



Northumberland County

Asset Management Plan for Northumberland County Housing Corporation

May 2, 2023



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The Asset Management Plan for the Northumberland County Housing Corporation (the “Plan”) was undertaken on behalf of the Northumberland County Housing Corporation (the “NCHC”) and Northumberland County (the “County”). We would like to thank the Project Team members for their generous time, input, and assistance during the project.

These members include:

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This Plan was also informed by the engagement with, and direction provided by the NCHC Board of Directors and the Senior Leadership team within the County. Their feedback was instrumental in setting the framework for this Plan and ensuring that the findings and recommendations support the identified priorities for both the NCHC Board of Directors and the County.

Land Acknowledgement

We respectfully acknowledge that Northumberland County is located on the traditional territory of the many First Nations, including the Mississauga Anishinabek, Huron Wendat, Haudenosaunee and Ojibway/Chippewa peoples. This territory is covered by the Williams Treaty, and we respectfully acknowledge that the Williams Treaties First Nations have been stewards and caretakers of these lands and waters, and that they continue to maintain this responsibility to ensure their health and integrity for generations to come.

HSC Consulting Team

The Housing Services Corporation (HSC) is a non-profit organization that has been providing customized business solution services to the community housing sector for nearly 20 years. HSC Business Solutions works with Ontario's community housing providers and 47 service managers to help them make the best use of their resources and manage their assets effectively. HSC is committed to improving the long-term health and sustainability of Ontario's 1,400 community housing properties, and ensuring that residents have access to safe, quality, and affordable housing options.

The consultants for this project include:

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Data Limitations

The analysis contained in this Plan is based on the data collected through the Building Condition Audits ("BCA") that were completed for the first time in 2020 and 2021. As per these BCAs, the first year of the analysis period is 2022. The release date of this report is July 2023, however at the time of the analysis, the County had not yet completed the process of comparing the BCA data to the existing NCHC 10-year capital plan nor has there been sufficient time for the capital works completed in 2022 and included in the AssetPlanner system to have been updated. Although using 2022 as the reporting year suggests outdated data, the depth of capital need and the trends evidenced by the analysis have not changed during the time between 2022 and the release date of this Plan.

Disclaimer

The information contained in this report is reflective and addresses the circumstances of Northumberland County and the Northumberland County Housing Corporation. The focus of this Project is on the NCHC housing assets, and the work is limited to a review with a specific scope.

Although HSC endeavours to provide accurate and timely information, it is recognized that there may be new and/or updated information that becomes available after this Plan is completed. HSC assumes no obligation to revise this Plan to reflect any circumstances or information that becomes available subsequent to the date of its release.

Executive Summary

Northumberland County (the “County”) has articulated a strong strategic vision with regard to seeking and seizing opportunities to meet the affordable housing needs of all residents in its communities. Through the development of its Affordable Housing Strategy and update to its Housing and Homelessness Plan in 2019, the County had set a strong foundation from which to turn its focus to the specific needs of community and social housing. In 2019, the County issued a public tender to seek proposals to develop a Community Housing Master Plan and Asset Management Plan for the Northumberland County Housing Corporation (NCHC). Early in 2020, Housing Services Corporation (HSC) was awarded the contract and began work, only to have that work stopped during the COVID pandemic. The creation of the NCHC Asset Management Plan was dependent on the data gathered through the completion of Building Condition Audits, that stopped and started between provincially mandated lockdowns, with all data finally being available in 2021.

The purpose of the NCHC Asset Management Plan (the “Plan”) is to recognize the value that the NCHC housing assets bring to the County and its residents, and to support the creation of a strategy to protect and grow these assets. The NCHC housing portfolio plays a significant role in meeting need along the housing continuum by providing housing to households with low- to moderate-incomes. As such, it is critical that a strategy be developed that ensures that these assets remain sustainable over the long-term, and that asset growth be pursued where possible. The Plan provides data, information, and evidence with which to guide decision making that supports the best long-term path to achieve asset sustainability. The methodology undertaken assesses each building with the goal of identifying performance and action-based asset classes, and to ensure that future funding opportunities are prioritized and maximized to support those actions.

Throughout this process it is also recognized that these buildings are the homes of many individuals and families and that, more than just housing assets, these buildings play a foundational role in the health and wellbeing of the residents that live in them. The findings from the analysis undertaken have been anonymized in the Plan recognizing that while these findings support staff and board decisions, they are but only one factor in the consideration of those decisions. As the County and NCHC plan for the future of this critical housing stock, affected residents will be engaged as appropriate.

The completed Plan is intended to:

- Support short- and long-term capital planning and maintenance decisions,
- Maximize future funding opportunities,
- Optimize the useful life of each building and ensure long-term sustainability, and
- Identify opportunities for growth within the existing housing portfolio.

The development of the Plan was driven by the collection of a broad range of data on each property. Working with a multi-disciplinary Project Team, established by the County, data was collected on the building elements and demographics, capital and operating financial position, as well as data on the supports, services and amenities that can be accessed by residents. This data allowed HSC to form a comprehensive view of each building and to articulate how each site is currently meeting the needs of the County and residents.

The project methodology included the presentation of data through Operational Profiles, which provide an “at a glance” summary of each site to inform future discussions. The data collected was also analyzed through the creation of two evaluation tools; a Performance Review Tool and an Asset Classification Tool.

The Performance Review Tool organized the raw data collected into the areas of *Asset Condition*, *Financial Performance*, *Asset Suitability* and *Demand*, as well as developed performance metrics for each. These metrics were reviewed and weighted, using an Asset Classification Tool, which resulted in each property being placed in one of three identified Asset Classes:

- 1) **Maintain:** The building is performing adequately. Continue investment to ensure building is well maintained.
- 2) **Improve:** The building is performing adequately but has some issues requiring renovation.
- 3) **Plan:** The building is no longer aligned with need due to end of useful life, undesirable location, high operating/capital costs, or inefficient use of land and additional planning is required.

The findings from this asset classification exercise resulted in all buildings within the NCHC housing stock falling within the “Improve” category. While these results on the surface seem unusual, the basis for this classification can be found in the data. The first reason for the results to be clustered into one asset class is the uniformity of the NCHC buildings. Eighty-two percent (82%) of the buildings are low-rise apartment buildings and the average building age is 49 years. The buildings all have similar “Facility Condition Index” ratings, which measures the amount of capital deficiencies and renewal costs for the property, and all properties are funded using the same funding formula that is based on the County funding the deficit position of the property.

The second key reason for this asset classification result is the fact that the *Asset Condition* variable was given the highest weighting and was therefore the first marker in determining the asset classification. The County’s focus on funding necessary capital works in the NCHC buildings through the annual capital allocation has enabled all buildings to be maintained to a similar standard.

While the consistent nature of the NCHC housing stock on a number of key metrics provides context for the clustering in the “Improve” asset class, it does not facilitate

decision making, particularly in seeking opportunities for redevelopment and growth within the housing portfolio. As such and following a review of the asset classification results by the Project Team, HSC undertook an additional exercise to create prioritization schedules for both renovation and redevelopment.

The renovation prioritization schedule identifies priorities for renovation based on the costs of each building, specifically focused on the expected 10-year capital costs, the capital requirements identified in the Accessibility Audits, the current operating costs and the energy efficiency of each building. The results present a 'heat map' which can be reviewed against the NCHC 10-year capital plan and AssetPlanner data to identify opportunities where undertaking capital retrofits or upgrades to major components may support sustainability and/or reduced operating costs. Following this exercise both the 10-year capital plan and the data in AssetPlanner should be updated to ensure that actions identified through this Plan are captured and reflected.

The redevelopment prioritization identified those properties which could be priorities for redevelopment by specifically focusing on opportunities to increase density. At the time that this Plan was created, zoning and density data for each NCHC site was not available. However, there was data available from the Building Condition Audits, the HSC site visits and aerial views. Through this process five sites were identified for detailed consideration, with one site being identified as a potential opportunity for redevelopment with the goal of adding additional units.

The Plan identifies key considerations and proposes next steps as potential opportunities for the County and the NCHC Board of Directors to use the findings from the analysis to meet broader strategic objectives. These include activities focused in five key areas:

1. Growth of NCHC housing,
2. Preservation of the existing NCHC housing stock,
3. Establishment of maintenance service standards,
4. Development of levels of service for NCHC housing, and
5. Incorporation into the County's Asset Management Plan.

In completing this Plan, HSC, with strong support from the Project Team, was able to undertake a comprehensive and robust data collection and analysis process. The results, therefore, provide strong evidence with which the County and the NCHC Board of Directors can articulate actions that will optimize the existing housing stock and ensure that community housing assets are being used effectively and efficiently. The Asset Management Plan analysis and findings are a valuable stand-alone document, but their real value is in the ability to inform the implementation of the County's Housing and Homelessness Plan and the NCHC's Strategic Plan, as well as the development of the Community Housing Master Plan for the County. The findings strongly align with the desire articulated in existing plans that the community housing stock be preserved, protected and, where possible expanded, to meet future need.

