

PEEL HOUSING CORPORATION

BOARD OF DIRECTORS

AGENDA

PHC - 1/2018

DATE: Thursday, February 1, 2018

TIME: 8:30 AM – 10:30 AM

LOCATION: Regional Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

MEMBERS: F. Dale G. Miles
C. Fonseca E. Moore
M. Mahoney B. Shaughnessy

Chaired by Vice President G. Miles or Vice-President Shaughnessy

1. **DECLARATIONS OF CONFLICTS OF INTEREST**

2. **ADMINISTRATIVE MATTERS**

3. **APPROVAL OF MINUTES**
 - 3.1. Minutes of the Board of Directors (PHC-8/2017) meeting held on December 7, 2017

4. **APPROVAL OF AGENDA**

5. **DELEGATIONS**
 - 5.1. **Patricia Lawrence, Judy Bennett and Elaine Hirst, Residents,** Regarding Jane Street, Riverview Terrace and Stationview Place Seniors' Buildings

6. **REPORTS**
 - 6.1. Peel Living 2018 Capital Budget for State of Good Repair
 - 6.2. Knightsbridge Mortgage Prepayment Application

7. COMMUNICATIONS

- 7.1. **Patrick O'Connor, Corporate Counsel**, Letter dated January 24, 2018 Responding to a Letter from Daniel P. Ferguson, WeirFoulds LLP, Received by the Board of Directors at its December 7, 2017 Meeting, Regarding the Twin Pines Redevelopment – Resident Transition Plan (Receipt recommended)

8. GENERAL MANAGER'S UPDATE

9. IN CAMERA MATTERS

- 9.1. Closed Session Report of the Board of Directors meeting held on December 7, 2017

10. OTHER BUSINESS

11. NEXT MEETING

Thursday, March 1, 2018, 8:30 a.m. - 10:30 a.m.
Regional Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

12. ADJOURNMENT

PEEL HOUSING CORPORATION

BOARD OF DIRECTORS

MINUTES

PHC-8/2017

The Board of Directors of Peel Housing Corporation met on December 7, 2017 at 8:31 AM, in the Council Chamber, Regional Administrative Headquarters, 5th Floor, 10 Peel Centre Drive, Suite A, Brampton.

Directors Present: C. Fonseca; M. Mahoney; G. Miles; E. Moore; B. Shaughnessy

Directors Absent: F. Dale, due to a personal matter

Also Present: D. Szwarc, Chief Administrative Officer, Region of Peel; A. Baird, Acting Commissioner of Human Services; N. Polsinelli, Commissioner of Health Services; D. Labrecque, General Manager; S. Nagel, Treasurer; J. Arcella, Deputy Treasurer; P. O'Connor, Corporate Counsel; A. Macintyre, Corporate Secretary, Legislative Services; K. Lockyer, Regional Clerk; C. Thomson, Deputy Corporate Secretary; S. MacGregor, Legislative Assistant

Chaired by President Miles.

1. DECLARATIONS OF CONFLICTS OF INTEREST - Nil

2. ADMINISTRATIVE MATTERS

2.1. Appointment of Treasurer

Moved by Director Shaughnessy,
Seconded by Director Moore;

That Stephanie Nagel be appointed, in place of David Bingham, to the office of Treasurer of Peel Housing Corporation, effective November 20, 2017.

Carried 2017-60

* See text for arrivals

◆ See text for departures

2.2. Appointment of Deputy Corporate Secretary

Moved by Director Mahoney,
Seconded by Director Fonseca;

That the resignation of Curtiss Law, Deputy Corporate Secretary, Peel Housing Corporation, effective September 15, 2017, be received;

And further, that Christine Thomson be appointed Deputy Corporate Secretary of the Peel Housing Corporation, effective December 7, 2017.

Carried 2017-61

3. APPROVAL OF MINUTES

3.1. Minutes of the Board of Directors (PHC-7/2017) meeting held on October 5, 2017

Moved by Director Mahoney,
Seconded by Director Shaughnessy;

That the minutes of the Peel Housing Corporation (PHC-7/2017) Board of Directors meeting held on October 5, 2017, be adopted.

Carried 2017-62

4. APPROVAL OF AGENDA

Moved by Director Moore,
Seconded by Director Fonseca;

That the agenda for the December 7, 2017 Peel Housing Corporation Board of Directors meeting include an In Camera item regarding litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board, to be dealt with under In Camera Matters – Item 9.2;

And further, that the agenda for the December 7, 2017, Peel Housing Corporation Board of Directors meeting be approved, as amended.

Carried 2017-63

See also Resolution 2017-70

5. DELEGATIONS

5.1. Deanna Heroux, Senior Manager, KPMG LLP and Will Lipson, Partner, KPMG LLP, Providing an Update on the Twin Pines Redevelopment Project

Received 2017-64

See also Resolutions 2017-65, 2017-66 and 2017-71

Dan Labrecque, General Manager, Peel Living, introduced Deanna Heroux, Senior Manager, KPMG LLP, and Denise Occhipinti, Project Manager, Twin Pines Redevelopment Project. He stated that, as General Manager of Peel Living, he supports KPMG's recommendations related to the Resident Transition Plan (the Plan), noting that the options for residents are responsive to the 2012 Commitments to residents of Twin Pines. The recommendations are sensitive to the needs and concerns of the residents, especially as they relate to ensuring that no resident will be left homeless.

Deanna Heroux stated that the draft Plan is a plan that is for the residents, to support residents and that the aim of the Plan was always about housing options. She stated that a fourth option has been added to the Plan, being a long term lease option, which allows every resident an affordable option to live in the Twin Pines community for as long as they wish.

In response to feedback received at the Board of Directors meeting held on October 5, 2017, third party appraisals were conducted on over 200 Twin Pines homes. The estimated appraised values of the mobile homes in Twin Pines depend on the size and condition of the units. The values are also subject to the limited number of mobile home parks in the Greater Toronto Area and it is unknown whether or not the mobile homes are able to be relocated.

Based on the findings of the third party appraisals, it is KPMG's opinion that the Municipal Property Assessment Corporation assessed values are reasonable.

Deanna Heroux noted that the draft Plan does not include requirements related to the Centralized Waitlist for Housing and that KPMG recommends that demolition costs be considered an additional benefit to the residents.

The long term lease option (Option 4) would be available for as long as needed, with rent-geared-to-income leases adjusted as if/when resident income changes.

If the draft Plan is approved, residents may choose to leave Twin Pines in 2018 and the options would be available through 2019, until such time as the details of the redevelopment are known.

- 5.2. **Marlyn Addai, President, Cedar Groves Residents Community Corporation,**
Regarding the Twin Pines Redevelopment – Resident Transition Plan

Received 2017-65

See also Resolutions 2017-64, 2017-66 and 2017-71

Marlyn Addai, President, Cedar Grove Residents Community Corporation, expressed concern that the options available to residents of Twin Pines, included in the Resident Transition Plan, may result in financial hardship. She stated that, for Twin Pines residents, affordable housing means paying what they are currently paying, which is in the range of \$400 to \$500 per month.

- 5.3. **Daniel P. Ferguson, Lawyer, WeirFoulds LLP,** Regarding the Twin Pines
Redevelopment – Resident Transition Plan

Received 2017-66

See also Resolutions 2017-64, 2017-65 and 2017-71

Daniel P. Ferguson, WeirFoulds LLP, on behalf of the Cedar Groves Residents Community Corporation, expressed concern with the late timing of disclosure of the report listed as Item 6.1 on the agenda for December 7, 2017 Peel Housing Corporation Board of Directors meeting, noting that there has not been sufficient time to seek input from residents. He stated that it is the position of the Community Corporation that: the processes for seeking resident input and the recommended proposal do not respond to their needs; the process does not evaluate the impact of the redevelopment upon the residents in an adequate or appropriate way, and; the Resident Transition Plan is inadequate and non-responsive to the residents' needs, interests and rights.

In Camera Matters – Items 9.1 and 9.2 were dealt with.

9. IN CAMERA MATTERS

At 9:20 a.m., in accordance with section 239(2) of the *Municipal Act, 2001*, as amended, the following motion was placed:

Moved by Director Mahoney,
Seconded by Director Moore;

That the Board of Directors proceed "In Camera" to consider the October 5, 2017 Board of Directors meeting Closed Session report and an oral item regarding litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board.

Carried 2017-67

Moved by Director Shaughnessy,

Seconded by Director Mahoney;

That the Board of Directors of Peel Housing Corporation proceed out of "In Camera".

Carried 2017-68

The Board of Directors of Peel Housing Corporation moved out of Closed Session at 10:02 a.m.

9.1. **Closed Session Report of the Board of Directors meeting held on October 5, 2017**

Received 2017-69

9.2. **Litigation or Potential Litigation, Including Matters Before Administrative Tribunals, Affecting the Municipality or Local Board (Oral)**

Received 2017-70

See also Resolution 2017-63

6. REPORTS

6.1. **Twin Pines Redevelopment - Resident Transition Plan**

Moved by Director Moore,
Seconded by Director Shaughnessy;

That the recommended Twin Pines Resident Transition Plan options outlined in Appendix I of the report of the General Manager, titled "Twin Pines Redevelopment – Resident Transition Plan, be endorsed;

And further, that the Resident Transition Plan options apply to those Twin Pines residents that are in tenancy agreements with Peel Housing Corporation (Peel Living), for the lot on which the mobile home is situated, on January 6, 2018, based on the premise of one selection per household;

And further, that Phase 1 of the Resident Transition Plan be approved;

And further, that Phase 1 of the Resident Transition Plan be available after January 6, 2018 for selection, subject to execution of the required agreement of which a general overview of key terms and conditions is included in Appendix IV to the subject report, in a form satisfactory to the Board's Corporate Counsel and upon the execution of necessary funding agreements;

And further, that a request for a grant in an amount not to exceed \$4.5 million from the Region of Peel for the preliminary Resident Transition Plan costs, be approved;

And further, that the General Manager and the Treasurer of Peel Housing Corporation be authorized to request, negotiate, settle the terms of, and execute on behalf of Peel Housing Corporation, in accordance with the Financial Control By-law, agreements with the Region of Peel for the Resident Transition Plan, along with such ancillary agreements and documents in furtherance of such grants as they may deem appropriate;

And further, that the Treasurer be authorized to establish a capital budget in the amount of \$4.5 million.

Carried 2017-71

See also Resolutions 2017-64 to 2017-66 inclusive

Director Fonseca suggested that the recommendation related to Item 6.1 on the December 7, 2017 Peel Housing Corporation Board of Directors meeting agenda be deferred to the next Board meeting scheduled for February 1, 2018, in order to clarify for residents, the process and methodology applied to the third party appraisals.

Director Fonseca further suggested that the household payment amount be included in Option 4.

Director Fonseca stated that she would not support the recommendation contained in the subject report, but would continue to work with the members of the Twin Pines community.

6.2. Vera M. Davis 2016 Performance Management System

Received 2017-72

7. COMMUNICATIONS - Nil

8. GENERAL MANAGER'S UPDATE

Received 2017-73

Dan Labrecque, General Manager, Peel Living, provided a high level summary of the 2017 Client Satisfaction Survey, the Health and Wellness Pilot and a pilot project with the Service Manager to focus on reducing the over-housed caseload. He outlined operational reviews that are underway and advised that staff are reviewing opportunities to benefit from provincial funding announcements related to the Social Housing Apartment Improvement Program and the Municipal Greenhouse Gas Challenge Fund.

The General Manager advised that staff would be reporting to the February 1, 2018 Board of Directors meeting with a proposed No-Smoking Policy, noting that the report was delayed to enable staff in Legal Services to investigate aspects of the cannabis legislation.

In response to a question from Director Moore, Dan Labrecque advised that historically, approximately \$10 to \$12 million in capital funds are spent each year, however, staff will be seeking direction from the Board of Directors with respect to capital funding options.

In response to a question from President Miles, Dan Labrecque advised that the provincial announcement regarding the waiving of Development Charges for non-profit housing is focused on private, purpose built rental units, and he undertook to investigate whether Peel Living development partners could be exempted from the payment of Development Charges.

9. IN CAMERA MATTERS

9.1. Closed Session Report of the Board of Directors meeting held on October 5, 2017

This item was dealt with under Resolution 2017-69

9.2. Litigation or Potential Litigation, Including Matters Before Administrative Tribunals, Affecting the Municipality or Local Board (Oral)

This item was dealt with under Resolution 2017-70

10. OTHER BUSINESS - Nil

11. NEXT MEETING

Thursday, February 1, 2018, 8:30 a.m. – 10:30 a.m.
Regional Council Chambers, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

12. ADJOURNMENT

The meeting adjourned at 10:42 a.m.

