Social Housing End Dates
Service Manager Perspectives

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Recommendations

Be it resolved that the SHSC Board of Directors

1. Request staff to work with the Service Manager Housing Network (SMHN), the Ministry of Municipal Affairs and Housing (MMAH), ONPHA and CHFC to develop and distribute a "plain language" description of the requirements of applicable legislation, regulations and agreements with respect to provisions for termination of contractual relations or continuance beyond key expiry dates.

2. Request staff to work with the SMHN to decide on appropriate revisions to the "EOA financial analysis template" created for CHRA, such as possible incorporation of the revised SHRA funding formula; and further to facilitate agreed revisions; and further to promote distribution and wide-spread use of the template, to develop consistent forecasts of Service Manager financial risks and opportunities based on aggregation of individual Housing Provider and project forecasts up to and beyond the expiry of operating agreements and of mortgages.

3. Request staff to consult with appropriate federal and provincial staff and to work with SMHN to develop model processes to allow continuation of municipal designation for purposes of HST rebates beyond termination of operating agreements or mortgage expiry.

4. Request staff to work with SMHN to develop model processes and language for designation of social housing projects which will allow continuation of exemptions under the Residential Tenancies Act.

5. Request staff, in consultation with AMC Technical Services staff and SMHN, to develop evaluative guidelines for Service Manager decision-making with respect to capital repair/replacement proposals that, in addition to cost and scope factors, will also take account of projected optimal building life and the time remaining before expiry of the operating agreement or of the mortgage.

6. Request staff to facilitate through consultation with SMHN, CHFC, and ONPHA the development of template agreements between Service Managers and Housing Providers with respect to loans for capital repairs/replacement, incorporating policy objectives for ensuring affordability beyond the expiry of the operating agreement or the mortgage.

7. Consult with OMSSA, CHFC and ONPHA to determine a common advocacy position and strategy to call for the following changes in the SHRA as soon as possible:

   a. to moderate the impact of the Special Priority Policy on social integration in social housing communities;

   b. to allow Service Managers to permit Housing Providers to over-ride normal wait list requirements to favour priority placement and subsidization of persons agreed by the Service Manager to represent a mandate of that Housing Provider, according to terms and conditions acceptable to the Service Manager and consistent with the Ontario Human Rights Code;

   c. to clearly permit income integration within public housing to the extent deemed desirable by the Service Manager;

   d. to set termination dates for service level, contingent liability and operating subsidy obligations tied to the expiry of the mortgage; and

   e. to ensure no RGI subsidy or related administrative provisions of the Act (Part V) will apply upon expiry of the mortgage even when the Service Manager and Housing Provider have agreed on continued affordability measures, except as may be stipulated in such agreement; and that the consensus advocacy position and strategy clearly call for a broader delegated authority to Service Managers to set such policies through local planning in consultation with all affected stakeholders.

Executive Summary

The term "social housing end dates" is used here generically to refer to both the expiry of federally signed operating agreements and the expiry of mortgages in housing in Ontario ruled by the *Social Housing Reform Act*, with the latter event triggering substantial changes in subsidy transfers affecting Housing Providers and Service Managers.

Service Managers are generally familiar with the earlier research sponsored by CHRA and SHSC, which showed that the majority of social housing will remain viable beyond projects' end dates, with some significant exceptions. However, they are less confident in their own specific financial forecasts, for their owned stock and for the stock they administer. They simply have not done the analysis, and as a result related policy development is not well advanced.

Aside from project viability concerns, Service Managers expect that some Providers will want to escape ongoing program participation post-end dates because of antipathy to existing rules and administration. This is exacerbating anxiety about future reductions in the supply of affordable housing, which could impact adversely on Service Manager legal obligations and on their ability to address housing needs. Service Managers are uncertain about the relevant rules beyond end dates, particularly under the *Social Housing Reform Act,* and they are not confident that a continued relationship can be enforced practically, even if not legally.