Summary of Proposed Next Steps

Grow NCHC Housing Stock	
1. Prioritize acquisitions as a means for growth and set funds aside to support new acquisitions.	2. Engage with municipal partners to create opportunities that promote NCHC's ability to acquire local properties for the creation of new housing.
Preserve the Existing NCHC Housing Stock	
1. Undertake additional detailed audits of major building components to provide greater accuracy to capital needs.	2. Update the existing 10-year capital plan to reflect the findings from the BCAs and the analysis undertaken as part of this Plan.
3. Establish and report on annual capital targets and priorities to the NCHC Board of Directors.	4. Maximize the AssetPlanner system to track capital works and report on progress.
5. Maximize future federal/provincial capital funding programs to extend the life of NCHC properties.	6. Review and update the annual County capital reserve contribution to reflect the current BCAs and the findings contained in this Plan.
Establish Maintenance Service Standards	
1. Develop proactive, predictive and preventative maintenance priorities informed by the BCA data, 10-year capital plans and the findings from this Plan.	2. Establish and communicate maintenance and repair standards to residents.
3. Ensure staff are adequately trained and encourage use of the AssetPlanner system to record maintenance costs for tracking and planning purposes.	4. Seek opportunities to engage residents on maintenance and repair standards and levels of service through regular tenant satisfaction surveys.
Develop Levels of Service for NCHC	
1. Engage in a process to identify desired levels of service with regard to asset, residents and the County, including the Maintenance Service Standards.	2. Compare existing service levels against desired outcomes and identify additional costs and/or staff actions

necessary to achieve the new standards.	
Incorporate this Plan into the County's Asset Management Plan	
1. Through the inclusion of NCHC in the County's AMP, ensure that the needs identified through this Plan and any associated budget implications are included in an integrated County-wide asset management strategy.	2. Link the findings of the Plan with the development of the County's AMP to ensure the integration of NCHC in the County's infrastructure management policies

1.0 Introduction

1.1 Background and Context

Northumberland County (the “County”) has taken deliberate steps to set a strategic direction with regard to housing. The County has an interest in supporting current and future housing needs along the housing continuum and ensuring that the broad range of housing needs for residents in its communities continue to be met.

The Northumberland County Housing Corporation (“NCHC”) is the largest community housing¹ provider in the County. In addition to the vital role that NCHC plays in serving low- to moderate-income households, it is also an important delivery and development stakeholder for the County. As the sole shareholder of NCHC, the County has an interest in ensuring that the existing housing stock remains accessible for households in need, while seeking opportunities to expand and grow the NCHC portfolio to meet future demand. This strong relationship between NCHC and the County is therefore articulated in the various housing strategies and plans which form the background and context for the creation of the NCHC Asset Management Plan.

Northumberland County Affordable Housing Strategy

In 2019, the County undertook an *Affordable Housing Strategy* (the “Strategy”) the purpose of which was to identify means by which the County could increase the supply of rental housing at a variety of affordability points through tools and incentives. This in-depth Strategy identified both housing gaps and opportunities to improve future outcomes. A key element identified in the Strategy is the “need to ensure the existing housing stock, including existing affordable housing units, are in good condition”². This finding underscores the fact that the existing housing stock has a continued role to play in meeting housing needs along the continuum, and that community housing buildings play a critical role in supporting the affordability goals of the County. A key action arising from the analysis in the Strategy is to undertake the necessary planning to identify opportunities for the redevelopment of NCHC housing sites.

¹ For the purposes of this Plan, HSC has used the term *community housing* which is defined by the Province of Ontario as “housing that is owned and operated by non-profit housing corporations, housing co-operatives and municipal governments or district social services administration boards. These providers offer subsidized or low-end-of market rents – housing sometimes referred to as social housing and affordable housing”.

² “County of Northumberland Affordable Housing Strategy” (2019), *Current Housing Gaps in Northumberland*, page 103

Northumberland County Strategic Asset Management Policy

The County approved a *Strategic Asset Management Policy* in April of 2019. This policy articulates a vision to proactively manage assets, support sustainability and maintain prudent financial planning. The Policy will inform the development of a County Asset Management Plan, as prescribed under Ontario Regulation 588/17, and will provide a consistent framework for infrastructure management throughout the County, including for the NCHC assets. It is anticipated that the information identified through the creation of the NCHC Asset Management Plan can be integrated into the County's Asset Management Plan and be used to meet the requirements for inclusion of housing within the core municipal infrastructure assets.

Northumberland County Housing and Homelessness Plan

In 2019, the County updated its "*Northumberland Housing and Homelessness Plan (2019-2029)*" to reflect changes in the housing market as well as policy changes, including the National Housing Strategy. Through this update, the County refined its vision for housing - "By 2029, the Northumberland housing and homelessness system is responsive to the needs of all residents, providing safe, appropriate and affordable housing options within healthy and inclusive communities"³

The Housing and Homelessness Plan also built on the analysis and findings of the *Affordable Housing Strategy*, specifically carrying over the key finding in that Strategy to ensure that the existing housing stock remain in good condition to optimize the ability of these housing units to support future need.

Of the six strategies that were identified to help achieve its vision for housing, the strategy to "Optimize the Existing Housing Stock" is relevant to the creation of the NCHC Asset Management Plan. A key metric identified under this strategy is ensuring that these buildings are being used "effectively and efficiently"⁴.

NCHC Strategic Plan

It is within the context of both the *Affordable Housing Strategy* and the *Housing and Homelessness Plan*, that, in 2021, the NCHC Board of Directors began working together to create a Strategic Plan. This Strategic Plan was approved in 2022 and covers a five-year period from 2023-2027. Within this Strategic Plan, the Board has identified strategic goals which support the strong management and successful optimization of its housing assets. One such goal is to "expand and grow the NCHC portfolio" and another is to "extend and improve the useful life of NCHC assets".

³ "Northumberland Housing and Homelessness Plan" (2019), page 11

⁴ "Northumberland Housing and Homelessness Plan" (2019). *Reporting on Progress*, page 27.

These two goals form the basis and context for the creation of the Asset Management Plan for the NCHC (the “Plan”). Through the development of this Plan, critical data, analysis and recommendations emerge which support the NCHC Board as it seeks out opportunities to:

- Identify revitalization and renewal initiatives,
- Implement new development projects,
- Develop a long-term plan for the regeneration of its housing assets,
- Leverage funding, financing and partnership opportunities, and
- Develop a capital reserve strategy and identify proactive, predictive and preventative maintenance priorities.

In order to support the development of this Plan, in 2020, the County funded the completion of Building Condition Assessments (BCAs), capital reserve replacement forecasts, elevator audits, energy audits and accessibility audits for the NCHC housing stock. This data is the foundation to the asset analysis undertaken in the creation of this Plan.

Northumberland County Community Housing Master Plan

This Plan was created simultaneous to the development of the Northumberland County Community Housing Master Plan (the “CHMP”). The County identified the need to establish a CHMP to articulate its commitment to ensuring the long-term viability and sustainability of the existing community housing stock and to support growth that is fiscally responsible. A key element of the CHMP is the implementation plan which provides the goals and key activities which will enable to County to deliver on this commitment. The findings from this Plan have been used in the creation of the CHMP and inform the actions which have been identified to support the sustainability of the NCHC housing assets, and to foster opportunities for growth.

1.2 Purpose

An asset management plan is an important tool to support and guide decision making with regard to managing risk, maximizing future funding opportunities, minimizing costs and optimizing the useful life of housing assets. Such a plan establishes a framework for ongoing maintenance and asset management planning and guides strategic decisions about future capital investments. Once in place, an asset management plan should be used as a tool to support both short and long-term decisions to ensure that capital funding is being maximized while serving as a reference point when planning for longer-term strategic decisions, such as regeneration or expansion. The analysis contained in an

asset management plan provides data and evidence with which to support future funding applications and to access additional program or partnership opportunities.

The purpose of this NCHC Asset Management Plan (herein referred to as the “Plan”) is to review each NCHC building asset against a range of metrics to understand how each site is performing and how each building contributes to meeting County and community need. Key performance metrics include financial performance, asset or building condition, asset suitability and demand. The Plan is intended to support an understanding of the state and the value that each NCHC property brings to both the County and the building residents, while supporting the creation of a strategy to protect, sustain and, where feasible, grow these assets. This Plan is a tool for decision making and as such, should be a living document which is updated and adapted as new data becomes available. Regular reviews should be undertaken, and figures adjusted as more specialized studies are initiated and more accurate information is obtained as to the condition and replacement cost of the major building component that has been identified as nearing the “end-of-life”.

Through the analysis methodology, the overall performance level for each property can be identified and the associated action-based asset class can be proposed. With this information, the County is able to identify project-specific strategies, leverage new and existing federal and provincial capital funding programs and connect findings with the development of capital and maintenance plans.

Approach

The approach to the creation of the Plan included an extensive review of existing County and NCHC strategies and plans, and the detailed collection of data on each property. The County-funded completion of BCAs, capital reserve replacement forecasts, elevator audits, energy audits and accessibility audits for the NCHC housing stock provided foundational information to support the creation of the Plan. The collection of building demographics, operating financial position, and data on the supports, services and amenities that can be accessed by residents supported the development of a wholistic view of each property. The Plan was informed by key stakeholders, including the Project Team and members of the County Senior Leadership team. Critically the NCHC Board of Directors set the direction and priorities of the Plan through a targeted engagement session.