President

Secretary

Request for Delegation

FOR OFFICE USE ONLY

MEETING DATE YYYY/MM/DD 2018/02/01	MEETING NAME Peel Housing Corporation
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REQUEST DATE YYYY/MM/DD 2018/01/16
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Attention: Regional Clerk
Regional Municipality of Peel
10 Peel Centre Drive, Suite A
Brampton, ON L6T 4B9
Phone: 905-791-7800 ext. 4582 Fax: 905-791-1693
E-mail: council@peelregion.ca

NAME OF INDIVIDUAL(S) Patricia Lawrence, Judy Bennett, and Elaine Hirst

POSITION/TITLE Residents of Jane St., Riverview Terrace and Stationview Place

NAME OF ORGANIZATION

E-MAIL annette.groves@caledon.ca	TELEPHONE NUMBER	EXTENSION	FAX NUMBER
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NAME OF INDIVIDUAL(S)

POSITION/TITLE

NAME OF ORGANIZATION

E-MAIL	TELEPHONE NUMBER	EXTENSION	FAX NUMBER
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REASON(S) FOR DELEGATION REQUEST (SUBJECT MATTER TO BE DISCUSSED) Request to speak to the Peel Housing Corporation Board of Directors regarding concerns in all three seniors buildings

I AM SUBMITTING A FORMAL PRESENTATION TO ACCOMPANY MY DELEGATION YES NO

IF YES, PLEASE ADVISE OF THE FORMAT OF YOUR PRESENTATION (ie POWERPOINT) _____

Note:

Delegates are requested to provide an electronic copy of all background material / presentations to the Clerk's Division at **least seven (7) business days prior** to the meeting date so that it can be included with the agenda package. **In accordance with Procedure By-law 100-2012, as amended, delegates appearing before Regional Council or Committee are requested to limit their remarks to 5 minutes and 10 minutes respectively (approximately 5/10 slides).**

Delegates should make every effort to ensure their presentation material is prepared in an accessible format.

Once the above information is received in the Clerk's Division, you will be contacted by Legislative Services staff to confirm your placement on the appropriate agenda. Thank you.

Notice with Respect to the Collection of Personal Information
(Municipal Freedom of Information and Protection of Privacy Act)

Personal information contained on this form is authorized under Section IV-4 of the Region of Peel Procedure By-law 100-2012 as amended, for the purpose of contacting individuals and/or organizations requesting an opportunity to appear as a delegation before Regional Council or a Committee of Council. The Delegation Request Form will be published in its entirety with the public agenda. The Procedure By-law is a requirement of Section 238(2) of the *Municipal Act, 2001*, as amended. Please note that all meetings are open to the public except where permitted to be closed to the public under legislated authority. All Regional Council meetings are audio broadcast via the internet and will be video broadcast on the local cable television network where video files will be posted and available for viewing subsequent to those meetings. Questions about collection may be directed to the Manager of Legislative Services, 10 Peel Centre Drive, Suite A, 5th floor, Brampton, ON L6T 4B9, (905) 791-7800 ext. 4462.



REPORT
Meeting Date: 2018-02-01
Peel Housing Corporation

DATE: January 23, 2018

REPORT TITLE: **PEEL LIVING 2018 CAPITAL BUDGET FOR STATE OF GOOD REPAIR**

FROM: Dan Labrecque, General Manager, Peel Living
Stephanie Nagel, Treasurer, Peel Living

RECOMMENDATION

That the 2018 capital budget of \$21.8 M for state of good repair (SOGR), as identified in Appendix II of the 2018 Budget for Peel Living attached to the report of the General Manager and Treasurer titled “Peel Living 2018 Capital Budget for State of Good Repair” be approved;

And further, that the Treasurer be authorized to draw from the Working Fund Reserves as necessary to finance capital expenditures to maintain the financial flexibility of the Corporation.

REPORT HIGHLIGHTS

- Approval of the 2018 capital budget for state of good repair was deferred, in order to access a new provincial funding program.
- The 2018 capital budget for state of good repair as distributed to the Peel Living Board in October 2017 has been revised from \$15 M to \$21.8 M to take advantage of new funding opportunities.
- The \$21.8 M for state of good repair will be funded by reserves, the Social Housing Apartment Infrastructure Program (SHAIP), Service Manager loan (Accessing Capital Infrastructure Subsidy policy), the Region’s Office of Climate Change and Energy Management (OCCEM), and from external funding (Municipal GHG and IESO/Enbridge).

DISCUSSION

The 2018 Peel Living budget was first presented to the Board on October 5, 2017 where only the operational budget and a \$45 M capital budget for the redevelopment of East Avenue was approved at that time.

Approval of the capital budget for state of good repair was deferred until further information was available on grant funding from the Social Housing Apartment Improvement Program (SHAIP). Past experience indicated that provincial and federal funding programs are often only eligible for new items and not those already approved in a budget.

6.1-2

PEEL LIVING 2018 CAPITAL BUDGET FOR STATE OF GOOD REPAIR

We were informed that The Region of Peel received a conditional allocation of \$14,937,759 from the Province for 2017-2018, applicable to buildings/apartments with 150 units or more. Peel Living's 2018 capital budget for state of good repair (SOGR) has been updated to include capital work for 3 buildings which could qualify under SHAIP's year 1 funding criteria.

The attached 2018 Budget document includes the updated capital budget, reserve forecasts and replaces the document presented to the Board on October 5, 2017. There are no changes to the 2018 operating budget and the capital budget for the redevelopment of East Avenue which were approved by the Board on October 5, 2017. The 2018 Budget document has been updated to include the increased budget for state of good repair and the Twin Pines Resident Transition Plan budget approved December 7, 2017. Reserve forecasts have been updated to reflect the capital budget changes and the prepayment of the Knightsbridge mortgage.

2018 Capital Budget for State of Good Repair

A 2018 capital budget of \$15 M was initially submitted on October 5, 2017 and was deferred by the Board until further information was available on the SHAIP. Based on preliminary information, \$5.4 M in state of good repair work for Bella Vista Place, Gardenview Court and Surveyor's Point, has been brought forward and added to the 2018 capital budget, anticipating this work will qualify for SHAIP funding.

In addition to the SHAIP funding opportunity, a joint initiative between Peel Living and the Region's Office of Climate Change and Energy Management (OCCEM) has identified capital projects that could qualify for funding under the Province's Municipal Green House Gas (GHG) Challenge Fund. The cost of the additional GHG capital projects total \$1.4 M. Early estimates indicate the GHG reduction projects would result in annual energy (electricity and natural gas) cost avoidance of \$414,000 and annual reduction in GHG emissions estimated at 452 [tonnes of CO₂e].

As a result, the 2018 capital budget for state of good repair has been increased from \$15.0 M to \$21.8 M in anticipation of provincial funding from SHAIP, GHG Challenge Fund and the additional funding from the Office of Climate Change and Energy Management.

2018 Capital Funding Sources for State of Good Repair

The 2018 capital budget of \$21.8 M for state of good repair includes funding for design, investigation work, management and purchasing charges and will be funded as follows:

6.1-3

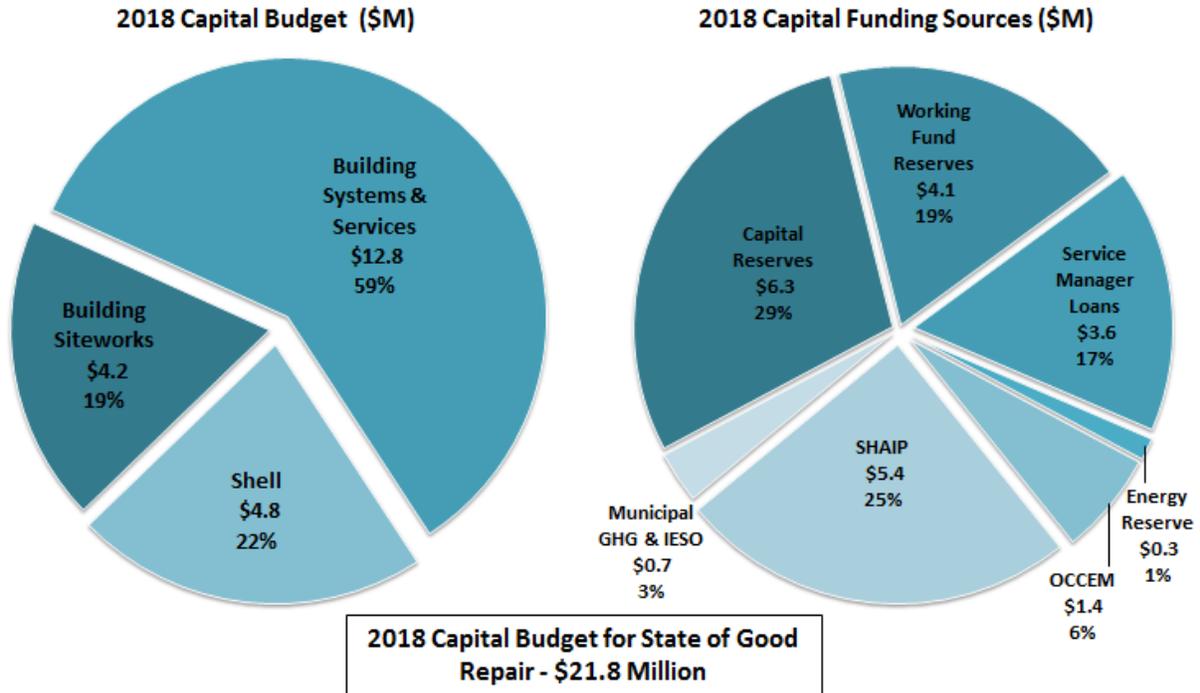
PEEL LIVING 2018 CAPITAL BUDGET FOR STATE OF GOOD REPAIR

Funding Source	Millions
PHC Capital Reserves	\$ 6.3
Social Housing Apartment Infrastructure Program (SHAIP)	5.4
PHC Working Fund Reserves	4.1
Service Manager Loan (Accessing Capital Infrastructure Subsidy policy)	3.6
Region of Peel's Office of Climate Change and Energy Management (OCCEM)	1.4
Municipal Green House Gases (GHG) Challenge Fund and Enbridge Independent Electricity System Operator (IESO) program	0.7
PHC Energy Reserve	0.3
Total Funding	\$ 21.8

With respect to the funding sources for the 2018 capital budget for state of good repair, the \$5.4 M in SHAIP funding has not been secured and the projects advanced for this program will only proceed in 2018 if the funding application with the Service Manager is successful.

With respect to the joint initiatives with the Region's Office of Climate Change and Energy Management, a request for funding from the Municipal GHG Challenge Fund will be submitted. The application will be for both 2017 approved capital projects and 2018 capital projects. Some of the GHG capital projects will only proceed if funding is received.

Appendix II of the Peel Living 2018 Budget document (attached), provides an overview of the 2018 capital projects, highlighting the original \$15 M capital budget and the additional \$6.8 M in capital that will be contingent upon SHAIP and GHG funding. The following is the 2018 capital summary for state of good repair by category and funding source:



6.1-4

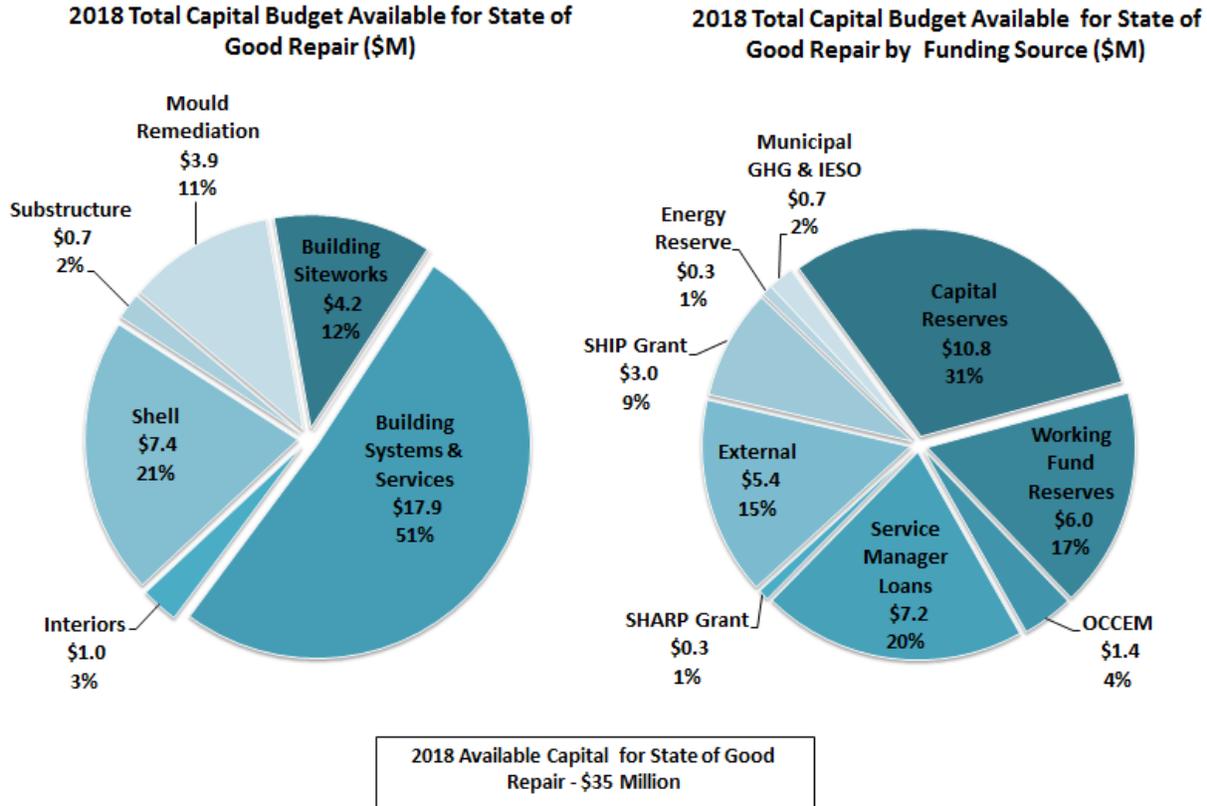
PEEL LIVING 2018 CAPITAL BUDGET FOR STATE OF GOOD REPAIR

Total Capital Available in 2018 for State of Good Repair

The total capital budget available in 2018 for state of good repair will be \$35 M. An estimated \$13.2 M in capital work-in-progress will be carried forward from prior-year capital budgets. The total capital available for state of good repair is summarized as follows:

Classifications of Capital Plan	Carry-Forward from Prior Years (in \$'000)	2018 Capital Budget (in \$'000)	Total Capital in 2018 (in \$'000)
State of Good Repair	\$ 13,215	\$ 15,000	\$ 28,215
Capital Pending Funding		\$ 6,843	\$ 6,843
Minor Capital	-	-	-
Available Capital in 2018	\$ 13,215	\$ 21,843	\$ 35,058

The charts below provide a breakdown by type of capital work and the funding sources for



the \$35 M state of good repair capital budget available for 2018.

