical, programs, executive/strategic
- Engagement at Executive Management level is key for ensuring issue is fully understood at Council
- Need for transparency and consistency
- Key catalyst – recognize how to turn your challenge into your opportunity



# Next Steps

---



- Fit with new funding envelopes
  - SHEEP, SHIP, SHAIP, GreenON
- New funding should result in reduced impact on Capital Repair Loan Process and County budgets
- Fit with SH Modernization
- Attention on modernizing SCHC buildings
  - AODA compliance
  - Revitalizing portfolio
  - Leveraging portfolio
  - How and when to bring NP/Coop providers into this process





Questions?





---

Arfona Zwiers  
Director, Social Housing  
[arfona.zwiers@simcoe.ca](mailto:arfona.zwiers@simcoe.ca)  
705-725-7215 ext 1115