Plan Format

In order to provide the detailed analysis necessary to support decision making with regard to managing risk, maximizing future funding opportunities, and minimizing costs, the Plan format includes:

- A summary and review of the current state of the NCHC housing assets.

- The methodology for the development of various evaluation tools, including operational profiles, performance review metrics, and asset classification and prioritization.
- The results of an analysis of the performance of each building, an asset classification exercise and renovation/redevelopment prioritization review.
- The identification and summary of the key considerations for the County and NCHC as they deliver on shared strategic goals and plan for the future of the NCHC housing assets.

2.0 The NCHC Housing Portfolio

A critical element of the Plan is understanding the current state of the NCHC housing stock. By analyzing the baseline state of housing, the County can identify long-term asset management solutions that best support the physical health, maintenance and safety of each building.

2.1 Role of NCHC Housing in Meeting Community Need

NCHC administers the largest portfolio of community housing in the County. It owns and operates 344 Rent-Geared-to-Income (RGI) units ranging in size from one-bedroom units to four-bedroom units. It provides housing to households of various sizes and demographics across five municipalities. A summary of the NCHC buildings and how they are meeting community need are presented in Table 1, and Figures 1-3.

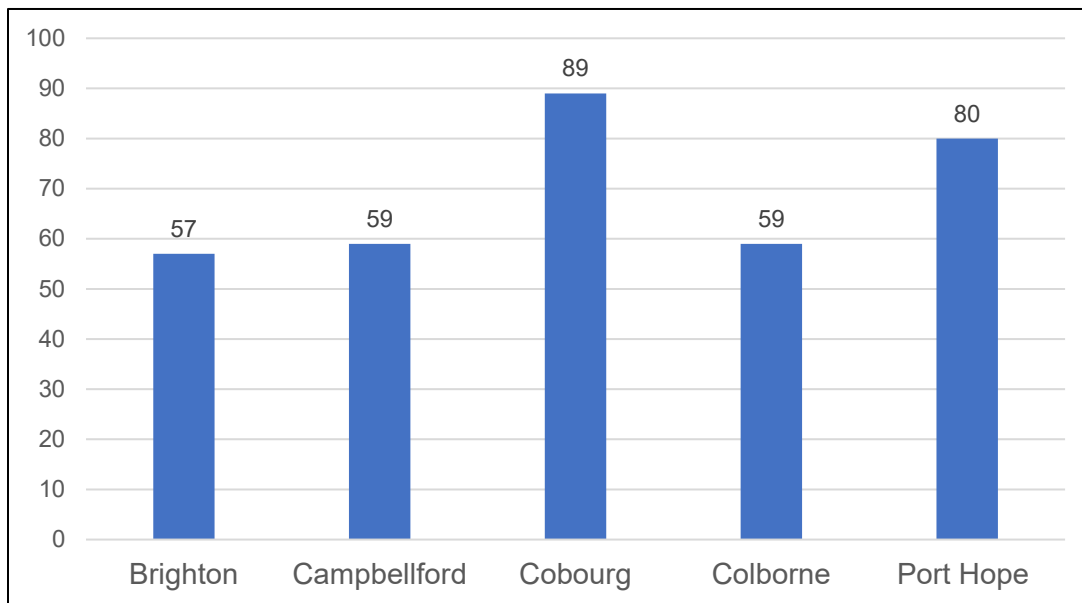
Table 1: Summary of the NCHC buildings*

Property Name	Municipality	Units	Mandate	Unit Type(s)	Building Type
Elgin Street <i>REDEVELOPMENT UNDERWAY</i>	Cobourg	18		2+ bedrooms	Townhouses
Francis Court	Brighton	26		1 bedroom	Apartment
Holland Court	Port Hope	20	Seniors	1 bedroom	Apartment
Maple Court	Colborne	20		1 bedroom	Apartment
Midland Court I	Brighton	21		1 bedroom	Apartment
Midland Court II	Brighton	10		1 bedroom	Apartment
Percy Manor	Colborne	39		1 bedroom	Apartment
Scriven	Port Hope	12		3 bedrooms	Townhouse
Sunrise Court	Campbellford	35	Seniors	1 bedroom	Apartment
Sunset Court	Campbellford	24		1 bedroom	Apartment
Wellington Court	Port Hope	26	Seniors	1 bedroom	Townhouse
Wellington Manor	Port Hope	11		1 bedroom	Townhouse
Wellington Place	Port Hope	11		2+ bedrooms	Townhouse
Windermere	Cobourg	71		1 bedroom	Apartment

Source: Northumberland County

* At the time that this Plan was finalized, NCHC had bought 123 King Street East, Colborne (22 affordable bachelor units), and 152 Cockburn Street, Campbellford (supportive housing delivered in partnership). Neither site has been included in the analysis contained in the Plan.

Figure 1: Summary of Total NCHC Units by Municipality



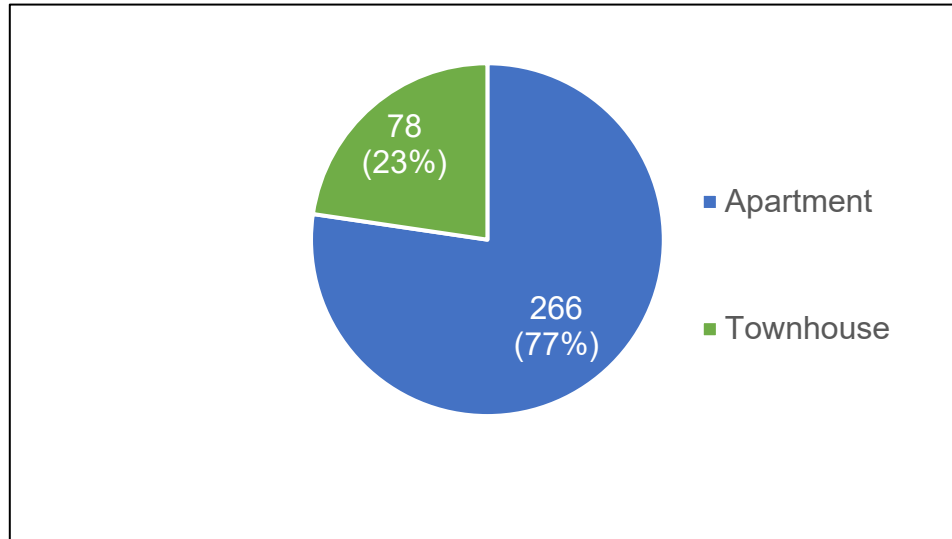
Source: Northumberland County (N=344)

As Figure 1 indicates, the NCHC owns housing in five of the seven municipalities within Northumberland County:

- Municipality of Brighton
- Municipality of Trent Hills (Campbellford)
- Town of Cobourg
- Township of Cramahe (Colborne)
- Municipality of Port Hope

The NCHC therefore plays a significant role in meeting housing need in towns and municipalities across the County.

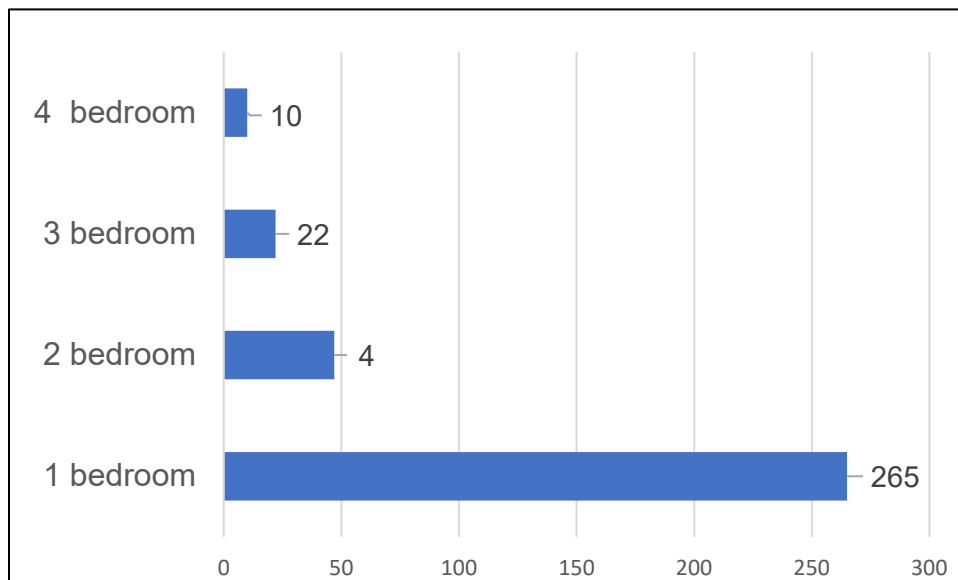
Figure 2: Summary of Total Units by Building Types



Source: Northumberland County (N=344). This Figure includes Elgin Street as it was configured prior to redevelopment.

Figure 2 demonstrates that the majority (77%) of the total units owned by NCHC are apartment buildings. This is important to note when considering density and opportunities for growth.