Appendix III of the Peel Living 2018 Budget document (attached) includes the detailed reserve forecast for PHC. The overall impact on the reserve balances in 2018, which includes capital draws, interest, and contributions, is summarized as follows:

6.1-5

PEEL LIVING 2018 CAPITAL BUDGET FOR STATE OF GOOD REPAIR

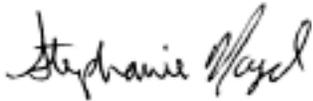
<i>(Thousand \$)</i>	Forecasted Balance, Dec 31, 2017	2018 Net Budgeted Reserve Activity	Forecasted Balance, Dec 31, 2018
Replacement Reserves	6,002	832	6,834
Working Fund Reserves	9,083	1,737	10,820

CONCLUSION

The Board has been briefed in the past with respect to the capital needs of the corporation and the need to increase budgets for state of good repair to an estimated \$25 M annually. The 2018 proposed budget begins to address the increasing capital needs while continuing to manage risks within the available resources. Staff will work with the Region as Shareholder and the Board to establish a Facility Condition Index (FCI) service standard, develop a long-term asset management strategy and identify the financial resources required to support the strategy.



Dan Labrecque, General Manager, Peel Living



Stephanie Nagel, Treasurer, Peel Housing Corporation

APPENDICES

Appendix I - Peel Living 2018 Budget Document

- Appendix I – 2018 Operating Budget Summary
- Appendix II – 2018 State of Good Repair Capital Budget Detail
- Appendix III – 2018 Capital and Working Fund Reserve Forecast

For further information regarding this report, please contact Dan Labrecque, General Manager, Extension 3549, dan.labrecque@peelregion.ca.

Authored By: John Arcella, Finance Manager and Deputy Treasurer, Peel Living

2018 BUDGET

Peel Living



February, 2018

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An Introduction to Peel Living

- Peel Living is the **3rd Largest Social Housing Provider in Ontario** - Peel Housing Corporation, operating as Peel Living, is a social housing provider that provides affordable housing to low and moderate income families and individuals in Peel.
- We have a **Mandate to Provide Safe Affordable Housing** - The Region of Peel established Peel Living in 1976 with the mandate to provide safe and well-maintained properties for tenants with a focus on improving their quality of life.
- We are **Partners with Region of Peel** - Operates as one of 48 housing providers under the Region's oversight in their role as Housing Service Manager. We partner with over 55 agencies, including the Region, in supporting our clients.
- We are a housing **Portfolio Manager** - Peel Living's portfolio includes 70 buildings consisting of high and low-rise apartments, townhouses, two transitional shelters and three group homes. As well, Peel Living manages four Regionally-owned affordable housing properties and four emergency homeless shelters.

Peel Living Assets



* includes 2 transitional shelters (68 beds) and 3 group homes

Region of Peel Assets Managed by Peel Living



Section I. Existing Services and Service Levels

1. Existing Services and Service Levels

Information on Peel Living’s Key Services Areas

General Management Services

Peel Living is led by the General Manager.

The General Manager is accountable for the management of the Corporation, including oversight of an overall service delivery model to tenants.

The service model is defined by program funding requirements, the direction of Peel Living’s Board of Directors, and the Region of Peel as the sole shareholder.

The General Manager will work with the Board of Directors to develop Peel Living’s future direction and Strategic Plan.

Housing Operations and Tenancy Management

Peel Living is accountable for the day-to-day housing services and operations, ensuring relevant legislation and by-laws are upheld, and ensuring a high standard of service to tenants and clients.

Key service areas:

- Tenancy management services including supporting vulnerable and at-risk tenancies directly or indirectly in partnership with community agencies.
- Cost management strategies and revenue maximization.

Technical Supports

Peel Living provides expertise in:

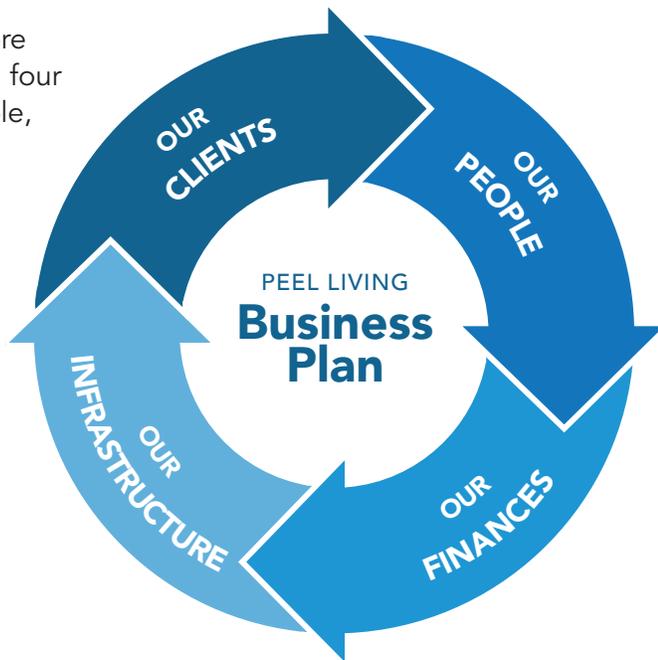
- Capital planning development, building services oversight and budget management
- Preventative maintenance, vendor negotiations and performance and monitoring of service standards

The majority of Technical Support services are performed in partnership with Region of Peel divisions including Real Property Asset Management (RPAM), Corporate Asset Management (CAM) and Finance.

Technical Support staff work with a range of service contractors and government compliance agencies, including municipal fire departments, the Technical Standards and Safety Authority (TSSA), and Canadian Standards Association (CSA), to ensure legislative regulatory compliance by Peel Living.

2. Key Outcomes, Initiatives in 2017

Peel Living adopted a “Balanced Score Card” to report and communicate on four strategic areas of focus: clients, people, finances and infrastructure. Detailed performance metrics are currently being developed to improve service outcomes in all four focus areas (preliminary targets are shown in Section III. 2018 Business Focus).



2017 Focus Area Highlights

► Our Clients

- Enhanced our client-focused service approach, beginning with the creation of a Tenant Engagement Strategy
- Commenced review of Tenant Annual Review process; objectives include streamlining processes, finding cost efficiencies and improving service access for tenants
- Launched tenant satisfaction survey
- Achieved Board endorsement of a Complaint Process Framework; finalizing procedures and raising awareness with tenants and staff
- Achieved 40% response rate to a smoking cessation survey to inform a smoke-free policy being developed by Public Health; Board review in December 2017
- Piloted technology to allow tenants to request services online.

2017 Focus Area Highlights (continued)

Our People

- Hired Manager of Infrastructure Planning and Servicing for 24 months to review building services functions and best practices
- Identified challenges and opportunities through latest employee satisfaction survey. A Learning and Training framework has been developed to assess end state, identify opportunities, and develop standards for staff
- Increased communication frequency through General Manager site visits and monthly staff emails informing staff of Peel Living initiatives.

Our Finances

Leveraging previous Financial Viability work, Peel Living continues to examine processes and find efficiencies impacting financial well-being. In 2017, Peel Living:

- Completed building-by-building financial reviews
- Addressed arrears management; partnership with Region of Peel Finance evolving
- Developed Risk management plan including actions to ensure tenants are insured
- Reviewed procurement process and identified areas to improve efficiencies and the client experience
- Completed analysis of 19 potential redevelopment sites.

We are also designing a preliminary 10-year Capital Plan and finalizing the base-line service metric – Net Operating Income.

2017 Focus Area Highlights (continued)

Our Infrastructure

- Introduced the Facility Condition Index (FCI)* rating process in support of an evidenced-based asset management planning program
- Worked with Peel Finance and Service Manager to establish long-term service standard targets
- Prepared for development of 10-year Asset Management plan, including analysis of 19 potential redevelopment sites
- Initiated phase one of a growth, redevelopment and intensification review, identifying 7 properties to undergo detailed planning assessments of their ability to support greater site density
- Accelerated the Twin Pines and East Ave redevelopment projects to the next phase of the process.

* The facility condition index (FCI) is used in facilities management to provide a benchmark to compare the relative condition of a group of facilities. The FCI is primarily used to support asset management initiatives and is the ratio of the "repair needs" to replacement value" expressed in percentage terms.

Section II. Issues and Trends

Key pressures influencing the Peel Living business plan include:

Aging housing stock and associated increased costs

Escalating operational and building infrastructure costs are proving difficult to manage within the existing business and financial model; Peel Living requires an alternative business model that is sustainable in the long-term.

The increased cost pressures stem from:

- Increased required maintenance
- Higher capital costs
- Lack of energy efficiency
- Increased liabilities.

End of Traditional Government Funds for Asset Renewal

Peel Living and the Region of Peel continue to be challenged to provide or upgrade current housing stock and create new affordable housing in an environment that faces the end of traditional funding by Federal and Provincial governments.

End of Operating Agreements mean that Peel Living will see government funding reduced. Peel Living will respond with market driven solutions with an aim to maximize opportunities within the current financial market.

Ongoing Operating Funds and Inflationary Pressures

The Region's model for new developments provides capital contributions but not operating funds.

While facing these increased pressures, Peel Living is committed to sustaining its social mission:

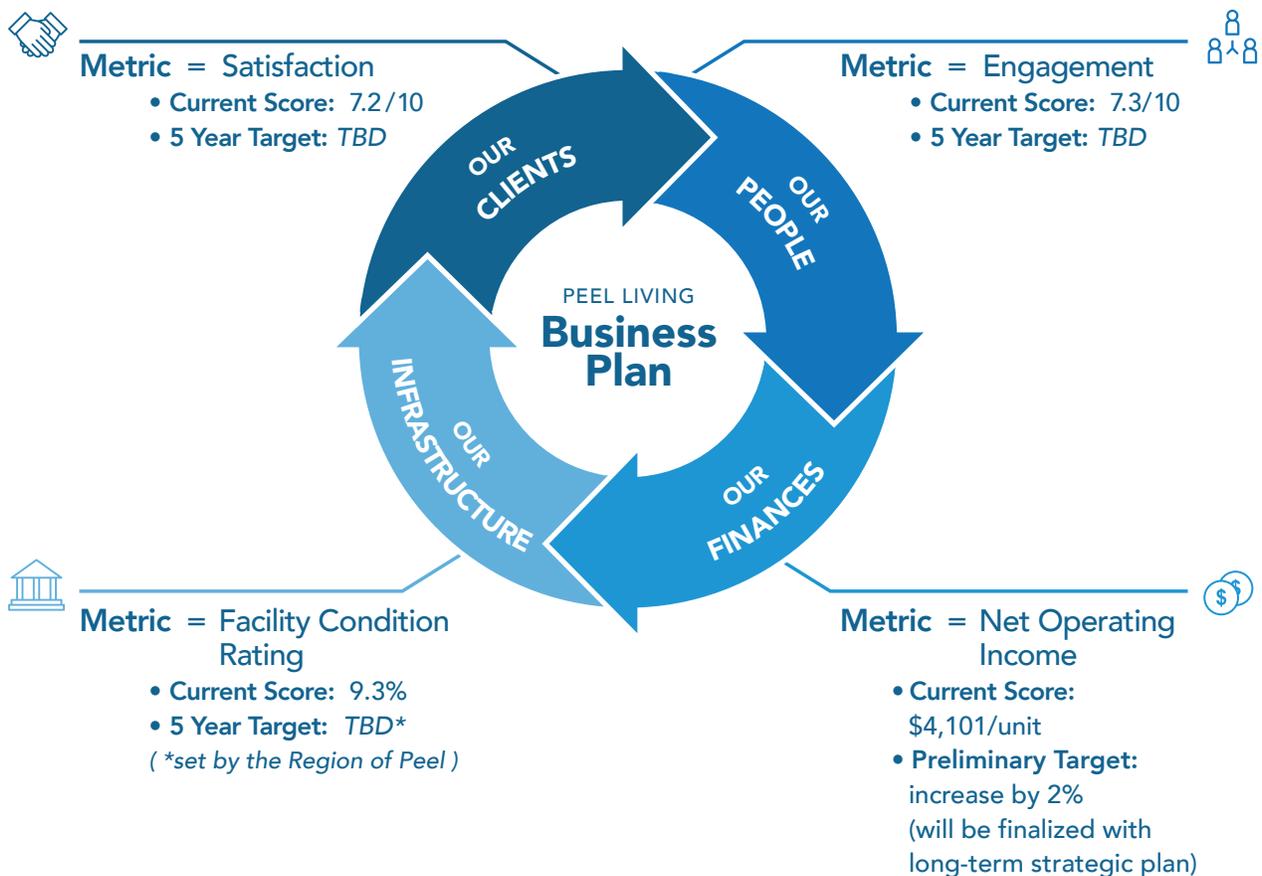
- Retaining affordability
- Increasing value to tenants and community
- Meeting the challenge for new affordable housing.

