

## Plenary 4

# Lessons from Canada Planning for the future of affordable housing: a Canadian perspective

**Speaker:** Cliff Youdale (Ottawa Community Housing Corporation)

**Chaired by:** Paul Wenham (Southern HG)

**Room:** Queens room



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# Canadian Context

- Most of Canada's housing was built under programs derived in the 1960's through the 1980's
- The majority of the operational funding was provided for a finite time, 30 – 40 years
- Canada is seeing many of the projects approaching the end of their operating agreements
- Although typically not a lot of debt, there are high capital repair needs, and rent structures are not sustainable
- Housing affordability is becoming an increasing issue



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# Legislative Environment

- Housing policy is primarily a Provincial responsibility
- Federal government recently rolled out a National Housing Strategy
- In Ontario, the province downloaded the provincially owned stock to the municipalities
- No sustained funding programs in place for deep affordability



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# Affordability is a Major Issue

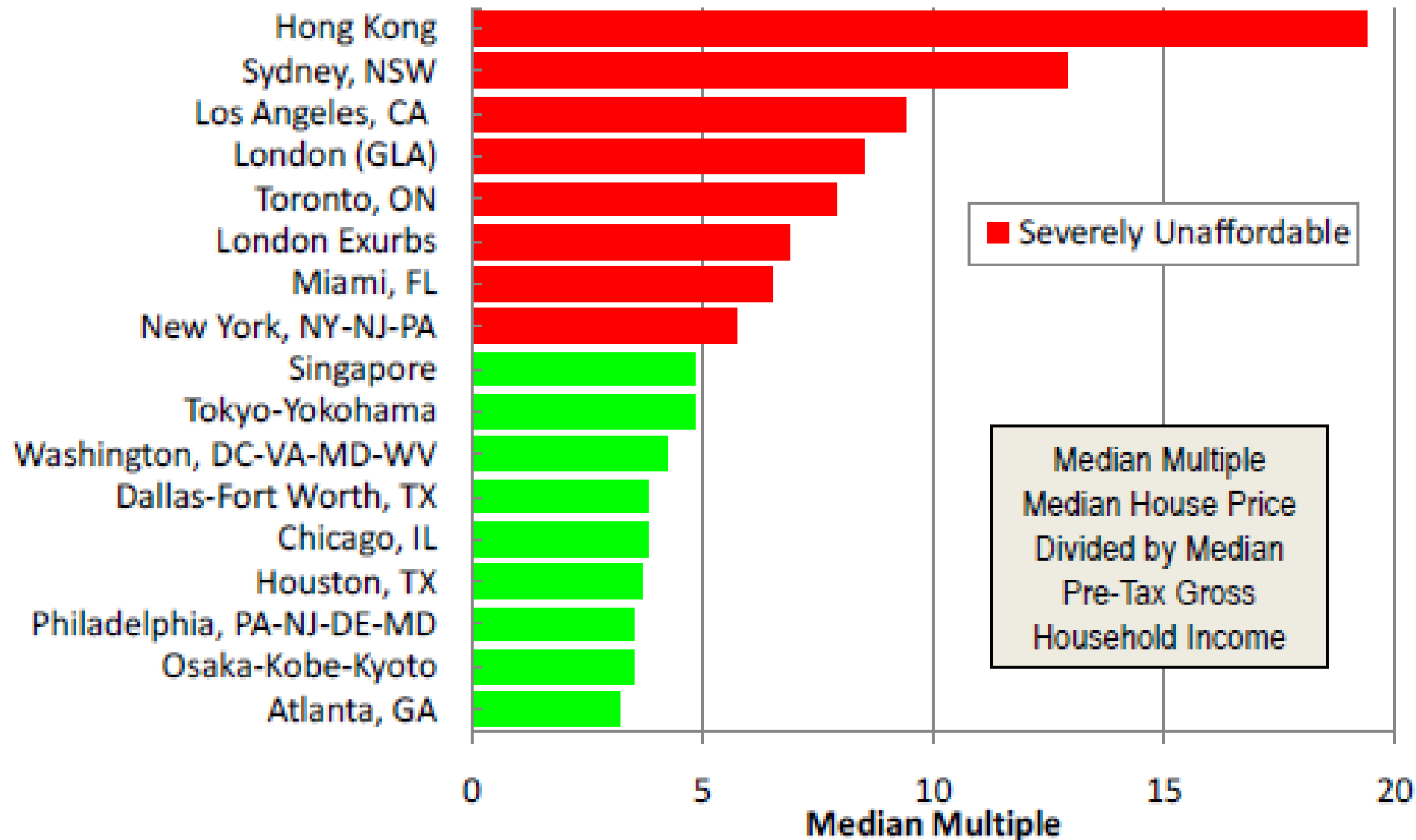
- Toronto and Vancouver are typically ranked in the top ten least affordable cities in the world
- The creation of purpose-built private sector rental housing has been stagnant for several decades
- Large losses of older affordable market rental stock through gentrification and redevelopment