Figure 3: Summary of Total Units by Bedroom Size



Source: Northumberland County (N=344). This Figure includes Elgin Street as it was configured prior to redevelopment.

Figure 3 notes that the majority of existing units (265 or 77%) in the NCHC housing portfolio are 1-bedroom units. While this figure may seem high, it is in fact aligned with the need within the County where approximately 65% of applicants on the waitlist are seeking 1-bedroom units.

The data included in Table 1 and Figures 1-3 demonstrate that the NCHC housing stock is providing housing to a large number of households across the County. It is meeting significant community need and the data highlights how critical it is to ensure that the existing housing units are protected, maintained, and where possible, expanded.

2.2 State of NCHC Housing

Documenting the current state of each of the NCHC properties facilitates an understanding of the baseline capital needs and costs facing these assets. It also supports the development of a framework in which the County and the NCHC Board of Directors can make decisions that maximize future capital investments.

In order to understand the current asset condition, or state of each building, HSC drew data from the Building Condition Assessments (“BCAs”) which were completed in 2020/2021, as this data was collected and entered into the AssetPlanner⁵ system by the engineers that performed the BCAs.

As will be noted in Section 3.0 Assessment Methodology, this data is used to inform both the performance review and the renovation/redevelopment prioritization framework. However, it is important to extract and showcase some of this data in a review of the current state of the NCHC housing stock as it will assist in framing both the findings of the assessment methodology and will link to the key considerations and next steps.

Please note: As Elgin Street is currently undergoing redevelopment, it has been excluded from the methodology and detailed analysis and is not reflected in the Plan findings.

Replacement Value

A measure which speaks to the value of the existing assets is the replacement value. This figure is intended to measure what it would cost to replace the housing asset and is defined as the actual cost to replace an asset in today’s dollars in new condition. The calculation of this value is based on the replacement value⁶ identified in the most recent

⁵ AssetPlanner is an industry leading asset management software solution, delivered by Amereso. This software is used by both the private and public sector and is a tool that a large number of service managers and local housing corporations across Ontario use to support asset management planning.

⁶ The Replacement value is used as a proxy for the asset value. Replacement value represents the asset replacement cost and is defined as the actual cost to replace an asset in today’s dollars in new condition. The replacement values use “RS Means Repair and Remodelling Cost Data – Commercial/Residential”, which provides accurate and up-to-date cost information in order to precisely calculate the cost for both new building construction and renovation projects.

2020/2021 BCAs and as entered into the AssetPlanner system. It is likely that the values included in the BCAs are below the true costs to build new, as it is unlikely that they include a consideration of material, labour, engineering fees, administrative costs and other soft costs. It should also be noted that the current market volatility in the construction industry has added +/- 30% in costing. However, the BCA data does provide a baseline from which to understand the potential costs for renewal/new build.

The total replacement cost of the 326 units⁷ in the NCHC housing portfolio is valued at \$50,165,279; with the maximum per building replacement value being \$9,978,786 and the lowest being \$1,393,247. The average replacement value, per building is \$3,858,868. Table 2 provides further details regarding NCHC's building replacement values (as per recently completed BCAs) adjusted on a per unit basis.

As noted above, these figures are based on 2020/2021 costing and are likely to have increased since that time. However, what the replacement value demonstrates is the value of the building which can be used to measure against forecasted capital need to ensure that the best decisions are being made to support the lifecycle of the building. The County and the NCHC Board of Directors will need to make future decisions based on understanding the expected life span of each building and then weighing the often significant replacement cost against the repair cost to determine the most financially prudent path forward.

The data in Table 2 has been anonymized in recognition that while these properties are critical housing assets, they are also the homes of individuals and families.

Table 2: Summary of the NCHC Building Replacement Values (per unit)

Property	Replacement Cost per Unit
#AA12A	\$140,546
#AA12B	\$168,501
#AA12C	\$221,904
#AA12D	\$135,277
#AA12E	\$291,635
#AA12F	\$147,694
#AA12G	\$140,402
#AA12H	\$139,325
#AA12I	\$145,044
#AA12J	\$152,886
#AA12K	\$144,700
#AA12L	\$141,650
#AA12M	\$154,631

⁷ This figure excludes Elgin Street (18 units) as this site is currently undergoing redevelopment.

Source: Source: 2020/2021 Building Condition Assessments, Operational Profiles, Northumberland County, 2022. Elgin Street has been excluded from this Table as this site is currently undergoing redevelopment.

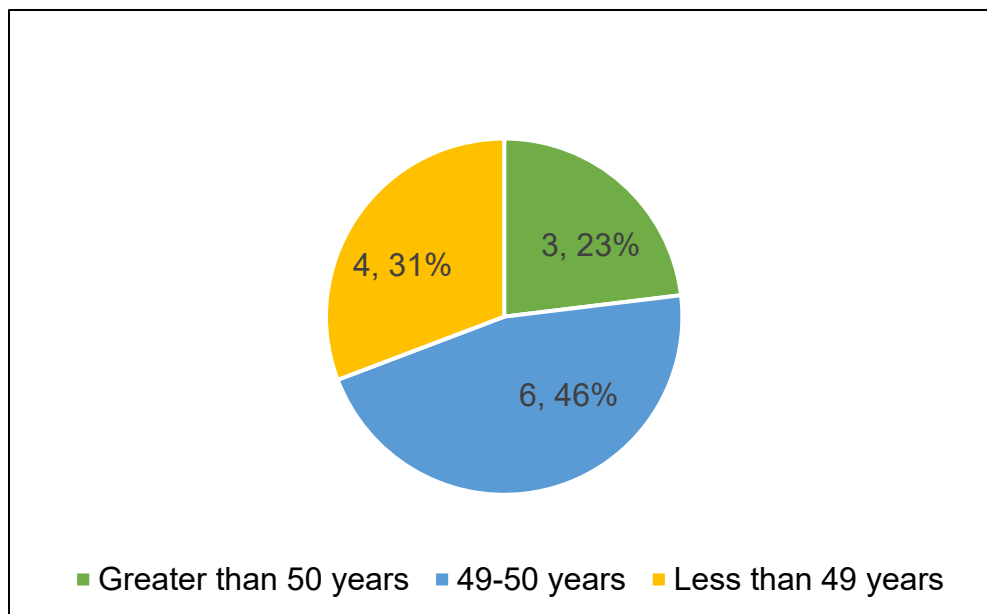
Building Age

The building age can be an important indicator when considering the state of the housing assets. This is because it is expected that as buildings age, they will begin to deteriorate and will face increasing capital needs. It is also important to understand the range of building ages in a housing portfolio to be able to maximize opportunities for future capital investments.

All buildings within the NCHC housing stock are between the ages of 41 years to 53 years. The average asset age for the NCHC housing stock is 49 years. Three projects are 50 years and older, with another six projects approaching this age in less than three years. The youngest project in the NCHC portfolio is 41 years. Figure 4 provides the building age of each of the NCHC properties.

This data suggests two things; the first is that the buildings in the NCHC housing stock are aged and second that there is a very limited age range between buildings; all buildings are within 12 years of each other. This consistency of building ages is to be expected given that all of the existing buildings owned by NCHC were developed under the same federally funded public housing program. Under this program, all buildings were built or acquired prior to 1979.

Figure 4: Number of NCHC Buildings by Building Age



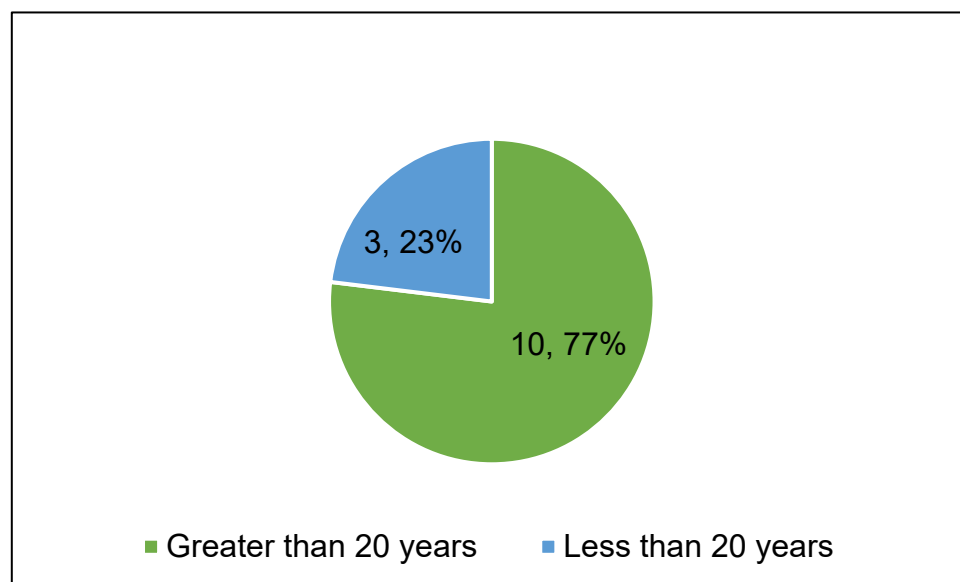
Source: Community Housing Portfolio, Operational Profiles. Elgin Street has been excluded from this Table as this site is currently undergoing redevelopment. N=13.