Section III. 2018 Business Focus

Balanced Score Card Approach - Key Initiatives and Desired Outcomes for 2018

Peel Living will find opportunities to save, improve efficiency and implement standards to positively impact all strategic areas of focus of our performance plan, as outlined in our balanced scorecard (below).

Development of mid and long-term targets for the Balanced Scorecard will be integrated into the Board's Strategic Planning process. It is anticipated that this will be undertaken by the newly reconstituted Board, following the 2018 municipal election.



2018 Focus Areas

Our Clients

The 2015 external client satisfaction survey (conducted every two years) reflected an overall satisfaction rating of 7.2 out of 10.

The three key drivers to client satisfaction were:

1. Building condition
2. Interaction with neighbours
3. Condition of units.

The 2017 survey will be reported back to staff and the Board later this year and help to inform our work plan and focus areas for 2018.

With Peel Living's proposed work plan and focus on improving overall building conditions, we will see a positive shift in client satisfaction from the 2017 base line rating.

Our People

A key learning from the 2016 Employee Survey was the recognition that our staff were strongly aligned to improving client outcomes. Will use the survey results to explore opportunities to strengthen our ability to establish standards, identify performance gaps and develop strategies and tactics to close those gaps.

2018 Focus Areas (continued)

Our Finances

We will establish process reviews for all areas of spending and revenue generation to effectively manage financial resources to improve organizational long-term viability. Key work involves building an investment strategy, including various components:

- Energy Plan
- Property Taxes - policy position regarding MPAC treatment of social housing
- Risk Management Plan
- Cost management
- Operational Effectiveness
- Procurement process, Vendor performance and monitoring of service standards

We will focus on long term strategies to reduce the level of deferred maintenance of our aging portfolio, acknowledging that client satisfaction is based on the condition of our buildings and individual units, and the behaviour of tenants' neighbours.

2018 Focus Areas (continued)

Our Infrastructure

Peel Living is seeking opportunities to increase affordable housing stock that are financially sustainable by reviewing potential sites for redevelopment or regeneration. The Region is expected to significantly increase funding for state of good repair and a redevelopment plan in support of the Regional Council priorities.

The planning process for the 2018 budget process started with recognition that our Facility Condition Index (FCI) rating reflected \$170 million of required work, referred to as “deferred maintenance.” Peel Living’s first 10-year plan sets the stage for actions that will support a longer-term strategic asset management plan.

The direction of our work for a long term strategic asset plan will integrate the following elements:

- Sustainable capital asset management, including consideration of strategies to reduce the level of deferred maintenance
- Opportunity for regeneration, with the first phase of regeneration work focusing on Twin Pines and East Ave sites
- Resource capacity (“bench strength”) and succession planning
- Development and integration of a companion Energy Master Plan into our broader Asset Management Plan.

Section IV. 2018 Operating Budget

1. 2018 Operating Budget Overview

Peel Living’s 2018 budget reflects a surplus before reserve transfers of \$12.2 million. The budget will enable Peel Living to maintain existing service levels and support increasing service demands in 2018.

The 2018 budget is benefiting from lower electricity costs and lower debt charges. These cost savings are helping to partially offset inflationary pressures and flat revenue growth. The difference between revenues and expenditures equals the net transfer to reserves of \$12.2 million. The net reserve contributions have increased by \$3.9 million compared to the 2017 budget.

2018 Operating Budget Summary (\$ in millions)

	2018 Budget	2017 Budget	2018 Budget Variance	
Resident Rental Revenue	\$ 56.0	\$ 54.7	\$ 1.3	2.3%
Non-rental Revenue	5.0	5.0	0.0	0.0%
Government Subsidies	37.3	38.7	(1.4)	-3.6%
Total Revenue	98.3	98.4	(0.1)	-0.1%
Operating Expenditures	86.1	90.1	4.0	4.4%
Net Reserve Contribution	\$ 12.2	\$ 8.3	\$ 3.9	46.6%

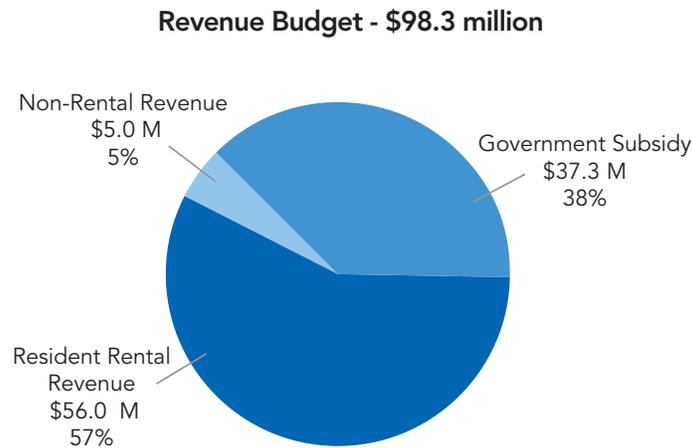
2. 2018 Operating Budget

Highlighted are the major financial drivers and financial requirements to maintain existing service levels and support increasing service demands in 2018. Details can be found in **Appendix I**.

Revenue

Total revenues are \$98.3 million and as shown in the summary above, there is a small decrease of \$145 thousand as a result of a reduction in net subsidies.

Resident Rental Revenue is the portion of rent that is collected directly from tenants. This includes market rent and the portion of rent a subsidized resident (RGI or rent supplement) is required to pay.

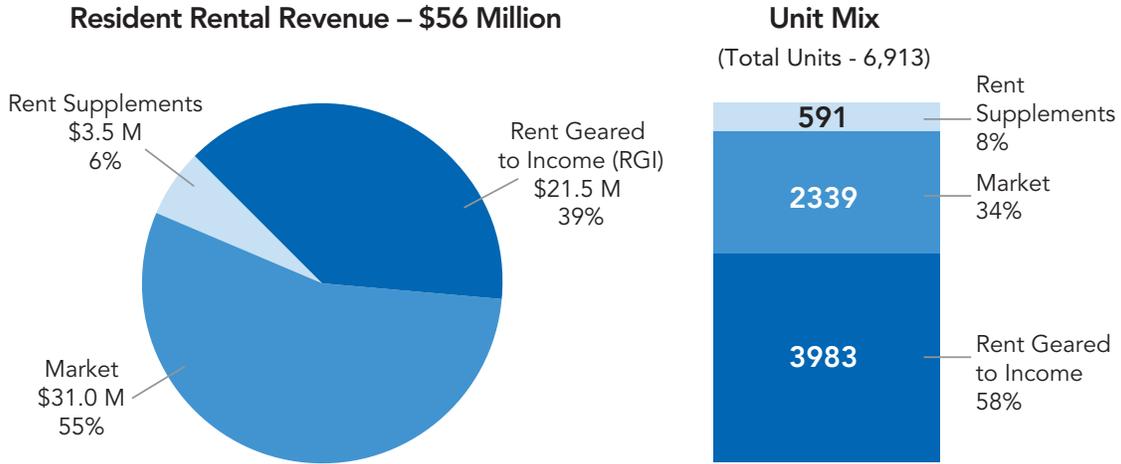


Resident Rental Revenues increase by \$1.3 million from a rent increase of 1.8 % in accordance with the Residential Tenancies Act Guideline and modest increases in subsidized tenant revenues. Rental revenues are also impacted by a shift in unit mix between rent supplements and market.

Although rental revenues are budgeted to be higher in 2018, they are offset by \$1.4 million decrease in Service Manager subsidy. Subsidy is impacted by higher revenues, lower operating and mortgage costs, and expiring operating agreements (which eliminates the Service Manager subsidy).

Looking at the sources of revenue, 57% of the revenues comes directly from tenants through rents. Government subsidies, which include rent, mortgage, operating and property tax subsidies, make up 38% of revenues. Non-rental revenues, which include parking, laundry, roof-top antennas, make up 5% of revenues.

Unit mix is an important driver of financial viability and will be closely monitored to ensure revenues are properly maximized. The diagrams below provide details of how the \$56 million Resident Rental Revenue is derived. 55% of tenant revenues or \$31 million comes from market units which represent 34% of our total units.



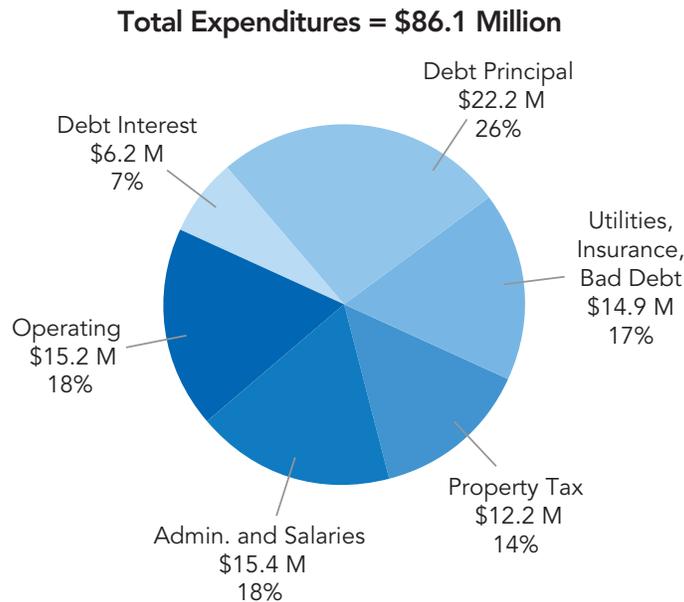
Peel Living is required under the Housing Services Act, 2011, to provide 4,158 RGI units. The above Unit Mix charts demonstrates that we are currently supporting the Service Manager’s Centralized Waiting List through 3,983 RGI units and 591 rent supplement units. Efforts are being made to adjust the current unit mix to achieve the RGI targets by converting market and rent supplement units to RGI units upon turnover.

Expenditures

Overall operating expenditures total \$86.1 million and decrease by \$4.0 million or 4.4% over 2017. Some of the significant changes to the budget include:

- \$2.9 million reduction in utility costs as a result of energy efficiency retrofits and Provincial cost reduction strategies.
- Mortgages and loans decrease by \$2.4 million due to expiring operating agreements and lower interest rates.
- \$612 thousand increase for software licenses and Regional administrative support charges.
- Costs increase by \$438 thousand due to increasing building repairs and maintenance needs; where possible, repairs are grouped strategically with major capital work in order to better manage spending.
- \$331 thousand increase to property taxes.

The following diagram provides a breakdown of expenditures. The largest expenditure component is related to debt which accounts for \$28.4 million (principal and interest) or 33% of total expenditures. Debt expenditures will gradually reduce over the next 10 years as mortgages expire.



Details can be found in Appendix I.

Net Reserve Transfer

The 2018 proposed operating budget results in a surplus before reserve transfers of \$12.2 million, \$3.9 million higher than 2017. The increased surplus results in a \$1.2 million increase to capital reserve contributions and a \$2.7 million increase to the working fund reserve contributions.