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# Housing Affordability: Very Large Markets

2017: POPULATION OVER 5,000,000



## Tenants

**32,000**



Seniors  
**6,273**



Children  
**6,562**

Youth  
**2,806**

## Households



Seniors  
**28%**



Singles Couples  
**30%**



Families  
**42%**

## Who is OCHC?

**Largest affordable & community housing provider in Ottawa**

**15,000 homes**

98.6% occupancy rate

**92% subsidized**

**8% affordable**

56% highrise  
7% lowrise



36% townhome



1% detached



1 of 55 social housing providers in Ottawa



**5 offices**



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# Ottawa Housing Market

- Population of the Ottawa area is 1.2 million
- Population growth over the next 15 years is projected to be 16%
- Gentrification and urban redevelopment has lead a significant loss of housing units over the last 10 years, with the trend expected to continue



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# Ottawa Housing Market (continued)

- A waiting list of 10,000 people exists for existing affordable housing
- A rental gap between affordable and true market rent is increasing
- 90% of the affordable housing stock was built over 40 years ago and is well into the second half of its lifecycle



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# Asset Management Challenges in Canada

- Harsher climate is hard on assets
- Much more predominant use of wood
- Lower lifecycle mindset with builds
- Funding programs fostered a lot of poor quality construction



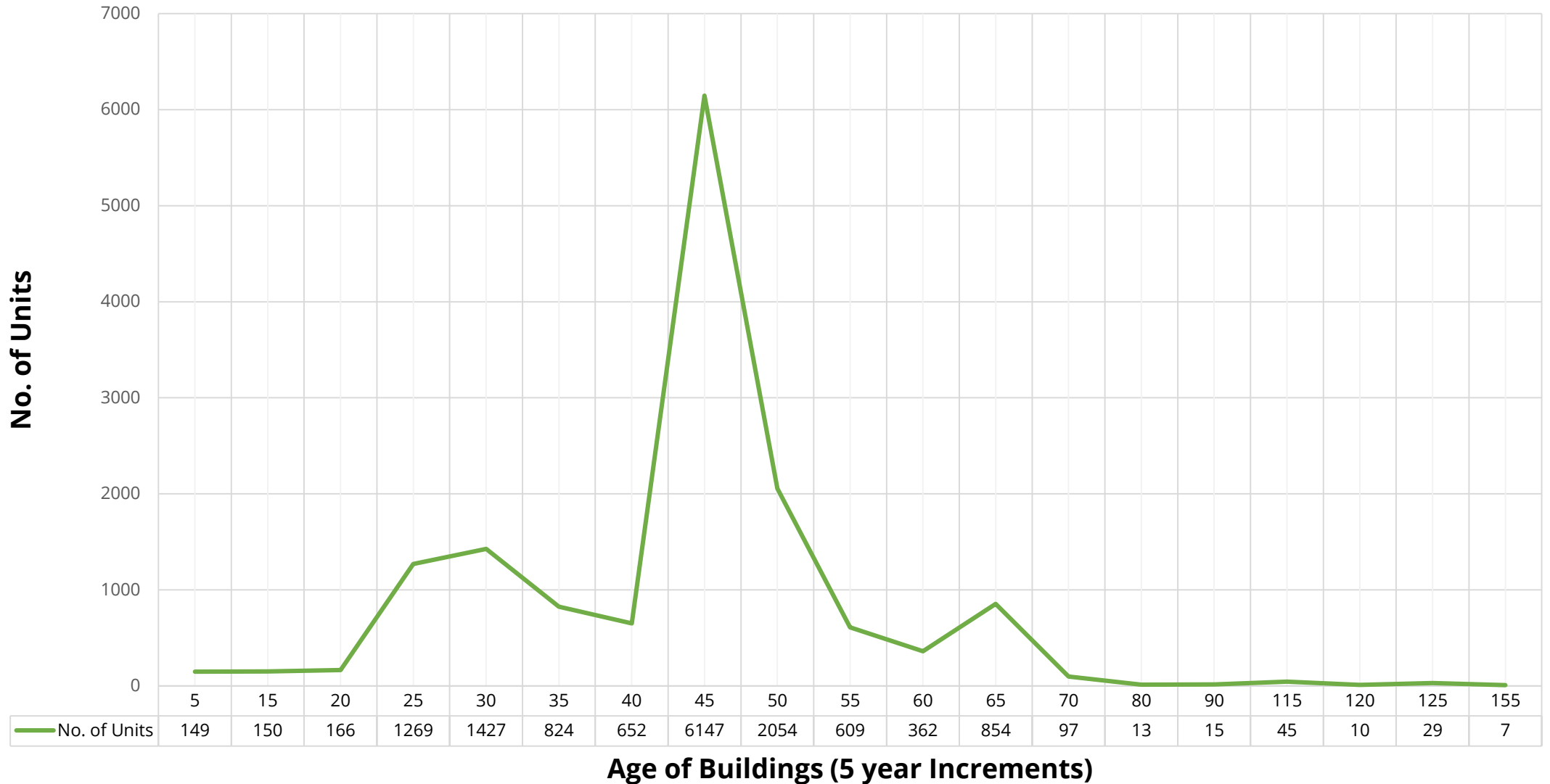
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# Average Age of OCHC Buildings