Useful Life

Understanding the remaining useful life of a building is another important consideration when looking at the existing state of housing and in understanding where there may be long-term capital planning and funding considerations. The industry standard lifecycle for townhouses, low-rise apartment structures, and high-rise buildings is 60 to 80 years. It should be noted that this represents the building structure's lifecycle, and not necessarily the lifecycle of the major components of the building, which will vary in lifespan. It should also be noted that this measure does not suggest that the building ceases to be viable in this lifecycle, but simply that significant renewal is necessary to support the building as it reaches these milestones.

For the purposes of this analysis, a 70-year lifecycle has been applied, recognizing that by this age the major infrastructure of the building (exterior cladding, water supply and drainage, main electrical switch gear, etc.) will need to be replaced. Figure 5 identifies the remaining useful life of each of the NCHC properties.

Figure 5: Remaining Lifecycle of the NCHC Housing Stock*



Source: Community Housing Portfolio, Operational Profiles. Elgin Street has been excluded from this Table as this site is currently undergoing redevelopment.

* Based on an estimated lifecycle of 70 years (as industry standard is between 60 and 80 years). N=13.

Many factors can support extending the useful life of housing assets. Making upgrades to structural elements and major building components can have a positive effect and extend the remaining useful life. Ensuring that there is sufficient funding to both preserve and more importantly renew the NCHC housing stock will be critical to ensure that these buildings remain in good condition and continue to support the future needs of residents.

Building Condition

Another critical marker in understanding the current state of the NCHC buildings is to understand the building condition. In order to evaluate the current building condition, a Facility Condition Index, or “FCI”⁸, was calculated for each building. An FCI is an industry standard methodology used to calculate a per building rating, or index, based on the amount of unfunded renewal and repair, divided by the asset replacement value.

Figure 6: FCI Calculation

The term Facility Condition Index (FCI) is a “ratio of the cost of remedying capital deficiencies listed in the deferred maintenance backlog to the current replacement value”. The formula used for determining the FCI for a project, is as follows

$$\text{FCI} = \frac{\text{Unfunded Liability (\$)}}{\text{Current Replacement Value (\$)}}$$

Where the “Unfunded Liability” represents the sum value of all capital deficiencies and renewal costs (at any given point in time) less the funding applied to the asset(s) for capital renewal. “Current Replacement Value” is defined as the total amount of expenditure in current dollars that would be required to replace the institution's facilities

Based on the data collected from the 2020/2021 BCAs, an FCI was calculated for each NCHC building. As noted in Figure 6, an FCI rating is identified by aggregating the total cost of any needed or outstanding repairs, renewal or upgrade requirements for a building compared to the current replacement value of the building. Land value is not considered when evaluation FCI.

Once this calculation is completed, the resultant value is used to provide a condition rating for each building. The condition ratings and definitions are also based on industry standards as identified in Table 3.

⁸ The FCI provides a consistent measurement of condition for a single building, group of buildings, or a total portfolio. FCI is used by the U.S. Government Accounting Standards Board (GASB) as standard practice for Facility Condition Assessments (FCA) and Building Evaluation Reports (BER) for federal facilities.

Table 3: Building Condition Ratings ⁹

Rating	FCI Value Defined	Impact of Buildings & Elements
Good	A “ Good ” FCI rating denotes that 0%-5% of the building value requires renewal.	<ul style="list-style-type: none">• Facilities will look clean and functional.• Limited and manageable element and equipment failure may occur.
Fair	A “ Fair ” FCI rating denotes when 5% to 10% of the building value requires renewal.	<ul style="list-style-type: none">• Facilities are beginning to show signs of wear.• More frequent element and equipment failure will occur.
Poor	A “ Poor ” FCI rating denotes that 11% to 30% of the building requires renewal.	<ul style="list-style-type: none">• Facilities will look worn with apparent and increasing deterioration.• Frequent element and equipment failure may occur.• Occasional building shut down may occur.
Critical	A “ Critical ” FCI rating denotes that over 30% of building value requires renewal.	<ul style="list-style-type: none">• Facilities will look worn with obvious deterioration.• Equipment failure occurring frequently.• Occasional building shut down will likely occur. Risk to Management is high.• Health and safety issues figure prominently.

Source: Ameresco

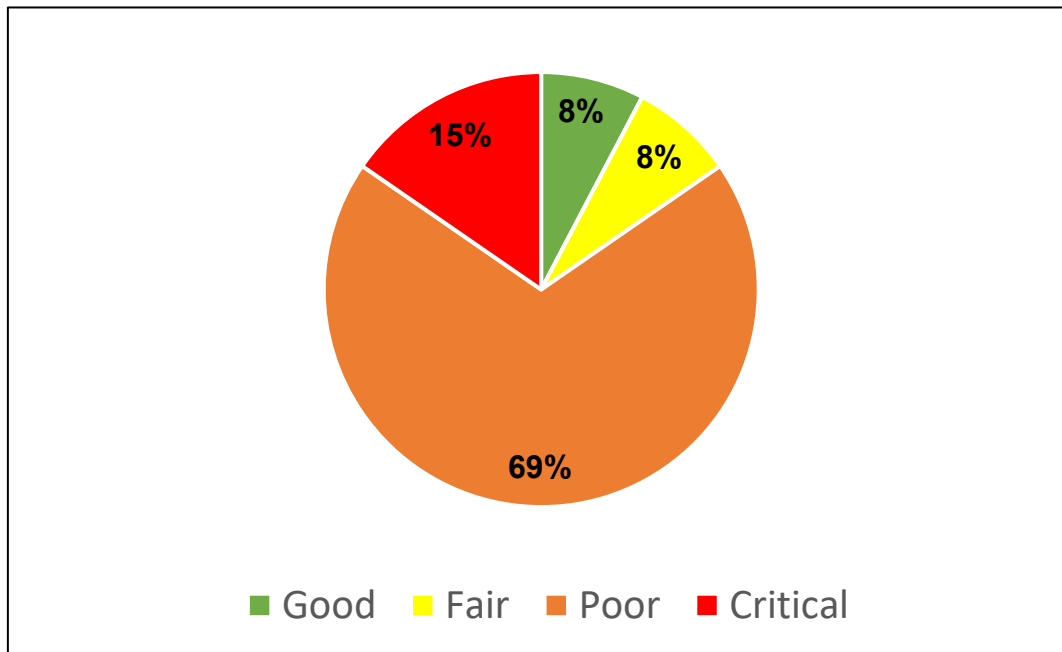
The lower the FCI, the better the condition the building is in. As FCI increases, the more renewal is required in the building and therefore there is higher risk. Buildings with higher FCI values will require more capital work, will face increasing risk of component failure, will have increased maintenance and operational costs, and will see more resident complaints.

It should be noted that the FCI results for the NCHC stock includes an application of an annual budget allocation of \$600,000 which is spread across each of the projects and distributed on a per unit basis.¹⁰ While it is generally accepted practice that annual capital contributions are not included in the FCI calculation, the application of this annual budget allocation was included in order to illustrate the impacts and importance of this continued funding source to the ongoing maintenance and quality of the NCHC properties.

⁹ “Building Condition Rating in AssetPlanner”, Ameresco

¹⁰ Other funding from non-County sources such as COCHI, OPHI etc. has not been applied to the NCHC stock for generating the FCIs.

Figure 7: Percentage of NCHC Buildings by FCI Rating (N=326)



As Figure 7 demonstrates, the majority of NCHC properties fall within the “Poor” FCI classification (N=9) with two properties falling within the “Critical” FCI classification. The fact that the majority of the NCHC buildings fall with the “Poor” category is a result of a number of variables.

- As previously noted, the buildings in the NCHC housing portfolio have an average age of 49 years. Buildings of this age will require significant maintenance or replacement to major building components, which will be demonstrated by higher-than-average outstanding repairs, renewal or upgrade requirements (which is a key variable in the FCI calculation).
- The FCI ratings for the public housing stock across Ontario are typically lower than those achieved by non-profit and co-operative housing projects. This is because, while non-profit and co-operative housing projects are required to establish capital reserves and are provided operating subsidy to support annual contributions to those reserves, the public housing stock was not required or funded to create such a reserve. In fact, until the County created a capital reserve contribution in 2012, the NCHC housing stock never had an annual contribution to a capital reserve. This lack of historical capital reserve funding from the time of building construction has led to lower FCI ratings for public housing buildings generally and mirrors what is being evidenced for NCHC.

Forecasted Capital Need

Understanding the expected capital need forecasted for each of the NCHC buildings is a core data point necessary to understand the current state of this housing portfolio. In order to develop 10-year forecasts of the capital need for each building, the BCA data was collected from the AssetPlanner system and analyzed to develop a future forecast.