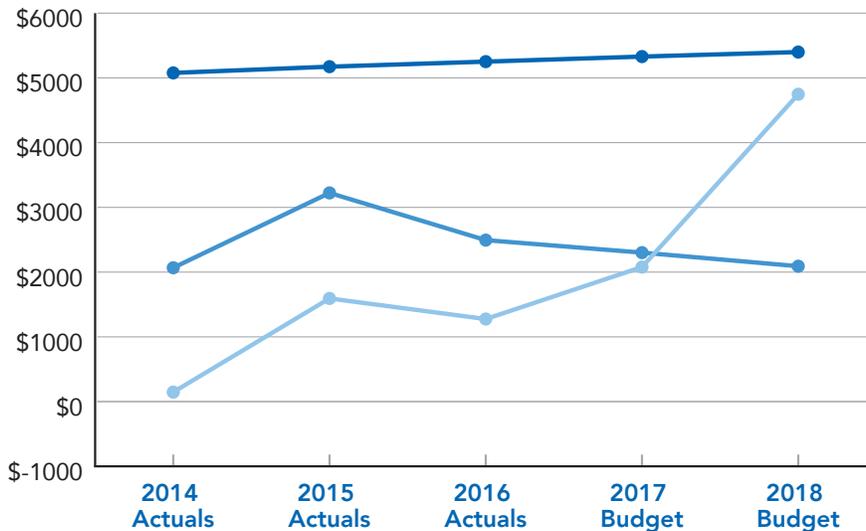
Reserve Contribution Summary 2018 vs. 2017 Budget (\$ in millions)

	2018 Budget	2017 Budget	Year over Year Change
Mandatory Replacement Reserve Contribution	\$ 5.4	\$ 5.3	\$ 0.1
Discretionary Replacement Reserve Contribution	2.1	2.3	(0.2)
Minor Capital Reserve Draw	-	(1.3)	1.3
Net Replacement Reserve Contribution	\$ 7.5	\$ 6.3	\$ 1.2
Net Working Fund Reserve Contribution	4.8	2.1	2.7
Total	\$ 12.2	\$ 8.4	\$ 3.9

It is critical that the corporation continues to generate surpluses and maximize discretionary reserve contributions. Any surpluses generated are transferred to capital and working fund reserves to support long-term sustainability.

The following chart demonstrates the positive trend in reserve activity. For the 5 year period shown, overall contributions to reserves have been steadily increasing as a result of improved net operating income.

Reserve Contributions 2014-2018 (\$ in thousands)



Contribution To Replacement Reserves	\$ 5,077	\$ 5,173	\$ 5,251	\$ 5,329	\$ 5,399
Net Contribution To Working Fund Reserves	\$ 146	\$ 1,593	\$ 1,275	\$ 2,078	\$ 4,747
Discretionary Contribution to Replacement Reserves	\$ 2,067	\$ 3,223	\$ 2,494	\$ 2,301	\$ 2,091

3. Net Operating Income (NOI)

The Net Operating Income (NOI) measurement is an indicator of financial operating position. It is calculated by taking revenues less expenses, before accounting for annual debt payments. It is a common performance indicator in the private sector; however, it is not typically used for affordable housing because funding programs were not designed on this basis. However, the NOI measurement can be adjusted to be a useful indicator for an organization's operating position relative to the end of its operating agreements (EOA).

The NOI will also be a good indicator of how much debt Peel Living could carry on a per unit basis, as it looks at financing strategies as part of its long-term strategic plan.

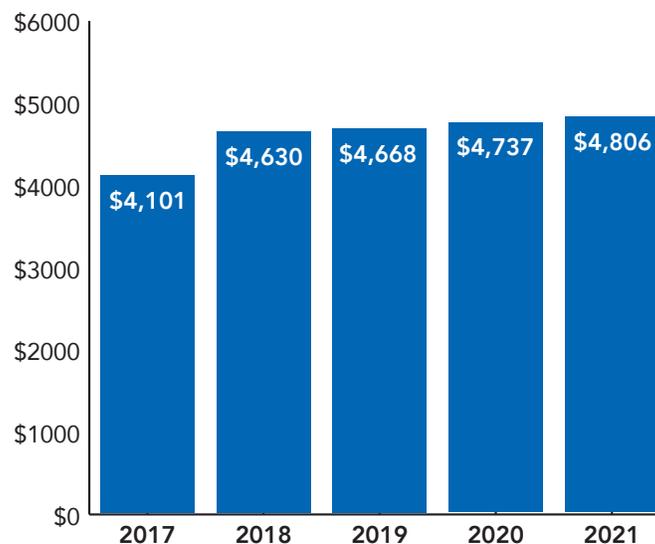
In the case of affordable housing, both subsidy and mortgage payments must be taken out of the equation to make the NOI test meaningful.

A portfolio NOI of \$4,630 per unit has been calculated based on the 2018 budget. This is significantly higher than 2017 budget mainly due to lower energy and debt costs.

A forecast of the NOI shows modest increases between 2018 and 2021. The forecast is showing an average year-over-year increase of 1.5%. Programs originally designed under Federal and Provincial programs make it difficult to significantly improve Net Operating Income. The mix between market and subsidized units, along with restrictions under the Residential Tenancies Act limit revenue growth. The key driver for improving NOI will be through operational efficiencies.

On a positive note, what is not reflected in the NOI metric is the net benefit once mortgages expire. For many buildings, mortgage subsidies are less than the actual mortgage costs, therefore, once the mortgages expire, there should be a net reduction in operating costs. The long-term strategic plan will provide the basis for determining the targets for NOI.

Net Operating Income Per Unit



Section V. 2018 Capital Budget and Reserves

1. 2018 Capital Budget Overview

The 2018 Capital Budget totals \$71.3 million and includes \$45 million for redevelopment of East Avenue, \$21.8 million for state of good repair and \$4.5 million for the Twin Pines Resident Transition Plan. Building Condition Assessments (BCA) were finalized in 2016 indicating Peel Living requires \$421 million in capital work over the next 10-year cycle.

BCA studies are based on life-cycle methodologies and do not take into consideration extension of life opportunities and other long-term strategic decisions such as divestment or redevelopment of sites.

Working with the Region's Capital Asset Management team, it was determined that a 10-year capital plan of \$330 million would achieve a Facility Condition Index (FCI) of 5 (rating of "good"). Current FCI is estimated to be 9.3 %.

The capital requirements over the last 10 years have continued to outpace reserve contributions resulting in capital replacement reserves being depleted. The 2018 capital budget focuses on the continued state of good repair with a focus on improving the building systems and services of many buildings. These items affect the tenant's experience and comfort and comprise of hot water boilers, air units and furnaces. Projects are prioritized and existing reserve contributions are used to fund the capital work. Shortfalls in capital funding are addressed through loans from the Service Manager (Accessing Capital/Infrastructure Subsidy program) or through Federal/ Provincial funding for housing and energy retrofit initiatives, if available.

Over the next year, the BCA's will continue to see refinement as the long-term strategic plan is developed including establishing an acceptable service level (FCI metric) for the portfolio. The BCA's will continue to inform the capital budget on the most critical repairs and replacements.

Work has already begun to identify potential sites for redevelopment or intensification. Currently, East Avenue and Twin Pines are in the planning process for redevelopment. The 2018 budget includes funding to advance the redevelopment of these sites. It is anticipated that the redevelopment of older sites could reduce the current and future state of good repair needs and improve the overall FCI for the portfolio.

2. 2018 State of Good Repair Budget

The proposed 2018 capital budget for state of good repair is \$21.8 million and is based on a joint review of the elements identified by the site specific Building Condition Assessments (BCA) plus on-going preventative maintenance data and visual verification of each building by property management staff.

In many instances, the actual year in which an item needs to be replaced can be extended through appropriate preventative maintenance, and any extension of the lifespan of the asset reduces the current draw on the replacement reserves.

The state of good repair budget of \$21.8 million is \$7.3 million higher than 2017 and will be funded as follows:

Funding Source	Millions \$
PHC Capital Reserves	\$6.3
Social Housing Apartment Infrastructure Program (SHAIP)	5.4
PHC Working Fund Reserves	4.1
Service Manager Loan (Accessing Capital Infrastructure Subsidy policy)	3.6
Region of Peel's Office of Climate Change and Energy Management (OCCEM)	1.4
Municipal Green House Gases (GHG) Challenge Fund and Enbridge Independent Electricity System Operator (IESO) program	0.7
PHC Energy Reserve	0.3
Total Funding	\$21.8

The capital budget includes funding for capital repairs that will be prioritized using BCA information; design and investigation work so that planning and engineering is advanced enough that with sufficient funding, projects can begin within a very short time.

A joint initiative between Peel Living and the Region's Office of Climate Change and Energy Management identified capital projects that could qualify for funding under the Province's Municipal Green House Gases (GHG) Challenge Fund. The GHG capital projects will only be completed if funding is secured. Early estimates indicate the GHG reduction projects would result in annual energy (electricity and natural gas) cost avoidance of \$414,000 and annual reduction in GHG emissions estimated at 452 tons of CO₂.

With respect to the \$5.4 million in SHAIP funding, this has not been secured and the projects advanced for this program will only proceed in 2018 if the funding application with the Service Manager is successful.

Funding from Service Manager capital loans are payable over 15 years commencing one month after the property's mortgage end date. Service Manager loans are only requested and assigned to buildings that are able to repay the loan under the agreed terms.

Appendix II provides an overview of the 2018 state of good repair capital projects, highlighting the additional \$6.8 million in capital that will be contingent upon SHAIIP and GHG funding.

3. 2018 Redevelopment Budget

There are currently two redevelopment initiatives:

East Avenue Redevelopment Project

The East Avenue site (958 and 960 East Avenue at Lakeshore Rd East, Mississauga) is comprised of two, two-story buildings, built in 1967, with a total of 30 units (16 bachelor and 14 one-bedroom). Redevelopment of this site has been contemplated since 2014, when a community charrette was undertaken following the Region's procurement of the Byngmount school lands. On September 7, 2017, the Board approved the redevelopment of the site.

The 2018 capital budget includes \$45 million for the re-development of East Avenue and it is estimated that it will increase the number of affordable units from 30 to 150 units, helping to make more affordable housing available for applicants on the Region's centralized waitlist. The research and planning for this project started in 2017 and the preliminary plan includes:

- Financial analysis for an estimated 156 units (including replaced units) to be funded by a one-time grant of \$32 million from the Region and \$13 million by external debt.
- A Memorandum of Understanding (MOU) signed with the Service Manager for the \$32 million grant requires a preliminary development plan to be submitted by the end of 2017.
- A formal request for debt financing will be presented to the Board and Regional Council once a more detailed plan has been finalized.

Twin Pines Redevelopment Project

In 2012 the Peel Housing Corporation Board (PHC) of Directors made a decision not to extend the 20 year security of tenure provision contained in PHC's 1996 agreement with the Cedar Grove Residents' Community Corporation, beyond the provision's expiration date of October 1, 2016. On December 7, 2017, the Board approved a Resident Transition Plan (RTP) which provided Twin Pines residents with options to remain in the redeveloped Twin Pines community and a payment option for those that prefer to leave.

The RTP provides tenants with multiple options that could have financial implications as soon as January 2018 and continue beyond the completion of the redevelopment. As a result, the total cost of the RTP will not be known until Peel Living receives a final decision on the option selected from all applicable Twin Pines tenants; however, at this time, the total anticipated costs for the RTP are expected to range from \$6–\$14 million. The costs include, but are not limited to, the goodwill payment amount, RTA compensation, disposal/demolition costs, and future long term lease supports (Peel Living Rent Supplement) based on the historic average tenure. It is also anticipated that there will be a loss of rental revenue as tenants vacate the site. This would impact the ability to fund the operating costs.

On November 16, 2017, Regional Council approved the Region of Peel's 2018 budget which included \$4.5 million for the Twin Pines Resident Transition Plan. Based on estimates, this funding should be sufficient to cover the various costs listed above in 2018. The Board approved a 2018 capital budget of \$4.5 million on December 7th, 2017 when they approved the RTP. The longer term financing strategy for the entire redevelopment of Twin Pines will depend on the final built form and will require financial modelling to determine the optimal level of equity and debt financing.

The full KPMG Resident Transition Plan Report is available on the Twin Pines Redevelopment Project webpage at peelregion.ca

4. Existing and Carry-forward Capital Projects for 2018

In addition to the 2018 capital budget of \$21.8 million for state of good repair, an estimated \$13.2 million of work-in-progress and unused capital budget will be carried forward from prior years. This provides a total of \$35 million in 2018 for state of good repair capital work. A capital budget of \$3 million for the Twin Pines redevelopment project will be carried forward into 2018.

A resource plan is being developed with the Region's Real Property Asset Management (RPAM) department to address outstanding capital work and plan for the 10 year capital needs discussed below.