Things are not as bad as they might seem on first blush. Service Managers (or their municipalities) own substantial stock, and their own commitment and prospective opportunities to leverage that stock will offset financial and housing needs pressures to a greater or lesser extent. Service Managers are convinced through their ongoing interactions with Housing Providers that most will remain committed to solid social housing values, even if program withdrawal should prove to be easy. Service Managers, while hopeful that future capital funding from senior governments will lessen maintenance liabilities, expect that most Providers will at some point request Service Manager financial help, and this will offer the best opportunity for formal negotiation of ongoing participation.

There will still be risks at the project level affecting especially projects with high proportions of rent-geared-to-income residents. The risk of program withdrawal, and even resistance to Service Managers' offers of financial assistance, will escalate unless and until the current regulatory environment is improved. Service Managers strongly believe that changing a few rules sooner rather than later will enhance the credibility and confidence essential to sustaining permanent partnerships.

With the stroke of a pen and without spending another dollar, the Provincial Government could reduce future risks, improve return on the investment in the existing stock, improve the future investment climate for those in the industry, and strengthen the entire sector. Larger operational surpluses, more equity, administrative savings, better opportunities to re-finance, more site redevelopment and intensification – all rely on more conducive rules. These risks and opportunities will not be spread evenly and it will be important for each Service Manager to obtain a better understanding of its own future state, given the make-up of its own Housing Providers and projects.

Service Managers believe reasonable changes in program requirements should be possible now. However, they also believe municipalities should be clearly delegated authority with respect to such rules and they believe meaningful consultation at the local level will create a golden opportunity to strengthen relations and achieve local and perhaps broader consensus on changes of benefit to administrators, service providers and residents.

Introduction and Methodology

The terminology "expiry of operating agreements" has most often been used to label the looming situation that gives rise to a plethora of complicated opportunities and heightening anxieties. And in the rest of Canada that phrase still works. But in Ontario, social housing has the unique distinction of falling largely under municipal mandate, administered through Service Managers including District Social Services Administration Boards. In giving effect to this transfer of responsibility, the *Social Housing Reform Act, 2000* (SHRA) terminated project operating agreements with some exceptions, the key one being for the purpose of this paper those agreements to which the Government of Canada or the Canada Mortgage and Housing Corporation is a party. These federal or trilateral agreements still rule for the most part in the affected projects, whereas the SHRA in its totality governs the majority of projects in Ontario.

The federal agreements have defined terms, typically 35 or 50 years. The terminated operating agreements likewise had defined terms, but those were rescinded, and the SHRA binds both Service Managers and prescribed Housing Providers indefinitely, with the only provision for termination residing in Section 102(2) of the SHRA: "The duty to pay subsidy for a housing project is terminated on the date prescribed by the Minister." No such date has been set. However, there are drastic changes in funding which take effect upon expiry of mortgages, which may well prompt either party to try to alter or even terminate their relationship. Differences in programs and rules need to be taken into account, but there is sufficient commonality in related issues and concerns that an examination of policy implications arising from generic "social housing end dates" is warranted.

This paper approaches such policy implications from a Service Manager perspective. There are several reasons for this:

- The most fundamental concern, that being the ongoing viability of social housing projects beyond "end dates", is one which is shared by Housing Providers and Service Managers, and has already been the subject of analysis (more on this below);
- The sector associations – Co-operative Housing Federation of Canada (CHFC) and Ontario Non-Profit Housing Association (ONPHA) – have focussed on basic protection of the public interest through continued non-profit obligations until and beyond the end dates (again, more on this below);
- CHFC, as part of its 2020 Vision initiative and certification, includes helping co-ops prepare for the end of their operating agreements, and supplies tools to that end;
- ONPHA has recently surveyed its members facing end dates and is in the process of developing supports, beginning with a small number who have come forward in response to the survey;
- "Federal" Providers turn to Service Managers for support and assistance now and will certainly do so when federal dollars dry up. "Provincial" Providers are obliged to do so. Service Managers feel compelled to respond either legally or morally;
- It is Service Managers who must manage the day-to-day challenge of increasing applicant pressures at the same time as subsidy demands from the existing stock escalate, and who are forced to anticipate the impact on their ability to deal with both of those trends as major uncertainties arise from end date changes;
- Notwithstanding shared concerns, the timing and priority of individual Service Manager attention to end date issues will vary if an ad hoc or unorganized approach to research and policy development is taken. The complexity of the issues suggests more collaborative Service Manager policy development would make for more efficient use of expertise, including consultation with Providers and their sector representatives.
- Failure to project and plan for the impact of end dates will impose a financial risk upon Service Managers that could hinder their support to Providers, and will almost certainly result in "precedents" in responding to specific Provider situations, which in turn could hinder effective responses to other Providers in future.