All buildings require ongoing maintenance, repairs and replacement. As noted earlier, this is particularly the case for aging buildings as is the situation for the NCHC housing stock. For this reason, the capital needs data should be viewed as the extent of capital investments that are needed to support the viability of the housing structure while ensuring the health and safety of tenants. BCA data provides a snapshot based on current need and it is therefore expected that as work is undertaken or further studies are conducted, the total cost and/or timing may change. However, the data provides an estimation of need and this information, combined with data on the remaining useful life and the further analysis undertaken in this Plan on asset classification are all valuable tools as the County and NCHC seek opportunities to maximize and, where possible, extend the useful life of each building.

Table 4 provides a summary of the total 10-year forecasted capital costs (as per the completed BCAs), per year, for the NCHC housing portfolio¹¹. These figures include all capital cost requirements noted in the BCA over the 10-year period to; a) demonstrate the magnitude of capital requirements, b) ensure all buildings improve their current FCI ranking¹², and C) are operating at optimal levels. As this Table notes, the total anticipated capital cost need between 2022 and 2031 is over \$18 million. A reminder that the analysis assumes the annual contribution of the \$600,000 capital budget allocation. The \$18 million capital costs are therefore in addition to that existing contribution.

¹¹ All dollar amounts are expressed in 2020 costs without inflation.

¹² The BCAs identified work necessary to improve the overall FCI level, however no FCI target was identified by either the County or the engineers in undertaking the BCAs. Determining a target FCI is a level of service decision that must be made by the County and the NCHC Board of Directors. Were an FCI target to be set, the total capital need figures should be revisited to ensure that they reflect the achievement of that target, and it should be expected that the total capital need will be higher than that outlined in this Plan.

Table 4: Total Capital Need Costs, by Year, for all NCHC buildings (2022-2031)

Year	Total Capital Need
2022*	\$ 8,135,214
2023	\$ 1,527,822
2024	\$ 860,226
2025	\$ 2,079,208
2026	\$ 735,860
2027	\$ 1,664,705
2028	\$ 1,357,386
2029	\$ 336,592
2030	\$ 1,587,697
2031	\$ 500,917
Total	\$ 18,785,627

Source: Building Condition Assessments, 2020/2021, AssetPlanner System and Custom Tabulations. Elgin Street has been excluded from this Table as this site is currently undergoing redevelopment.

* Particularly high capital needs in the initial year are not unexpected when new BCAs are completed and are typically the result of both deferred capital work and recommended activities to address the aging of major building components.

In order to better inform future planning, this total investment has been further broken down to demonstrate the total forecasted capital needs in Years 1-5 (2022-2026) and in Years 6-10 (2027-2031). As noted below, the bulk of capital needs, based on BCA data, are required to be addressed in the next five years.

Table 5: Breakdown of Total Capital Need Costs for NCHC projects (N=326)

Total Forecasted Capital Need by Time Period	
Years 1-5 (2022-2026)	\$13,338,330
Years 6-10 (2027-2031)	\$5,447,297

Source: Building Condition Assessments, 2020/2021, AssetPlanner System and Custom Tabulations. Elgin Street has been excluded from this Table as this site is currently undergoing redevelopment.

The current state of the NCHC housing assets provides a summary of the building age, FCI and forecasted capital needs. Given that the NCHC housing portfolio has an average building age of 49 years, it should be expected that there are significant capital needs forecasted in order to maintain and extend the useful life of these buildings. The purpose of the Plan is to factor in the current and forecasted capital position, and to evaluate that alongside the financial performance, asset suitability and demand for each building to identify each property's overall performance level and identified asset class. By

undertaking this exercise, the County and the NCHC Board of Directors can make informed decisions about whether to invest in capital repairs or leverage that investment to undertake redevelopment.

3.0 Evaluation and Performance of the Asset

The focus of approach was to undertake a data-driven exercise to assess each of the NCHC properties and to understand how each building is currently performing against a broad range of metrics. This wholistic approach to the creation of the Plan ensures that future decisions can be made based on comprehensive data and that the unique circumstances of each building can be considered to ensure that the NCHC housing portfolio is viable and provides housing that is well maintained and supports the health and safety of residents.

3.1 Assessment Approach

An effective asset management plan will provide the County and the NCHC Board of Directors with the data, information and tools with which to make informed long-term decisions and ensure that financial investments are maximized. In order to complete this assessment, four integrated approaches to the analysis were undertaken, with each step building on the data and findings of the last. The four phases of the assessment are:

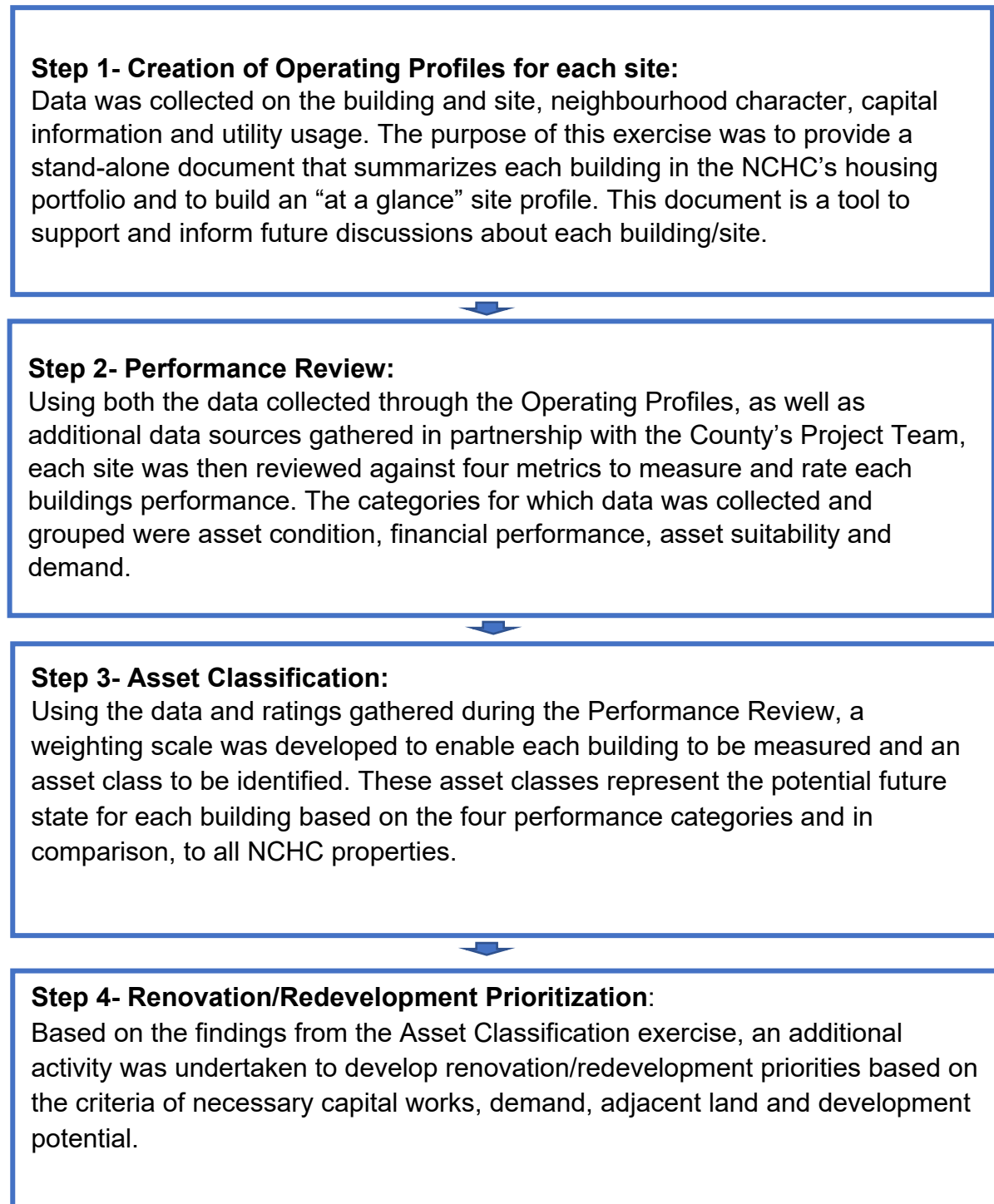
1. Operating Profiles,
2. Performance Review,
3. Asset Classification, and
4. Renovation/redevelopment Prioritization.

Further details on the methodology for each are provided in Figure 8.

A multi-disciplinary Project Team¹³, including representatives from finance, planning, housing, facilities, and capital works, was established by the County to support the analysis approach.

¹³ The Project Team held milestone meetings during which they provided direction on the data collected and assumptions to be applied. The Project Team provided critical direction as the performance review and asset classification methodology was applied and reviewed the findings of each exercise ensuring that the final Plan is relevant and accurately reflects the state of the NCHC housing portfolio.

Figure 8: Assessment Methodology



3.2 Data Sources

In order to ensure that the results accurately reflected the realities of each of the NCHC properties, the data collection process was a key element in the methodology. HSC worked closely with County staff to ensure that all available data was collected and included in the analysis to form a complete picture of each building and how each building is currently meeting the needs of the County and its residents.