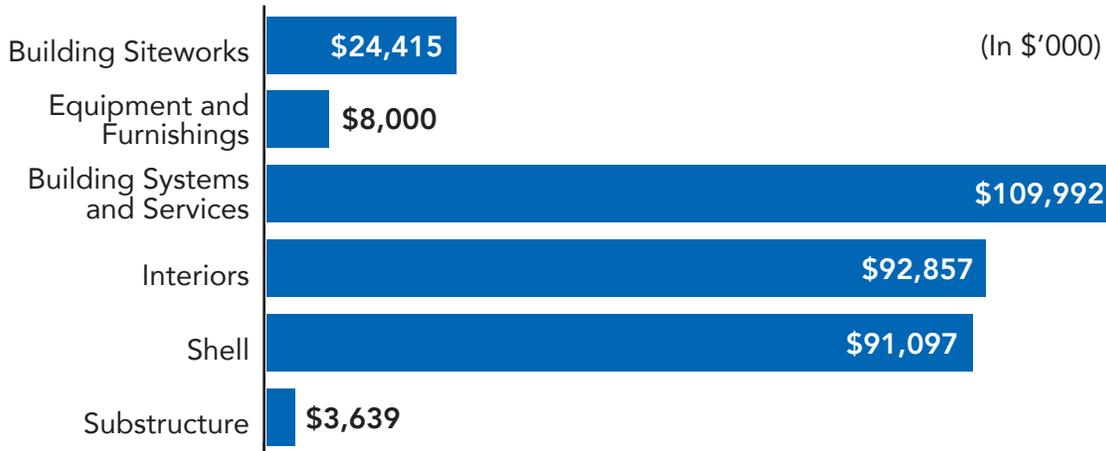
5. 2018 – 2027 10-Year Capital Plan (State of Good Repair)

The current capital plan for the 10 years from 2018 through to 2027 will range between \$21.8 million to \$45 million per year for a total 10 year plan of \$330 million, specific to the state of good repair at Peel Living properties.

The 10-year capital plan will continue to evolve as the long-term financial strategy is finalized. Throughout the next 10 years, Peel Living aims to reduce the overall capital needs through redevelopment and regeneration of its properties.

The chart that follows provides a summary of the 10-year capital needs by category. Efforts will be made to co-ordinate similar capital work into larger projects or comprehensive building renewal projects to minimize disruptions to tenants and achieve cost savings.

Peel Living 10-Year Capital Needs by Category (\$330 Million)



Historically, Peel Living and RPAM have been able to complete an average of \$12 million in state of good repair work each year. The interim 10 year capital plan aims to increase Peel Living and RPAM’s resource and funding capacity.

Planning has begun with the Region of Peel’s Real Property Asset Management team to determine the resource requirements and strategy to enable Peel Living to the renewal of its assets. The long-term strategy will identify the ideal level of spending and the resources required to execute the plan.

Appendix III forecasts major capital reserve draws (spending) of approximately \$13.4 million for 2018.

6. 2018 Capital and Working Fund Reserves Forecast

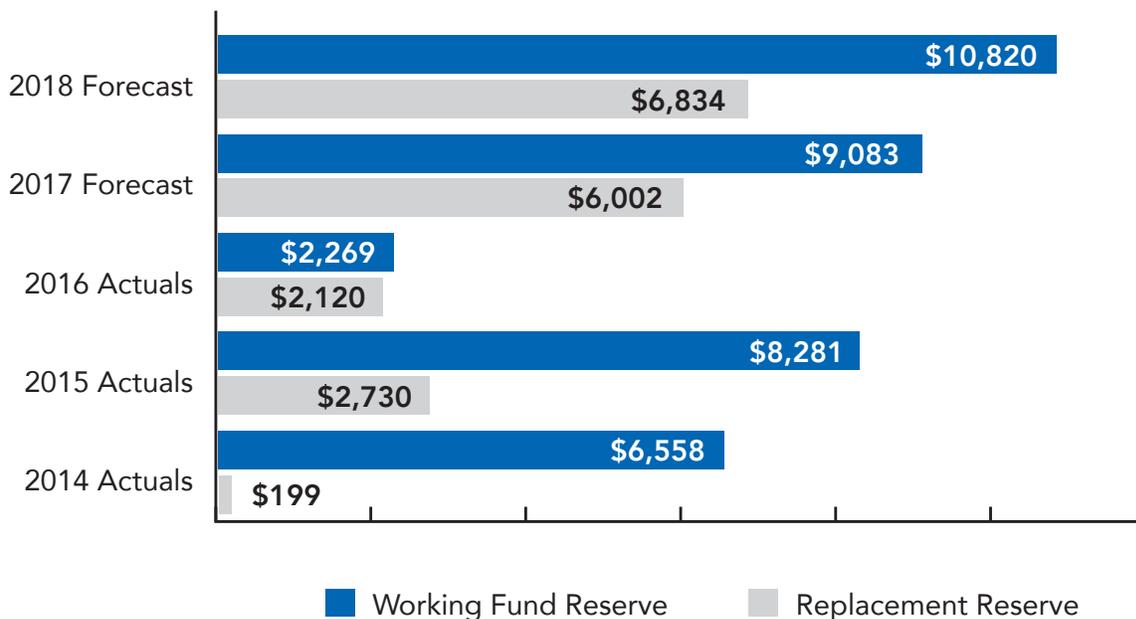
Peel Living has taken measures over the last four years to increase the level of its reserve contributions and over that time, reserve contributions have increased as a result of operational improvements and capital prioritization.

However, the capital requirements for certain programs over the last ten years have continued to outpace the level of reserve contributions and the capital replacement reserves have been depleting. Modelling suggests that long-term sustainability requires annual capital contributions in the range of \$25 to \$30 million.

For the 2018 fiscal year, PHC will seek another Service Manager Loan of approximately \$3.6 million to fund multiple projects at various properties. It is projected that there will be \$20.5 million outstanding in approved Service Manager loans by the end 2017 and approximately \$24.7 million by the end of 2018. Appendix III provides the detailed forecast of the capital and working fund reserves, including anticipated loan reimbursements from the Service Manager, and provincial grant funding (Social Housing Apartment Retrofit Program/Social Housing Improvement Program) for capital project work taking place at Peel Living owned buildings.

The chart below shows the capital and working fund balances over a 5 year period starting in 2014. There have been steady improvements over the years, however, the current operating and funding models are not designed to sufficiently generate enough funding to meet capital needs. Replacement reserves are forecasted to be \$6.8 million and working funds at \$10.8 million for 2018.

**2014 - 2018 PHC Working Fund and Replacement Reserve
Balance History and Forecast (\$ in thousands)**



Section VI. Staffing

Peel Living has 74 full-time equivalent (FTE) positions approved for site Superintendents and Cleaners. Administration and Property Management FTE are reported as part of the Regional budget and allocated to each building's budget as a management fee.

Section VII. Future Outlook

The following table provides a budget projection for 2018 to 2021 and the forecast assumptions. The 2018 contribution to reserves is \$3.9 million higher than the 2017 budget. The forecast continues to see slight improvements year over year as costs are maintained fairly flat mainly due to expiring mortgages.

2018 – 2021 Budget Forecast (\$ in thousands)

	2017 Budget	2018 Budget	2019 Forecast	2020 Forecast	2021 Forecast
Net Revenues	\$98,470	\$98,325	\$99,219	\$100,475	\$102,053
Net Expenditures	\$90,095	\$86,088	\$85,305	\$85,310	\$86,229
Net Contribution to Reserves	\$8,375	\$12,237	\$13,914	\$15,165	\$15,824
\$ Change		\$3,862	\$1,677	\$1,251	\$659
% Change		46.1%	13.7%	9.0%	4.3%

The budget forecast assumptions include annual inflation rental increases. It also takes into consideration the reduction in mortgage costs and loss of subsidies as operating agreements expire. Other operating costs including salaries, property taxes and utilities have been adjusted for inflation.

Section VIII. 2018 Budget Risks and Key Program Assumptions

- Increasing operational costs in areas such as routine maintenance could put more pressure on capital and working fund reserves as increases in operating costs affects the amount contributed to these reserves.
- The aging nature of Peel Living housing stock is causing our capital repair requirements to outpace available funding.
- Continued assistance from the Service Manager may be required until a long-term financial sustainability plan is developed and implemented.

Appendix I

Peel Living Owned Sites 2018 Operating Budget

	2018 Budget	2017 Budget	2017 Year End Projection (Unaudited)	2018 Budget Variance Better/(Worse)	
REVENUE:					
Resident Rental Revenue	\$56,020	\$54,773	\$54,148	\$1,247	2.3%
Non-rental Revenue	4,961	4,959	5,604	2	0.0%
Government Subsidies					
Rent Supplement - Region Portion	4,930	4,988	4,862	(58)	-1.2%
Federal Assistance	8,038	8,106	8,305	(68)	-0.8%
Municipal Assistance	24,376	25,645	24,942	(1,269)	-4.9%
Total Government Subsidies	37,344	38,739	38,109	(1,395)	-3.6%
Total Revenue	98,325	98,471	97,861	(146)	-0.1%
EXPENDITURES:					
Salaries & Benefits	5,202	5,216	4,889	14	0.3%
Building Services & Systems	15,237	13,465	13,098	(1,772)	-13.2%
Minor Capital	-	1,334	1,065	1,334	100.0%
Utilities	13,068	16,003	15,954	2,935	18.3%
Administration	10,241	9,629	9,129	(612)	-6.4%
Mortgage, Loans & Depreciation	28,341	30,731	32,305	2,390	7.8%
Municipal Taxes	12,231	11,901	11,624	(330)	-2.8%
Bad Debt	266	348	348	82	23.6%
Insurance	1,501	1,469	1,495	(32)	-2.2%
Total Expenditures	86,087	90,096	89,907	4,009	4.4%
Operating Surplus Before Reserve Transfer	\$12,238	\$8,375	\$7,954	\$3,863	46.1%
Legislated Replacement Reserve Contribution	(5,399)	(5,329)	(5,251)	(70)	1.3%
Operating Surplus/(Deficit)	\$6,839	\$3,046	\$2,703	\$3,793	124.5%
Discretionary Transfer of Surplus to Replacement Reserve*	(2,091)	(2,301)	(2,494)	210	-9.1%
Transfer from Replacement Reserve for Minor Capital	-	1,334	1,065	(1,334)	
Transfer (to)/from Working Fund Reserves	(4,748)	(2,079)	(1,274)	(2,669)	128.4%
Net Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	

* Permitted by the Service Manager or Board Directed

** Figures do not include current year unrealized gains or losses on investment held for trading

Appendix II

Peel Housing Corporation 2018 State of Good Repair Capital Budget

2018 Base Capital Budget (for SOGR) Detail

FUNDING SOURCES												
Site	Project Description	Funding Program	Work Category	Budget	Replacement Reserves	Working Fund Reserves	Service Manager Loans	PHC Energy Reserve	ROP OCCEM	SHAIP	Municipal GHG & Enbridge Funding	
Arcadia Glen	Elevator Modernization	EOA	Services	\$ 366,100	\$366,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Castlebrooke	DHW Boilers Replacement	FP/UNI	Services	253,400	-	253,400	-	-	-	-	67,241	
Castlebrooke	Hot Water Boilers Replacement	FP/UNI	Services	267,500	-	267,500	-	-	-	-	131,848	
Chelsea Gardens	Make-Up Air Units Replacement	FP/UNI	Services	185,900	-	-	185,900	-	-	-	170,944	
Chelsea Gardens	Make-Up Air Units Replacement	FP/UNI	Services	185,900	-	-	185,900	-	-	-	140,865	
Colonial Terrace	Roofing Replacement, Balcony Repairs	FP/UNI	Shell	1,695,513	1,695,513	-	-	-	-	-	-	
Colonial Terrace	Furnace Replacement	FP/UNI	Services	119,206	-	-	-	-	119,206	-	15,150	
Derrybrae Place	Make-Up Air Units Replacement	FP/UNI	Services	189,600	-	-	189,600	-	-	-	170,640	
Fair Oaks Place	Make-Up Air Units Replacement	FP/UNI	Services	185,900	-	-	185,900	-	-	-	134,487	
Fairview Place	DHW Boilers Replacement	FP/UNI	Services	304,984	-	-	-	-	304,984	-	55,906	
Fairview Place	Balcony Balustrade Replacement	56.1	Shell	942,154	942,154	-	-	-	-	-	-	
Fletcher's View	Elevator Modernization	FP/UNI	Services	767,200	-	-	767,200	-	-	-	-	
Gran Columbia	Furnace Replacement	FP/UNI	Services	247,900	-	-	247,900	-	-	-	37,033	
Hiaph House	Fire Sprinkler System	FP/UNI	Services	51,155	51,155	-	-	-	-	-	-	
Lakeside Court	Make-Up Air Units Replacement	FP/UNI	Services	185,900	-	-	185,900	-	-	-	100,207	
Lakeview Promenade	DHW Boilers Replacement	FP/UNI	Services	183,000	-	-	183,000	-	-	-	55,906	
McHardy Court	Furnace Replacement	PRHC	Services	536,819	536,819	-	-	-	-	-	53,024	
Middleton Way	Exterior Concrete Stairs Replacement	EOA	Building Siteworks	2,386,600	-	2,386,600	-	-	-	-	-	
Queen Frederica	Make-Up Air Units Replacement	PRHC	Services	164,153	164,153	-	-	-	-	-	84,310	
Queen Frederica	Roof Anchors Repair	PRHC	Shell	82,959	82,959	-	-	-	-	-	-	
Queen Frederica	Furnace Replacement	PRHC	Services	318,068	318,068	-	-	-	-	-	27,774	
Redmond	Elevator Modernization	FP/UNI	Services	767,100	-	767,100	-	-	-	-	-	
Redmond	Chillers Replacement	FP/UNI	Services	408,200	-	-	408,200	-	-	-	-	
Redmond	DHW Boilers Replacement	FP/UNI	Services	253,400	-	-	253,400	-	-	-	81,191	
Redmond	Hot Water Boilers Replacement	FP/UNI	Services	279,700	-	-	279,700	-	-	-	143,450	
Redmond	Make-Up Air Units Replacement	FP/UNI	Services	139,500	-	-	139,500	-	-	-	124,834	
Riverview Terrace	Retaining Wall Replacement	56.1	Building Siteworks	763,062	763,062	-	-	-	-	-	-	
Springfield Gardens	Make-Up Air Units Replacement	FP/UNI	Services	218,113	-	-	-	-	218,113	-	113,872	
Springfield Gardens	Make-Up Air Units Replacement	FP/UNI	Services	218,113	-	-	-	-	218,113	-	113,872	
Springmill Terrace	Furnace Replacement	EOA	Services	585,900	-	446,316	-	-	139,584	-	87,532	
Stationview Place	DHW Heaters Replacement	FP/UNI	Services	271,400	-	-	271,400	-	-	-	-	
Stationview Place	Furnace Replacement	FP/UNI	Services	112,700	-	-	112,700	-	-	-	16,833	
Stavebank	DHW Boilers Replacement	PRHC	Services	231,814	231,814	-	-	-	-	-	30,853	
Stavebank	Make-Up Air Units Replacement	PRHC	Services	131,087	131,087	-	-	-	-	-	28,752	
Various Sites	Watermain Repairs & Backflow Preventers	Various	Building Siteworks	1,000,000	1,000,000	-	-	-	-	-	-	
				Sub-Total Base Budget	\$15,000,000	\$6,282,884	\$4,120,916	\$3,596,200	\$ -	\$1,000,000	\$ -	\$1,986,521