As background for this paper, earlier related reports and communications were reviewed. Short interviews were conducted with knowledgeable individuals to confirm understanding of SHRA stipulations – inevitably an area that creates some confusion in interpretation.

The findings below arose from review of municipal/ Service Managers' policy reports and the author's familiarity with same, and primarily from meetings with staff from four different municipalities: the City of Hamilton, the City of Ottawa, the Region of Peel, and the Region of York. All interviews involved staff responsible for Service Manager oversight and staff engaged in municipal housing company operations. Generally, these municipal perspectives are shared here only if they were heard from two or more.

Collectively, these municipalities comprise a significant percentage (almost 20 percent, and over 50 percent with Toronto added) of Ontario's social housing supply. Each is large enough to justify having policy staff assigned to work on housing issues. Each is different enough that those issues arising from end dates could have led to a different focus or conclusion. Two of them have had expiries already, but the specific situations rendered these uneventful. The figures below summarize in aggregate and in round numbers the portfolios administered by the four Service Managers. (For simplicity, any projects with federal operating agreements are labelled "federal" and projects governed entirely by the SHRA are labelled "provincial", although "municipal" would be more accurate from a funding perspective.)

Program	**Number of Units**
Total Portfolio	50500
Private non-profit "federal"	6230
Municipal Non-Profit "federal"	4980
LHC/public housing	15640
MNP "provincial"	7940
PNP and Co-op "provincial"	15710

Previous Findings

The oncoming dilemma of expiring operating agreements was the first trigger for research into implications of end dates. The Canadian Housing and Renewal Association (CHRA) held a national roundtable on the topic in February 2002, one outcome of which was commissioned work to describe the magnitude of the expiries that will occur and to create a template to help Providers and Managers assess the impacts *(Guaranteeing a Future: The Challenge to Social Housing as Operating Agreements Expire*, by Connelly Consulting, Focus Consulting and Dowling Consulting, June 2003). The schedules for the withdrawal of federal funding are now known, in Ontario having been incorporated into regulations under the SHRA which every Service Manager has on hand for its Housing Providers. Most in the field are well aware that a small number of federal agreements have already expired, many are coming due in the next very few years, and a veritable cliff of agreement expiries is on the nearby horizon.

For the Providers themselves, the obvious concern is their own viability. For municipalities across the nation, but no more so than in Ontario with its unique arrangements, viability concerns potentially strike both at their owned portfolios and at their ability to meet the needs of local citizens. The template referred to above could have been used for individual and aggregate predictions, but did not in fact get much use. So, in 2006, CHRA and Social Housing Services Corporation (SHSC) commissioned two reports which were particularly enlightening: *Was Chicken Little Right? Case Studies on the Impact of Expiring Social Housing Operating Agreements,* for CHRA, by Steve Pomeroy, Focus Consulting Inc in Association with Garry Charles, Allan Gaudreault and Paul Connelly, June 2006; and *Was Chicken Little Right? Ontario Addendum,* for SHSC, by Connelly Consulting Services, September 2006.