Figure 9: Data Sources Aligned with Assessment Methodology

Project Element	Data Sources
Operational Profiles	<ul style="list-style-type: none">- Site visit and walk-arounds- Pre-site visit questionnaires- 2020/2021 Building Condition Audits (BCAs) & AssetPlanner data- 2019 annual usage of hydro, water and gas (bill collection)- Google maps for proximity to amenities information- Walk score (www.walkscore.com)- Zoning by-laws
Performance Review	<ul style="list-style-type: none">- Budget information and the most recent available audited financial statements and as required previous year financial information- 2019 Annual Information Reports (AIRs)- 2020/2021 Building Condition Audits (BCAs) & AssetPlanner data- Google maps for proximity to amenities information- Walk score (www.walkscore.com)- Zoning by-laws- 2021 Quarterly Reports and Waitlist data

3.3 Methodology

To undertake the asset review and classification, a number of methodological processes were used, driven by the development of two integrated tools: the Performance Review tool and the Asset Classification tool.

Performance Review Tool

The Performance Review tool was created to collect, organize, categorize and rank all of the data that was collected through both the Operational Profiles and additional information as provided by the County. Through the following process, data was organized and sorted into categories so that buildings could be rated and scored on their performance in each category.

- Performance indicators/measures were identified in the following areas: asset condition, financial performance, asset suitability, and demand.
- Data was identified, collected and organized into one of these performance indicators. Once sorted, the data was used to create sub-metrics that would be used to score and rate building performance. (See Figure 10 for Performance Review Indicators and Sub-Metrics). The collection of data, as well as the assumptions upon which the data was analyzed were confirmed by the County Project Team.
- Based on the data collected, scales and ratings were established for each sub-metric based on the average, maximum, and minimum raw scoring that was returned across the NCHC buildings. Using the established scale, a quantitative rating (or point system) was identified for each performance indicator and sub-metric. The purpose of this exercise was to provide a rating for each project based on how they placed within the returned data ranges.
- Sub metric scoring was done for all of the projects across all the performance metrics to develop an overall score for each performance indicator.

Figure 10: Performance Review Indicators and Sub-Metrics

Asset Condition	<ul style="list-style-type: none"> - Calculated Facility Condition Index (FCI) - Current Building Age - Projected Capital Expenses per unit (10 years)
Financial Performance	<ul style="list-style-type: none"> - Operating Efficiencies as identified from Surplus/Deficit Position (Average of 2018, 2019, 2020) - Current Asset Value
Asset Suitability	<ul style="list-style-type: none"> - Availability of Onsite Amenities - Walk Score - Access to Amenities in the Community - If the Building was deemed Non-Smoking - Adequacy of Parking
Demand	<ul style="list-style-type: none"> - Alignment with Need (as identified through the Waitlist statistics) <ul style="list-style-type: none"> - Location - Building Demographics - Unit Type

Asset Classification Tool

The goal of the asset review and classification was to use the data collected to categorize each site into an action-based asset class and provide direction to the County and NCHC as funding and investment decisions are made to support the sustainability of these properties.

Working closely with the multi-disciplinary Project Team, three preliminary asset classes were identified as Maintain, Improve and Plan.

Table 6: Asset Classes and Definitions

Asset Classes		
MAINTAIN	IMPROVE	PLAN
The building is performing adequately. Continue investment to ensure building is well maintained.	The building is performing adequately but has some issues requiring renovation.	The building is no longer aligned with need due to end of useful life, undesirable location, high operating/capital costs, or inefficient use of land and additional planning is required.

In order to interpret the data from the Performance Review Tool and have it support the positioning of each building into one of the identified asset classes, two additional exercises were undertaken:

1. Development and application of weighting criteria, and
2. Application of a grading system.

Developing weighting criteria was necessary to identify the relative importance of each performance review metric in decision making, and ultimately in the placement within each asset class. Through engagement with the Project Team, a weighting scale which identified asset condition as the primary marker was identified.

Table 7: Weighting Criteria Used in the Analysis

Performance Review Metrics	Weighting
Asset Condition	0.35
Financial Performance	0.30
Demand	0.20
Asset Suitability	0.15

Using this weighting criteria, the scores that had been developed using the Performance Review tool were weighted, and then assigned to a grading scale of low, moderate, and high. This grading scale was developed for each building and for each metric (asset condition, financial performance, demand and asset suitability).

Once a grade was established for each metric, a manual exercise was performed to best fit each building into an asset class based on their grade per performance review metric. The goal was to try and get as close as possible to a 100% asset classification match. Using this process, projects were placed in the appropriate asset classification. Where undertaking this exercise did not produce a 100% match or did not neatly fit into one class or the other, the criteria with the highest weighting (i.e., asset condition) became the driver to inform the ultimate placement.

Table 8: Grading System Used to Determine Asset Class

	Metrics for Asset Classification		
	MAINTAIN	IMPROVE	PLAN
Asset Condition:	High to moderate asset condition	Moderate to low asset condition	Moderate to low asset condition
Financial Performance:	High to moderate financial performance	Moderate financial performance	Moderate financial performance
Asset Suitability:	High asset suitability	Moderate to low asset suitability	Moderate to low asset suitability
Demand:	High demand	High to moderate demand	High to moderate demand

Renovation/Redevelopment Prioritization

Following the Asset Classification exercise, HSC undertook a final analytical exercise to identify renovation and redevelopment prioritization schedules. In order to complete this activity, HSC focused on two elements. The first was extracting the following key metrics from the data that had been collected through the analysis methodology.

- Expected 10-year capital costs,
- Capital requirements as identified in the Accessibility Audits completed in 2021,
- Operating costs as identified by average levy contribution, and
- Energy efficiency.

This specific data was extracted and compared against each building with the goal of identifying those buildings that had high operating and/or expected capital costs. The results of this analysis are presented in a renovation prioritization schedule.

The second element was to then consider the demand for the site and to understand the potential for redevelopment, specifically related to whether there were opportunities to increase the density on each site and use the redevelopment as an opportunity for growth. The results of this final analysis are presented in a redevelopment prioritization schedule.

4.0 Assessment Results

The goal of the Plan is to provide critical data and direction to support and guide decision making to ensure risk is managed, future funding is maximized and all opportunities for growth are capitalized. As such, the assessment results are a tool by which to assess performance and to provide data and information which can be used by the County and NCHC as they implement both the County's Housing and Homelessness Plan and the NCHC Board's Strategic Plan. These assessment results have also informed the Community Housing Master Plan and the key actions contained within the implementation plan directly reflect the results of this analysis.

The data collected provides critical information about capital need, building demand, resident supports and financial performance. It is expected that the County and the NCHC Board of Directors will use this data to inform future capital investments as well as to determine where additional program and funding opportunities may exist. As such, elements of this analysis can become ongoing tools and resources to support decision making and provide necessary data to apply for federal and/or provincial funding programs.

The assessment results have been anonymized in order to recognize that each property is also a home and provides a foundation to the health and wellbeing of the residents. The Plan findings provide just one tool among many which will be used by staff and the board to make decisions to maximize the useful life of each building and to ensure that it is maintained in a good state of repair. It is expected that as the County and NCHC plan for the future of these properties, affected residents would be engaged as appropriate.

4.1 Performance Review

The Performance Review Tool collected, organized, categorized and ultimately ranked data related to asset condition, financial performance, asset suitability and demand. Sub-metric scores were established for all projects across each performance metric with the results presented in Table 9.

Table 9: Performance Review Findings

Property	Asset Condition	Financial Performance	Asset Suitability	Demand
#AA12A	High	Low	Moderate	High
#AA12B	High	Moderate	Moderate	Moderate
#AA12C	Low	High	Moderate	Moderate
#AA12D	Low	Moderate	High	Moderate
#AA12E	Moderate	Moderate	Low	Moderate
#AA12F	Moderate	Low	Low	Moderate
#AA12G	Moderate	High	Low	Moderate
#AA12H	Moderate	Moderate	High	Moderate
#AA12I	Moderate	Moderate	Low	Low
#AA12J	Moderate	Moderate	High	Moderate
#AA12K	Moderate	Low	High	Moderate
#AA12L	Moderate	Low	Moderate	Low
#AA12M	Low	Low	High	Moderate

Source: Asset Performance Review Assessment, NCHC Projects, 2022. Elgin Street has been excluded from the methodology and detailed analysis as this site is currently undergoing redevelopment.

4.2 Asset Classification

The purpose of the asset classification exercise is to identify the action-based asset class for each building, based on the data collected and rated during the performance review exercise. Using the performance review findings and the weighting criteria which ranks “asset condition” highest, followed by “financial performance”, “asset suitability” and then “demand”, buildings were classified into three possible asset classes: Maintain, Improve and Plan.

The results of this exercise are presented in Table 10, which illustrates that all NCHC buildings fell within the “Improve” asset class¹⁴.

¹⁴ The initial findings of the asset classification analysis placed one property in the “Plan” asset class. However, this site is part of a phased site. Given that decisions about this property would be made for all buildings on the site, this property was moved into the higher asset class.

Table 10: Asset Classification Findings

ASSET CLASSES		
MAINTAIN	IMPROVE	PLAN
	#AA12A #AA12B #AA12C #AA12D #AA12E #AA12F #AA12G #AA12H #AA12I #AA12J #AA12K #AA12L #AA12M	

On the surface this result may seem unusual. In fact, a review of asset classification exercises undertaken across the housing sector and specifically for the public housing stock confirmed that this result is not typical. However, when reviewing these results with the Project Team, three key factors emerged that can account for these findings.