*Municipal GHG Funding, if approved, will be used to offset the currently proposed funding sources indicated for the respective base budget projects

Appendix II

Peel Housing Corporation 2018 State of Good Repair Capital Budget

2018 Capital Works Contingent upon SHAIP and Municipal GHG Funding					FUNDING SOURCES							
Site	Project Description	Funding Program	Work Category	Budget	Replacement Reserves	Working Fund Reserves	Service Manager Loans	PHC Energy Reserve	ROP OCCEM	SHAIP	Municipal GHG & Enbridge Funding	
Various High Rise Sites	In-Suite Heating Control Retrofit	Various	Services	\$ 514,400	\$ -	\$ -	\$ -	\$ -	\$159,400	\$ -	\$355,000	
Various Sites	Voltage Optimization Retrofit	Various	Services	916,000	-	-	-	270,000	270,000	-	376,000	
Bella Vista	Building Envelope	56.1	Shell	18,867	-	-	-	-	-	18,867	-	
Bella Vista	Building Equipment	56.1	Services	864,791	-	-	-	-	-	864,791	-	
Bella Vista	Lighting	56.1	Services	59,116	-	-	-	-	-	59,116	-	
Gardenview	Building Envelope	FP/UNI	Shell	2,329,402	-	-	-	-	-	2,329,402	-	
Gardenview	Building Equipment	FP/UNI	Services	1,918,766	-	-	-	-	-	1,918,766	-	
Surveyor's Point	Building Equipment	FP/UNI	Services	221,486	-	-	-	-	-	221,486	-	
Sub-Total Contingent Budget				\$6,842,828	\$ -	\$ -	\$ -	\$270,000	\$429,400	\$5,412,428	\$731,000	
Total Budget					\$21,842,828	\$6,282,884	\$4,120,916	\$3,596,200	\$270,000	\$1,429,400	\$5,412,428	\$2,717,521

*Municipal GHG Funding, if approved, will be used to offset the currently proposed funding sources indicated for the respective base budget projects

Appendix III

2018 Reserve Forecast

Reserve Description	Forecasted Activity 2018 (in thousands)										
	Replacement Reserves	December 31, 2017 Reserve Balance	Replacement Reserve Contributions In	Working Fund Transfers In/(Out)	SHARP Funding	SHIP Funding	Service Manager Loan Funding	Minor Capital Reserve Draws	Major Capital Reserve Draws	Net Replacement Reserve Transfer In/(Out)	Forecasted December 31, Balance
15.1		\$3,210	\$254	\$(1,438)	\$ -	\$ -	\$ -	\$ -	\$ -	\$(1,184)	\$2,026
56.1		(1,385)	2,515	1,363	407	-	0	-	(4,778)	(493)	(1,878)
FP/Uni		(3,171)	2,898	1,377	1,362	198	3,480	-	(7,903)	1,412	(1,759)
PRHC		6,657	1,450	-	-	-	-	-	(726)	724	7,381
Twin Pines		(2,236)	57	-	-	-	-	-	-	57	(2,179)
Other - PHC		2,927	316	-	-	-	-	-	-	316	3,243
Total Available - Capital Reserves		\$6,002	\$7,490	\$1,302	\$1,769	\$198	\$3,480	\$ -	\$(13,407)	\$832	\$6,834

Reserve Description	Forecasted Activity 2018 (in thousands)									
	Working Fund Reserves	December 31, 2017 Reserve Balance	Contributions from Operating	Transfers to fund Capital	Contributions to Operating	Transfers to Region of Peel	Major Capital Reserve Draws	Total Forecasted Activity	Forecasted December 31, Balance	
56.1		\$3,858	\$5,067	\$(1,363)	\$(1,193)	\$ -	\$ -	\$2,511	\$6,369	
FP/Uni		4,669	906	(1,377)	-	-	-	(471)	4,198	
Twin Pines		601	185	-	-	-	-	185	786	
Other - PHC		(1,143)	286	-	(504)	-	-	(218)	(1,361)	
Corporate Energy Reserve		1,098	-	-	-	-	(270)	(270)	828	
Total Available - Working Fund & Energy Reserves		\$9,083	\$6,444	\$(2,740)	\$(1,697)	\$ -	\$(270)	\$1,737	\$10,820	



REPORT
Meeting Date: 2018-02-01
Peel Housing Corporation

DATE: January 22, 2018

REPORT TITLE: **KNIGHTSBRIDGE MORTGAGE PREPAYMENT APPLICATION**

FROM: Dan Labrecque, General Manager, Peel Housing Corporation
Stephanie Nagel, Treasurer, Peel Housing Corporation

RECOMMENDATION

That the prepayment of the outstanding Canada Mortgage and Housing Corporation (CMHC) mortgage, Loan Number 8731200, at 1 Knightsbridge Road, in the amount of \$1,437,669.75 be approved;

And further, that the Treasurer, Peel Housing Corporation be authorized to repay the Knightsbridge mortgage from the replacement reserve RPL11;

And further, that the Treasurer, Peel Housing Corporation, be authorized to execute all necessary documents with Canada Mortgage and Housing Corporation (CMHC) to fully discharge Loan Number 8731200.

REPORT HIGHLIGHTS

- In late 2016, CMHC announced the waiving of prepayment fees and costs for housing providers seeking to prepay mortgages of properties within the 15.1 housing program.
- PHC has one property under the 15.1 housing program, 1 Knightsbridge Road which was set to have its mortgage mature in 2029.
- CMHC and the Service Manager have approved the prepayment of the mortgage.
- Expected interest savings for the remainder of the mortgage term will be approximately \$668,000 (\$560,000 net of estimated reserve interest lost).
- Discharging the mortgage early will free up \$174,000 annually in cash flow, as both the principal and interest portions of the mortgage will be eliminated.
- The Service Manager has committed to maintaining its rent geared to income (RGI) subsidy of up to 48 units in this property to ensure the property remains viable over the long-term.
- PHC will determine if the number of subsidized units can be increased in the future without negatively impacting operations.
- All savings will be redirected to capital replacement reserves and working fund reserves.

KNIGHTSBRIDGE MORTGAGE PREPAYMENT APPLICATION

DISCUSSION

1. Background

Peel Housing Corporation currently has one property, Knightsbridge, built in 1979 under the 15.1 social housing program. The 15.1 (also known as Section 27) social housing program provided 100 per cent capital loan financing to housing providers to build and operate affordable housing; loans were for a fixed rate and locked in for a 50-year term. The long term non-renewable mortgage for this site has an adjusted 8 per cent annual interest rate. Knightsbridge's current mortgage is set to mature in 2029. As a result of the terms and conditions of the funding agreement, housing providers have not had the opportunity to renew or refinance their respective mortgages as interest rates declined.

The federal government is providing \$150 M to the Canadian Mortgage and Housing Corporation (CMHC) to allow non-profit and co-op housing providers to prepay their mortgages held with CMHC, without penalty. This will allow housing providers to access private market loans at current interest rates, which will lower mortgage expenses and help to keep rents affordable. Lower interest costs give housing providers the opportunity to finance repairs with private capital, and offer flexibility to transition to more self-sustaining operating models.

Authorization has been received from CMHC and the Service Manager to prepay the outstanding mortgage, Loan Number 8731200 (see Appendix I – CMHC Approval Letter). As of February 1, 2018, the principal balance owing is \$1,437,669.75 (Appendix II – Statement of Account for Payment In Full).

Once properties have prepaid their CMHC loans in full, the operating agreements (in this case between PHC and the Region of Peel), will automatically be terminated and any rent supplement funding associated with it will cease. However, in PHC's case, the Service Manager has agreed to continue the existing rent supplement agreement and associated funding.

PREPAYMENT PROPOSAL

PHC would like to take advantage of the opportunity to prepay the CMHC mortgage in order to eliminate the remaining mortgage principal and interest costs, and improve the long-term viability of the building. PHC is proposing that the replacement reserve be used to prepay the mortgage principal remaining. By using funds accumulated in the Knightsbridge replacement reserves, PHC avoids paying any financing interest to another lender. PHC has reviewed the financial implications of this proposal and has determined that the annual surpluses generated from repaying the loan and the remaining balance in the capital reserve will be sufficient to meet capital needs over the next 10 years.

FINANCIAL IMPLICATIONS

1. Operations

Prepaying the \$1.4 million mortgage will result in an estimated interest savings of \$668,000 over the remainder of the mortgage term (\$560,000 net of estimated reserve interest lost). The annual savings from the elimination of the mortgage will be approximately \$174,000

KNIGHTSBRIDGE MORTGAGE PREPAYMENT APPLICATION

(principal and interest). These savings will be added to the annual surplus and directed towards capital replacement reserves and working fund reserves accordingly.

Currently, Knightsbridge receives approximately \$220,000 annually in rent subsidy from the Service Manager as part of the operating agreement. Although the operating agreement terminates when the mortgage is paid, PHC has received approval and confirmation that up to 48 RGI units will continue to be funded by the Service Manager (See Appendix III – Service Manager RGI Commitment) despite the termination of the original operating agreement. Although the current RGI target is 48 units, PHC will work with the Service Manager to determine if additional RGI units could be added.

2. Capital and Reserve

Building Condition Audits were completed for Knightsbridge in 2016 indicating capital needs of \$2.16 M are required for the period between 2016 and 2028. Upon review with the Peel Living Technical Services team, it is recommended that \$2.48 M of this work, which includes backlog, be scheduled into the Knightsbridge's 10-year capital plan (2018-2028).

Knightsbridge capital reserve has \$3.4 M available, and this amount is solely dedicated to Knightsbridge as there are no other buildings within this program. PHC recommends the loan repayment of \$1.4 million be drawn from the capital reserve, leaving approximately \$2 million in the replacement reserve.

The original funding agreement required an annual capital reserve contribution of \$5,630 and all surpluses directed into the replacement reserve. Therefore, this capital replacement reserve has a healthy balance as it has accumulated both replacement requirements and annual surpluses, where in other programs, a portion of the surpluses go towards a dedicated working fund reserve.

Based on a 10 year reserve forecast, PHC will be able to maintain a healthy reserve while addressing all capital requirements (as indicated in the Building Condition Assessment) over the next 10 years.

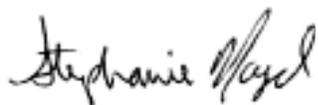
KNIGHTSBRIDGE MORTGAGE PREPAYMENT APPLICATION

CONCLUSION

Peel Housing Corporation continues to look at various opportunities to improve the long-term viability of its portfolio. Prepaying the outstanding CMHC mortgage at Knightsbridge with no penalties or costs is a prudent business decision. It will eliminate a long-term, high interest debt, resulting in significant interest costs savings and improving annual cash flows.