Both reports applied the template to diverse projects. The latter used an expanded sample in Ontario, including several provincial projects. Although there are of course many variations, the general pattern of interest here is that most projects with lower proportions of rent-geared-to-income (RGI) units will fare well. And there is higher probability of continued subsidy need when the federal government has removed itself or when mortgage obligations have ended in projects with higher RGI proportions, which encompasses much of the "provincial" stock and public housing. The flip side is that federal and municipal funders will have financial resources freed up as these end dates pass. Advocacy to retain federal dollars as required to ensure ongoing viability will assuredly continue.

It is fair to say that few Housing Providers have used the template to assess their own likely viability. This can hardly be expected to be a priority for volunteer boards faced with the trials and tribulations of project operations. And to the extent they may look to future finances, they seldom get past the projection of a deficit in the replacement reserves.

It is also fair to say that few Service Managers have used the template or any other analysis (although the template appears to offer the most sophisticated basis for projection) to determine the financial demands (or relief) that may be coming their way. From the research for this paper and other input, Service Managers too are struggling with day-to-day administrative tasks, most recently delivery of the Social Housing Renovation and Retrofit Program (SHRRP), and have not been able to view these more distant occurrences as a priority.

Legal Context

Another trigger for advocacy in this area has been the prospect, already observed in at least a couple of cases, that Providers will try to escape from their agreements or SHRA obligations, with the probable intent of privately realizing equity gains from project assets. CHFC and ONPHA have advocated directly to the Ministry of Municipal Affairs and Housing (MMAH) on this front, and obtained endorsement from the Service Manager Housing Network (SMHN). Asset values in many cases will climb as end dates approach, providing an incentive for groups who may be so inclined. Conversely, as CHFC and ONPHA cite, it will be easier for groups to withdraw from the sector under current rules, beyond the end dates. In the public interest, CHFC and ONPHA have pushed measures to ensure projects continue as social housing or, alternatively, proceeds from any asset sale are reinvested in public uses. Strong provincial support to advance on the related recommendations was not forthcoming.

Confusion and uncertainty about legal requirements associated with end dates is widespread.

From the interviews for this paper, it is generally understood by Service Managers that those projects which are governed by operating agreements will see those agreements expire and, with that, all incoming subsidies to the Service Manager will be gone. It is also understood that some federal projects will be in good shape beyond their expiry dates and others will not, but there has been little detailed research to try to project which specific projects are likely to need continued assistance or the scope of the overall local financial impact that could represent.

It is also understood that there will be no legal obligation on the part of Service Managers to offer any assistance to these federal projects, although that position has at times invited contrary legal opinions, but there appears to be a tendency already to treat projects in trouble in similar ways, whether federal or provincial, and there will unquestionably be huge pressure for municipal aid where ongoing deficits are incurred. Service Managers will be very concerned about any threat to the availability of affordable housing which might result from the loss of any federal units, even though there may be no legal implications. The demand pressure will come to bear on the rest of the social housing stock and the cost to respond to that demand will usually be far higher than being able to use the "expired" federal units to the same end.

Service Managers are less confident about the rules that pertain to the much larger SHRA-ruled stock. They know their own obligations are indefinite, unless and until a termination date is prescribed, although they are not entirely sure about any distinctions between operational funding and capital preservation. They know that those obligations include adherence to a fixed "service level" under the Act - a number prescribed at devolution that essentially ties to the number of RGI units at the point of transfer. That number includes rent supplemented units in federal Providers, notably under the Ontario Community Housing Assistance Program (OCHAP), but concerns about losing federal Providers because of the related service level implications are minor, for reasons set out below.

Notwithstanding the SHRA does not have an escape clause for Housing Providers, Service Managers do not have a consistent understanding of Housing Provider rights beyond their mortgage expiries. Regardless, they expect many Housing Providers will be motivated to dissociate from ongoing administration under the Act, and that the ability to prevent that is doubtful. The more "optimistic" flip side is that they also doubt the Provincial Government will be in a position to effectively enforce the prescribed service levels either.