Unit Count - All Buildings



# The Burning Platform

- Increased need for affordable housing
- Growing rental gap
- Aging infrastructure
- Decreasing supply
- Minimal Government funding for new builds



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# Need for Change in Strategic Direction

- The Corporation had become strong operationally from supporting prescriptive housing programs for over 50 years
- Historically, very little incentive to step out of the “comfort zone”
- Changes to legislation pertaining to tenant intake, and a tightening market, has lead to a 40% decrease in turnover in less than ten years



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# DYNAMIC PORTFOLIO MANAGEMENT FRAMEWORK



Provide safe, affordable, good quality homes and better communities for generations to come.  
Focus on improving, modernizing and renewing OCHC's portfolio of homes.



# Opportunity

- Aging assets are a major driver in assessing a more progressive strategy for new builds
- A lack of traditional funds to scale the builds to desired levels fostered a need for a more proactive approach to portfolio renewal and growth
- A growing mid-market is producing an opportunity to build financial sustainable rentals that can transition in time



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# Using Time to Leverage Value

- Accepting that the rental structure of the building can and will transition over the lifecycle of the building
- Developing replacement stock for existing buildings can assist in the business model for new builds
- Forecasting future housing needs to rationalize current builds that may not currently meet affordable criteria



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# Layering in Affordability

- There is no silver bullet for non-grant funded housing in Canada



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# How can we layer affordability?

- Property Tax exemptions and deferrals
- Land contributions
- Waived development fees
- Economies of scale
- Land Leveraging
- Mixed use buildings with shared infrastructure costs
- Preferable borrowing terms
- Low vacancy/cost of rental
- Reduced risk and required return



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# Importance of a Run Rate

- A cornerstone of the strategy is to commit a set run rate of housing construction:
  - Allows for long term asset planning (existing stock)
  - Permits strategic land acquisitions
  - Drives opportunities for multi-phase and larger scale development
  - Attracts partners
  - Drives government agency decision making
  - Set framework long term financial planning



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# New Construction: Focus on Total Cost of Ownership

- Russian plywood cabinetry
- Concrete floors
- Passiv Haus construction
- Centralized systems
- Exchanging envelope simplicity for improved siding choices
- Galvanized materials for external elements
- Low voltage lighting



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# Our Portfolio Renewal Guiding Principles

- Must have the long-term in mind: rust out / renewal / refurbishment
- Affordability is a spectrum and is fluid over the life of a building
- Affordability will not likely be bought and must be achieved
- Getting sustainable stock on the ground will be the key to long term success



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**Thank you.**