Dan Labrecque, General Manager, Peel Housing Corporation



Stephanie Nagel, Treasurer, Peel Housing Corporation

APPENDICES

- Appendix I – CMHC Approval Letter
- Appendix II – Statement of Account for Payment in Full
- Appendix III – Service Manager RGI Commitment

For further information regarding this report, please contact John Arcella, Finance Manager, Deputy Treasurer, Peel Housing Corporation, Ext.4971, john.arcella@peelregion.ca.

Authored By: John Arcella, Deputy Treasurer, Peel Housing Corporation



November 17, 2017

Knightsbridge
1 Knightsbridge Rd
Brampton, ON L6T 4B7

Re: Prepayment of Long-Term Non-Renewable Loans with Canada Mortgage and Housing Corporation ("CMHC")

CMHC Loan Number 8731200 (the "Loan")

Dear John Arcella:

Thank you for your interest in applying for the Prepayment of Long-Term Non-Renewable Loans with CMHC initiative (the "Prepayment Initiative"). By this letter (the "Letter"), we are pleased to inform you that the application you submitted to enable the Sponsor to fully prepay the Loan without penalty (the "Prepayment") has been approved.

Accordingly, CMHC's Lending Department will provide you with a Payout statement (the "Payout Statement") up to three (3) weeks in advance of February 1, 2018, setting out the Prepayment amount (the "Prepayment Amount").

For information purposes only, the Loan balance as it stands on November 1, 2017 is of \$1,454,676.10.

To the extent the Sponsor complies with all the terms and conditions set out in this Letter and the Payout Statement, CMHC will only waive: (i) the yield maintenance amount that would otherwise be payable in connection with the outstanding interest payable under the Loan; and (ii) any unearned capital contributions in virtue of the Loan.

Please note that in order for the Sponsor to avail itself of the Prepayment Initiative, CMHC must receive: the full Prepayment Amount on the date as set out in the Payout Statement.

To the extent that all of the above terms and conditions are fully met, CMHC will permit the Sponsor to prepay the Loan on the terms and conditions outlined in this Letter. To the extent that all of the above terms and conditions are not fully met, CMHC will not be required to accept the Prepayment.

If you have any questions, please send us an email at prepayment@cmhc.ca.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Lemire". The signature is fluid and cursive, with a period at the end.

Rachelle Lemire

Manager, Portfolio Sustainability

APPENDIX II **6.2-7**
KNIGHTSBRIDGE MORTGAGE PREPAYMENT APPLICATION

Canada Mortgage and Housing Corporation National Office
Société canadienne d'hypothèques et de logement Bureau national



Tel/Tél: 613-748-2000

cmhc.ca

PROTECTED

STATEMENT OF ACCOUNT FOR PAYMENT IN FULL PURPOSES

Peel Housing Corporation
10 Peel Centre Drive, Suite B, 3rd Floor
Brampton, ON
L6T 4B9

Attention: John Arcella
Email: john.arcella@peelregion.ca

CMHC REFERENCE : 08-731-200
LOAN AMOUNT : \$2,161,298.70
MORT. INTEREST RATE : 9.50%
BORR. INTEREST RATE : 8.00%
ORIG. MATURITY DATE : 2029-09-01
CURR AMTZ PRD/TERM : 50 Years
BORROWER PAYMENT : \$14,460.54
FEDERAL ASSISTANCE : \$2,484.15

MORTGAGOR: Peel Housing Corporation - Knightsbridge
PROPERTY ADDRESS: 1 Knightsbridge Rd. , Brampton, ON L6T 4B7

Principal and Interest Outstanding as at January 1st, 2018	\$1,443,332.17
Plus: Interest on Principal from Jan. 1st - Jan. 31st, 2018	\$11,206.64
Less: February 1st, 2018 Borrower Payment	\$14,460.54
Less: February 1st, 2018 Federal Assistance Payment	<u>\$2,484.15</u>
Sub-Total Balance	\$1,437,594.12
Plus: Unearned Capital Contribution	\$55,633.48
Less: Waived Unearned Capital Contribution	\$55,633.48
Plus: Estimated Prepayment Penalty	\$539,826.14
Less: Estimated Waived Prepayment Penalty	\$539,826.14
Plus: Electronic Registration Fee	<u>\$75.63</u>
Total Amount Due and Payable as at February 1st, 2018	\$1,437,669.75
Per Diem: \$336.89	

NOTE: This Statement of Account is for Payment in Full Purposes as at February 1, 2018. Payment in full must be received by February 1, 2018.


Prepared by: Patricia Lemay
Date: January 4, 2018


Approved by: Sylvie Rancourt
Date: January 4, 2018

E. & O.E.



November 2, 2017

Prepayment Selection Committee
Canada Mortgage and Housing Corporation
700 Montreal Road, Ottawa, ON K1A 0P7

**Human
Services**

10 Peel Centre Dr.
Suite B
PO Box 2800, STN B
Brampton, ON
L6T 0E7
fax: 905-453-0168
tel: 905-791-7800

peelregion.ca

To Whom It May Concern:

Re: Peel Housing Corporation – Application for CMHC Loan Prepayment Flexibility

Peel Housing Corporation recently applied to Canada Mortgage and Housing Corporation for the “CMHC Loan Prepayment Flexibility” to prepay the mortgage without penalty on the property known as “Knightsbridge”.

This letter serves to confirm the Region of Peel provides funding for up to 48 units annually to Peel Housing Corporation for the Knightsbridge property.

Should you require additional information on this matter you may contact Gail Williams, Housing Programs Specialist at 905-791-7800.

Sincerely,

Aileen Baird
Director, Housing Services
Region of Peel

cc: Dan Labrecque, General Manager, Peel Housing Corporation.
cc: John Arcella, Deputy Treasurer, Peel Housing Corporation.





RECEIVED
January 24, 2018
REGION OF PEEL
CLERKS DEPT.

January 24, 2018

Via Email: ferguson@weirfoulds.com

Daniel P. Ferguson
WeirFoulds LLP
4100 – 66 Wellington Street West
PO Box 35, Toronto-Dominion Centre
Toronto, ON M5K 1B7

REFERRAL TO _____
RECOMMENDED _____
DIRECTION REQUIRED _____
RECEIPT RECOMMENDED _____

Dear Mr. Ferguson:

**Re: Twin Pines - Peel Housing Corporation Board of Directors ("PHC Board") and Cedar Grove Residents' Community Corporation ("Cedar Grove")
Our File No.: 21377**

Thank you for your letter dated December 7, 2017 in which you expressed a number of concerns of the Cedar Grove Board of Directors regarding the report before the PHC Board on the Resident Transition Plan ("RTP"). As in previous correspondence to you, I will in this response follow the organizational scheme of your letter, with summary responses to the summary assertions contained in your various headings provided here in brackets "[...]".

- 1. The process and timing of the disclosure of the reports have made a fair and informed deputation impossible [The draft framework for the recommendations was shared with the Cedar Grove Board on October 2, 2017. The report was based on the draft framework and evolved based on resident consultations providing the Cedar Grove Board of Directors the opportunity to develop its views for deputation purposes (see Item 2 below). Late developing changes were favourable to the interests of the Cedar Grove Board's constituency and to tenants generally].**

A courtesy email was sent on December 4, 2017, three days prior to the Board's meeting to members of the Cedar Grove Board of Directors with the link to the materials. The changes to the previously communicated elements of

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BRAMPTON, ONTARIO L6T 0E7

a proposed Resident Transition Plan made available on December 4, 2017 resulted from consideration of resident input in a manner favourable to tenant interests including such matters as the assumption by Peel Living of responsibility for demolition costs and the introduction into the Plan of an additional Option 4 (Long Term Lease) expanding the range of options available to qualifying tenants.

2. There has been no opportunity made available to the Residents to review and comment on draft reports so as to influence changes to them [Through public consultation, staff have reasonably engaged and informed stakeholders affording an opportunity to obtain their input].

Residents have been engaged in extensive stakeholder meetings in order to help shape and guide the RTP. For example, the RTP was evolved to include a long term lease option based on feedback from residents that the need for a long term housing solution geared to the personal financial circumstances of households was a key theme in the feedback received. The consultation process during the RTP development included numerous resident meetings and small group sessions that were held to gather feedback and inputs:

- The draft RTP was presented to the Cedar Grove Board of Directors on October 2, 2017 and to approximately 98 households on October 3, 2017;
- Following the presentation of the draft RTP to the PHC Board, a series of 1-on-1 sessions were held on October 16-18 & 24, 2017 and approximately 96 households used the opportunity to ask questions, seek clarifications and provide additional feedback/input on the draft RTP as well as provide survey responses (for those that did not do so previously. No residents chose to provide survey response on these occasions); and
- Meetings were held with the Cedar Grove Board of Directors on Dec 4, 2017 and with approximately 106 households on Dec 5, 2017 to present the RTP (see full list of engagement activities in the staff report and KPMG presentation).

3. The amounts and basis for the valuation of the Residents' homes, as well as the Resident consideration and relocation allowances which form the basis for the contemplated RTP are inadequate [PHC Board has been advised and has chosen to align the RTP to the Total Public Value Framework and the 2012 Commitments– as a result an ex gratia payment has been

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BRAMPTON, ONTARIO L6T 0E7

developed that is reasonable, balances the public interest and private interests and aligns with Peel Living's mandate].

Peel Living has consistently reinforced that it does not intend to purchase the chattel owned by residents. The focus has always been and will continue to be on providing a housing option to remain that takes into consideration the range of housing and financial circumstances of current tenants that were collected through the 2015 Housing Needs and Financial Impact Assessment and subsequent work completed by KPMG.

As owners of chattel property, at the time of termination of tenancy, the chattel owner is responsible for the removal of their asset. Nevertheless, in response to concerns from residents Peel Living has agreed to pay for the disposal of the chattel.

The PHC Board has approved a reasonable package that exceeds its legal obligation under the *Residential Tenancies Act, 2006*. The RTP was designed to provide current residents with a housing option in the redeveloped Twin Pines community. A long term lease option has been developed in order to provide residents with an affordable housing solution for as long as may be needed.

I note that you read the contents of your letter (to which I am responding here) directly to the PHC Board during your delegation to the Board on December 7, 2017. The Board was accordingly aware of your clients' concerns and perspective relating to the RTP and background materials at the time of the endorsement of the RTP on that date.

PHC staff continue in their commitment to ensure that informed decision making proceeds with the benefit of input from all stakeholders, including your client and the residents of Twin Pines, as this promising process of re-development proceeds.

Yours very truly,



Patrick O'Connor

Corporate Counsel

☎ (905) 791-7800, Ext. 4319

☎ (905) 791-6992

✉ patrick.o'connor@peelregion.ca

POC:ch

c.c. Dan Labrecque, General Manager, Peel Housing Corporation
Chris Fonseca, Councillor/Board Member, Peel Housing Corporation

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BRAMPTON, ONTARIO L6T 0E7



General Manager's Update

February 1, 2018

Balanced Score Card



Client Focus

- OVERHOUSED INITIATIVE
 - first month – Net 27 bedrooms freed up
- TENANT ANNUAL REVIEW PROCESS (TAR)
 - have eliminated backlogs
 - reduced process times
 - implemented regular process for joint review with Human Services staff of metrics
- WASTE MANAGEMENT PILOTS
 - nearing completion of organic pilot (20 sites)
 - planning stage of textile pilot (50 sites)
- COMMUNITY AUTOMATED EXTERNAL DEFIBRILLATOR PROJECT
 - installations almost complete
 - resident/staff training underway



People Focus

- Operational Review
 - Environmental scan - completed
 - Staff focus groups - completed
 - Draft findings report - pending
- Performance Goal Setting established for 2018
- GM Goals – 5 Themes
 - Enhance quality and value of Board Agenda Process
 - Review, redesign & implementation of Peel Living functions & form
 - Support Term of Council Priority related to reducing the Central Wait List
 - Enhancing Peel Living's long term asset sustainability
 - Board direction – improving resident accountability & responsibility



Infrastructure Focus

- East Avenue – Regional approval – Spring
- Twin Pines
 - Memorandum of Understanding/Procurement Approach – Board Update – Spring
 - Electrical upgrades – Developing scope with support from the Electrical Safety Authority
- Functional Review of Technical Services nearing completion – early findings/opportunities
 - Contract Management
 - State of Good Repair Planning & minor capital



Financial Focus

- Arrears Process – effective January 1, we will be filing an application to Landlord & Tenant Board for all cases that are >1.5 months in arrears
- Accounting Protocols streamlined for Summerville Pines - \$4.5M pay down of Regional loan achieved
- Review of Cell Tower Agreements has generated increased revenue



Upcoming Board Agendas

March/April Timeline

- Staff update on TAR/Arrears process improvements
- Peel Housing and Homelessness Plan update
- Operational Review update
- External Client Satisfaction Survey
- Twin Pines – MOU/Procurement approach
- Update on functional review of technical/infrastructure services
- Update on functional review of Development Services
- Easement request from the Region – 30 Hansen Road



Questions?