What Service Managers Are Doing

There have been no widespread, thorough projections of the financial consequences of end dates, but there has been some limited use of the templates, largely applied to MNP/LHC projects, which has confirmed the higher level findings of the previous reports for CHRA and SHSC. This work has not been updated to take account of funding model revisions, nor has it been systematic enough to be used as the basis for any meaningful policy development. Accordingly, there has simply been no concerted work on related policy matters.

A real driver for analysis, and one which is just starting to take a firmer grip, is the situation of a municipality's owned stock. Service Manager and municipal housing company staff are beginning to look at the numbers. Particularly where there are older public housing units, there is a higher probability of pending debenture expiries and associated federal subsidy reduction, at the same time as there is a higher probability of substantial capital repair costs. It is expected that a significant amount of public housing will not be viable in its current form post–end date, because of both capital liabilities and the projected inability of revenues from low income residents to cover operating costs. It must be said that, while such concerns were evident in some interviews for this paper, with its over-representation of larger and older LHC portfolios, and while the size of those (and Toronto's) portfolios is such that the impacts are significant on their own, the LHC stock in most Service Manager areas is both smaller and newer and has not yet encouraged any real forecasting at all.

There has not been any coordinated exchange of research or policies, although related reports and agreements have been passively shared. There have been ad hoc policies, reflected in agreements created through having to deal with specific projects incurring replacement reserve deficiencies, and these do show some consensus in philosophy, to the effect that municipal financial support can and should be used as leverage to "lock in" Providers past their end dates. But the number of Providers requiring such support from municipal coffers has been so small, affecting so few Service Managers, that little beyond fairly basic contract language simply preserving municipal rights has been developed, and the vast majority of Service Managers have not even looked at the little that exists.

The influx of senior government dollars, first through the "$100 Million Dollar Program", and more recently and currently and substantially through SHRRP, has postponed many replacement reserve deficits, of tremendous benefit to Providers and municipalities. Energy conservation initiatives are achieving similar outcomes. As a result, municipal staff have not only been pressed into program delivery mode as a priority, but the pressure to plan for program end dates has been somewhat softened as staff have felt less anxious about overall financial liabilities. And SHRRP itself did make a modest foray into the related policy arena by calling for agreement for continued affordability under the administration of the Service Manager for ten years, even if beyond an end date. Service Managers report only minor grumbling, but of course relatively few Providers are affected, and the legal terms are simpler than what Service Managers have and will establish as they use their own funds. Still, this constitutes the largest scale "precedent" to date, and is seen as boding well for Provider willingness to participate in future program delivery.

What Service Managers Want To Do

As much as municipal staff are sensitive to the prospect of losing affordable housing stock, it is generally acknowledged that the strongest impetus for comprehensive and coordinated research and policy development arises from potential increases in costs to maintain service levels if Providers pull out, and to sustain project operations after the withdrawal of Federal dollars. Staff expect political priorities will reinforce such initiatives as more and more specific projects near their end dates and as more and more projects require capital assistance, provoking many of the same policy deliberations.

Staff do want to begin much more serious research and policy development. They do want Service Managers to collaborate in this work. They do want to create and build on best practices. They do agree on potential themes and issues that require more thought. They generally agree on high level risk assessment, but are unsure, given the uncertainties about legal rules and remedies, what might happen at the "fringes". They completely agree on the key barriers to sustaining the strong values they see now which keep Providers doing what they do. And they see tremendous opportunities in working together to overcome those barriers.

More specifically, Service Managers agree they need to have solid projections of their financial pictures as end dates come and pass. They want the best modelling available for those projections, taking account of the loss of federal dollars, and realistic revenue and cost forecasts, which can account for surplus accumulation and deployment. They expect significant leveraging opportunities as project debts expire and they want to estimate those. They want to integrate capital forecasting to a certain degree; i.e., they want to estimate project-level capital needs to see if those can be off-set from operational surpluses, but they do see any residual capital shortfalls being the focus of more specific advocacy and more directed mitigation efforts. They know there will have to be iterative forecasts and policy development which capture the complex interplay between operations and capital, not just physically (better maintenance means less replacement), but financially (stronger operational feasibility means more equity for re-financing).

