

Expiry of Operating Agreements Planning Guide: Housing Provider Survey Results Executive Summary

Prepared by BC Housing's Research and Corporate Planning Department

Introduction

Purpose of the survey

The purpose of this survey was to obtain feedback from housing providers on the Expiring Operating Agreements Planning Guide, developed in 2014 by BC Housing and the BC Non-Profit Housing Association (BCNPHA). Specific objectives included finding out if they are using the Guide and what additional information would be helpful.

Methodology

The survey was sent to housing providers who have one or more operating agreements expiring within the next 10 years. The link to the online survey was sent by email to 268 housing providers (representing 667 social housing buildings across the province) by BCNPHA in September 2015. FluidSurveys was the online tool used for survey collection.

Response rate

The response rate for this survey was 44%. Although 149 online surveys were initiated in the system, only 118 had responses recorded. Blank surveys were not counted in the response rate.

Key findings

About the Respondents

- Portfolio sizes vary significantly across the housing providers who responded to the survey.
- The majority of housing providers have not yet had an operating agreement expire on one of their buildings (70%).
- 25% of housing providers have an operating agreement expiring within the next 2 years, 26% of housing providers have an operating agreement expiring in 3 -6 years, while 31% do not have an operating agreement expiring for another 7-10 years.
- 19% of housing providers are not sure when their first or next operating agreement will expire.
- The majority of housing providers (60%) had not seen or read the Planning Guide before being sent the survey. Of those who had seen the Guide, the majority had heard about it through BCNPHA.
- 79% of housing providers who were aware of the Guide had either used the Guide or were planning to use the Guide to plan for expiry.
- Of those housing providers who had previously seen or used the Guide, the majority found it easy to follow (59%) and that it had useful tools to help plan for expiry (59%).

Main Concerns in Planning for Expiry

When asked about their concerns regarding planning for expiry, the majority of housing providers who responded to the survey were concerned about:

- The impact on tenants if rents need to be increased
- Whether the housing provider would be viable after expiry
- Ensuring the process goes smoothly

Additional Topics of Interest

Housing providers who responded to the survey identified the following topics they would like additional information on:

- Financial implications of expiry (e.g. amount of funding that will be lost and alternative sources of revenue)
- Physical condition of the buildings (e.g. capital repair/renewal planning tools)
- Communicating with tenants and addressing tenants' needs
- Capacity building with staff and board members
- Future housing supply issues
- Ongoing support, roles and responsibilities

Appendix A includes a more detailed list of topics identified by housing providers.

Additional Assistance

Housing providers identified additional tools/strategies they thought would be helpful:

- Examples and case studies of societies that have completed the process of expiry or that have strategies underway to address expiry for their buildings. These should include:
 - Societies with different types of portfolios (e.g. multi-units, detached, and other types of buildings)
 - Societies with different sizes of portfolios
 - Lessons learned: issues that arose and how they were addressed, biggest hurdles, what societies would do differently, and how tenants were affected (e.g. what was turnover if they had to increase their rents)
- Templates (e.g. adaptable financial templates)
- Contact information for organizations that have already dealt with expiring operating agreements
- A list of specialists who can assist with the expiry process (e.g. change management, business planning, legal advice, etc.)
- Workshops to share examples and experiences

Appendix A – Additional Topics of interest to Housing Providers

Financial Implications of Expiry

1. How to determine the amount of funding that will be lost upon expiry. Anything in addition to loss of mortgage payments?
2. Options for housing providers with no ability to increase rents e.g. tenants on income assistance or mixed tenant populations
3. Grants that housing providers could apply for before expiry
4. Ideas for fundraising
5. A financial template that could be adapted for individual housing providers' circumstances (current template doesn't work for all situations, including situations where a housing provider has two operating agreements in one building)
6. Impact on society re charitable and tax status if land is transferred to them
7. Taxation issues affecting GST
8. Formula to calculate land value (society has been informed their land will be available to purchase in same year as operating agreement expires)

Physical condition of building(s)

9. Budget and capital repair/renewal planning tools
10. Additional information on capital planning
11. Condition assessment report – including how a small society can get funds for building condition assessment prior to expiry
12. Maintaining an adequate replacement reserve

Tenants' needs

13. How to communicate with tenants about expiry: What to say and when. Includes an awareness or planning guide for tenants and key messages
14. Dealing with aging in place for tenants

Capacity building with staff and board

15. Assistance with capacity building for staff and board
16. Assistance with developing a timeline for staff and board
17. Assistance to deal with advancing age of the board

Future housing supply issues

18. Redevelopment options
19. Loss of housing for low-income people
20. More Information on the Non-Profit Asset Transfer Program

Ongoing support, roles and responsibilities

21. BC Housing's support role after expiry
22. Clarification regarding who the society is accountable to after expiry
23. Options to renew the operating agreement