They want to build Service Manager data from individual project data, to develop their own strategies, but they want to share aggregate data to facilitate more effective policy development and advocacy. They know these analyses, because of their complexities and uncertainties, will never be perfect, but they agree they should start as best they can.

They believe they will have to take leadership in creating the project-level data, however the work actually gets done, accepting the resource limitations in their Providers and the need for comprehensive, consistent information. They expect many Providers to participate in data collection enthusiastically, but they believe others, especially the smallest Providers, will need a lot of support in both collection and in understanding the results.

Service Managers agree that they need to get a better handle on both financial and social implications of losing units in future from their current social housing stock. Financial implications are associated with replacement costs, largely anticipated to be much higher than the sunk costs of older buildings, thinking in terms of just trying to cope with waiting lists, but also thinking concretely about what it will cost to adhere to required service levels. Social costs contemplate the impact on people who may be priced out of their previously affordable units, and the demands those people will place on other human services.

Service Managers want to integrate their public housing. They anticipate social benefits from that. They anticipate a better image for public housing will translate into a better image for all social housing. And they know the market revenues will be necessary to offset the subsidies that will be lost as federal funding disappears, but market residents may not always be a promising prospect in some buildings in poor condition. They know too that reducing RGI numbers in public housing, even if those are made up elsewhere, could still have detrimental waiting list impacts, given the unique locational, built form and unit type attractions of some of their public housing communities. They also know the SHRA, in both its service levels and its rules for public housing targeting, make that necessary integration a real challenge.

Service Managers, quite reasonably given the best projections now available, expect most of their Providers will at some point ask for financial help to pay for capital repairs. Indeed, Service Managers believe this is the single best prospect for formally extending affordability obligations in some way. They want to create policies leading to template agreements which extend the social benefits conferred by the Housing Provider beyond the end date in exchange for the funding. They want to formulate guidelines in how to align the extent of their support, including when to favour demolition, with the time remaining before the end date. They want to ensure any repayment requirements are reasonable. They know some consensus on all these points amongst Service Managers and housing sector representatives will help with individual negotiations.

On the basis of their experience with SHRRP, but more especially on the basis of their day-to-day interactions with Housing Providers, Service Managers believe only a small number of Providers will reduce their future commitment to social housing, whether the rules make that easy or not. It is important to recognize that for many Providers, there will be a powerful financial incentive, from increasing equity, to try to "cash out" altogether in some way, and the CHFC/ONPHA vigilance and advocacy on this front is acknowledged with appreciation. But also based on their day-to-day experience, Service Managers are unanimous in acknowledging that Providers have some disincentives to stay involved and that those need to be dealt with in no uncertain terms.

The similarity of concerns confirmed in this paper's research was most striking. Service Managers are consistently hearing from their Providers of increasing unease with just a few key aspects of SHRA-related administration:

- The Special Priority Policy (SPP) is believed to be undermining the degree of social integration expected by Providers and adding to their property management costs and responsibilities;
- Requirements for "first come, first served", plus the SPP, are detracting from what some non-profit and co-op groups regarded as their mandates – to meet the needs of specific ethnic, religious or other community-based populations;
- RGI administration is seen as onerous, especially the frequency and complexity of income/rent calculations, provisions for opportunity to comment and appeal, and processes for providing in situ RGI subsidies.

This is a short list. These concerns have been raised in more comprehensive input from the sector associations. They could theoretically be resolved quickly and to the mutual satisfaction of Housing Providers and Service Managers. Service Managers are firm in their belief that some Housing Providers, in their dislike of these provisions of the SHRA and its administration, will resist being tied into agreements extending beyond their end dates, because of uncertainty if nothing else, about having to continue to endure rules they don't like. Many want out now. There is pressure to "escape" just because of the rules, and not for any perceived equity gains. This resentment is building and needs to be addressed soon, or the credibility gap in trying to retain Providers within the "system" will be much more difficult to overcome.

Service Managers believe genuine consultation with a view to clear agreement on desired changes will be fruitful in improving program design and in inspiring Provider confidence. Their preference is to have changes enacted now, to minimize future risks. However, they also generally believe that if the current rules are not changed satisfactorily, but authority is given to effect the changes post-end date, then consultation processes and agreements coming out of those should convince most Providers that an ongoing relationship with Service Managers will suit them well.

There is a sense amongst Service Managers that this may be an opportune time to advocate for the desired improvements, given the pending Long Term Affordable Housing Strategy and SHRA reforms. Regardless of specific success on that front, there is a strong desire to have the related authorities transferred to Service Manager jurisdiction, through the Housing Strategy and the implementation of the Provincial – Municipal Fiscal and Service Delivery Review (PMFSDR). This direction is certainly consistent with agreed PMFSDR principles. The "outcomes" based philosophy governing program delivery in the PMFSDR report could well translate to administrative principles for Service Manager administration of Housing Providers. The local planning required is regarded as an ideal opportunity to strengthen Service Manager – Housing Provider relations, one component of which would be agreement on revisions to these and other rules. Again, the belief is that better dialogue will foster effective long term relations.

What Service Managers Believe and Want

Service Managers are uncertain as to the extent of real problems that will arise from end dates. They know many individual projects will encounter serious viability challenges, including a disproportionate share from within their owned stock. They believe some Providers will want out for selfish purposes. They believe a greater number of Providers will want out because they do not like the current regulatory and administrative regime. But they are simply not comfortable with the analyses on hand to provide any definitive conclusions as to whether their (Service Managers') net financial positions will improve or deteriorate through the combination of increased equity potential and freed up subsidy dollars vs. ongoing deficits and lost federal dollars. They therefore do not know, to the extent service levels are threatened, how well they will be positioned to make up the difference. They are also therefore unanimous in their belief that there are a few key, simple rules that can and should be changed to lessen their and their Providers' risks and concurrently to strengthen the sector:

- Service level, contingent liability and subsidy obligations should legally end when mortgages expire and the Minister should so prescribe;
- Any extensions of ongoing relationships between Service Managers and Housing Providers beyond normal end dates, which are expected to become routine because of capital needs, should not be legally obliged to impose SHRA requirements;
- Income integration within public housing should be clearly permitted now;
- SHRA changes should occur now and related authorities for change should be delegated to Service Managers, in consultation with their Providers, to remove unnecessary disincentives for program participation and to free up resources within existing funding arrangements;
- Ongoing legal arrangements between Service Managers and Housing Providers post-end date should clearly provide for continuation of existing HST exemptions/rebates and Residential Tenancies Act exemptions;
- Rule changes and consultation processes should be exploited to promote stronger Service Manager – Housing Provider relations, to strengthen the capacity of Providers, to enhance equity build-up and utilization, and to promote intensification of existing sites.

Service Managers are anxious about the future because of some known risks, and even more anxious because of uncertainties with respect to both the numbers and the likelihood of obtaining needed rule changes. But they are reasonably confident that "the sky is not falling", as the CHRA/SHSC research concluded from a purely financial viability perspective. They know their greatest legal risk to service level maintenance is the potential loss of rent supplemented units within federal projects. But they regard the numbers as small enough not to be overwhelming, especially given the likely ease with which those supplements could be transferred to new projects built under the Affordable Housing Program and its (hopeful) successors, which will enhance integration in those buildings at a reasonable cost, given their controlled rents.

Of greater overall importance, the fact of their own ownership of a significant number of units, including many of the projects likely to be at greatest financial risk, is believed to facilitate the optimization of portfolio value and to carry a commitment to continued social benefits. Service Managers are likewise convinced that the vast majority of private non-profit and co-operative social housing is and will be controlled by Provider boards which share that long term commitment.

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