- I) **Uniformity of the NCHC portfolio:** The NCHC buildings are unusually similar in many aspects in that 11 of the 13 sites are low rise apartment buildings serving similar demographic groups, and the average building age is 49 years.
- II) **Weighting Criteria:** In developing the weighting criteria, it was important to ensure that it accurately reflected which factors will be decision points for the County and NCNC with regard to performance and actions. Based on this, “asset condition” and “financial performance” were deemed to be the most important factors in decision making – and therefore account for 65% of the weighting. This alignment between weighting and importance to decision-making is valid. However, the consistency in data on these two criteria has led to the clustering of results.

Eighty-four percent (84%) of the NCHC properties have a calculated FCI of “poor” or “critical”. With the asset condition being a primary driver for asset class such low ratings eliminate the ability for these properties to be noted as “Maintain”. The second factor is the financial performance metric. All properties in the analysis are subject to the same public housing funding formula, which is based on a break-even funding approach. Therefore, all buildings are operating

in a deficit pre-levy allocation and the financial performance metric measures the extent of that deficit. Again, this financial reality prevents sites from being classed as “Maintain”.

- III) **Funding for NCHC Capital Repair:** County’s focus on funding necessary capital work is a critical factor influencing the asset classification trend. In 2014 and with the creation of the 10-year capital plan for the NCHC properties, the County confirmed its ongoing commitment to the maintenance and repair of these buildings by approving a budget increase to an annual contribution of \$600,000 to implement the capital works. This commitment to the asset management and building upkeep has enabled the buildings to be well maintained, with only a small number of properties (three) where asset condition was rated low.

The results of the asset classification exercise suggest that the priority for the existing NCHC housing stock is not redevelopment, but instead should be the maintenance, repair and renewal of the existing housing units, including seeking opportunities to extend the useful life of each building. The NCHC housing assets are meeting critical needs in the community and provide essential housing to low- and moderate-income households. The findings from the data collected, analyzed and classified in this asset classification exercise suggest that the strategic focus of the County and NCHC is identifying opportunities to access the capital funds necessary to maintain and renew these assets.

The results suggest that the County may wish to consider revisiting and potentially increasing the annual capital contribution the County allocates to the NCHC for capital expenditure. The annual capital reserve contribution was set prior to 2014 with an increase of \$100,000 in the same year approved by County. With the more recent BCAs and the data to evidence the need to support asset renewal, the County has a more accurate picture of the capital expenditure need and priority. Additionally, the County should consider prioritizing the NCHC stock for capital funding opportunities available through either the federal or provincial governments, particularly where allocating those funds will impact the extended useful life of the NCHC building(s).

Given the fact that all properties fall within the “Improve” asset class, the next step in the methodology was to create prioritization schedules. The purpose in developing these schedules is to both identify which buildings may be renovation priorities, while also to identify properties that hold redevelopment potential.

4.3 Renovation Priorities

To understand which buildings might be considered a priority for renovation, the data collected throughout the methodology was revisited, with a specific focus on the current and projected costs for each building. Given that all projects are classified as “Improve”, seeking opportunities to balance expenditures with reduced ongoing operating costs should be considered. Therefore, the following financial measures were considered:

- Expected 10-year per unit capital costs as derived from the 2020/2021 Building Condition Audits.
- Total capital requirements as identified in the Accessibility Audits completed in 2021.
- Current operating costs per building, as identified by the total average levy contribution over the last three years (2019, 2020 and 2021).
- Energy efficiency as calculated by total costs for gas, hydro and water as derived from 2019 utility bills provided by the County.

In addition, building demand was included as a measure to link to the important role that each building plays in meeting need (as defined by aligning current building against the need demonstrated through the 2022 Waitlist data noting municipality, unit type and demographic group served).

Once the financial data was collected, a median was calculated for each data element. Buildings were identified as being above, at or around, or below the median, with the results presented in a “heat map”; with red meaning costs are higher than the median, yellow being at or around the median and green denoting costs that are below the median. Results are presented with the buildings identified as highest priority for renovation being at the top of the Table 11.

Table 11: Renovation Prioritization based on Current and Future Costs

Property ID	10-year capital costs	Accessibility Requirements	Levy Take-up	Overall Building Energy Efficiency*	Demand
1. #AA12K		highest	very high	very high	
2. #AA12F					
3. #AA12M	highest				
4. #AA12A			highest		
5. #AA12H					
6. #AA12B					
7. #AA12J				highest	
8. #AA12L					
9. #AA12I					
10. #AA12C				No data	
11. #AA12G					
12. #AA12E				No data	
13. #AA12D					

* Overall building energy efficiency includes electricity, gas and water cost data.

As this “heat map” demonstrates, there are a few buildings which have higher than median capital, operating, accessibility and energy costs. In many cases, these higher

than median averages reflect outdated systems or components which are leading to higher-than-expected usage costs. These building should be prioritized for renovation with the specific goal of seeking opportunities to replace aging components and reduce on-going operating and energy costs. Table 11 also notes a few priority areas for accessibility retrofits, based on the finding of the Accessibility Audits.

The information presented in Table 11 should be reviewed against the current 10-year capital plan for the NCHC housing portfolio in order to seek opportunities for alignment with that plan, or to consider where there may be efficiencies achieved by undertaking work in bulk or in re-prioritizing some capital works to support reduced operating or energy costs moving forward.

4.4 Redevelopment Prioritization

A final step in the analysis is reviewing and understanding where there may be opportunities for the redevelopment of properties, specifically with the goal to increase density and support the growth goals of the County and NCHC. At the time that this Plan was created, zoning and density data for each NCHC site was not available. However, the 2020/2021 BCAs provide some insight into whether there are opportunities to expand any of the NCHC properties. In addition, HSC attended each of the NCHC sites and undertook a “walk around” as well as collected aerial views for each location.

A review was undertaken of each site with a primary focus being whether there was access to land that would support expansion and increased density. Based on an initial review, only five sites underwent detailed consideration with only one site being identified as a potential opportunity for redevelopment with the goal of adding additional units. The identity of the five sites is not provided in this Plan in recognition that these are the homes of individuals and families, and that an initial review of potential redevelopment opportunities does not suggest that any action will be taken at these sites.

All other projects within the NCHC housing portfolio do not have access to the land necessary for expansion, whether due to the fact that the current building is surrounded by residential land, multi-owner commercial land or is adjacent to designed park land/conservation area.

In addition to looking at opportunities to increase the footprint of the NCHC properties, HSC also considered the ability to increase density on the existing building footprint and found that the opportunities available to NCHC to do so are limited due to two key factors. This first is the necessity to re-house existing residents during demolition and construction. Given the lack of access to rental accommodations across the County’s municipalities, re-housing existing residents for multiple years is currently not feasible. The second key factor are current municipal zoning and policy restrictions. In order to consider increasing the number of units on existing sites, municipalities will need to

consider reducing parking requirements, increasing height density and potentially re-zoning surrounding lands.

It is clear that in order to support the County's growth ambitions, the NCHC will have to develop an acquisition strategy. One that engages the County and municipalities in a discussion both on policies and on access to potential land. The NCHC will be dependent on the municipalities to identify available municipal lands and to ensure the affordability of that land to support the creation of new units for low- and moderate-income households. The municipalities may also wish to identify where there may be surplus provincial or federal lands and be part of an advocacy effort to ensure the affordable access of that land to support NCHC housing.

The NCHC is an important agent for the County in implementing its Affordable Housing Strategy, however there is a limited role for the NCHC until the tools and municipal levers are created to enable that growth.

5.0 Key Considerations and Next Steps

The County has signalled its strong commitment to ensuring the long-term sustainability of its community housing assets. It is recognized in both the Affordable Housing Strategy and the Housing and Homelessness Plan how critical it is to enhance the building condition of these assets to ensure that they remain in good condition to meet the needs of low- to moderate-income residents well into the future. Both plans also indicate the goal to identify opportunities for redevelopment and, where possible, growth of these critical community housing assets.

The NCHC and its Board of Directors are strong partners with the County in this regard. NCHC has also identified strategic priorities tied to asset maintenance, regeneration, revitalization and renewal. The County and NCHC have shared goals to both extend the useful life of existing NCHC assets, and to seek opportunities to expand and grow these assets.

With such a strong partnership in place, the key considerations and next steps outlined below provide direction for the discussion of both the County and the NCHC Board of Directors. The key considerations seek to address the strategic goals of both the County and NCHC and provide practical and achievable next steps.

Five key areas have been identified for consideration and action:

1. Growth of NCHC housing,
2. Preservation of the existing NCHC housing stock,
3. Establishment of maintenance service standards,
4. Development of levels of service for NCHC housing, and
5. Incorporation into the County's Asset Management Plan.

5.1 Growth of NCHC Housing

The NCHC Board of Directors have identified a strategic goal specifically related to the expansion and growth of the NCHC housing portfolio. The NCHC Asset Management Plan has assessed the existing housing sites and found only one NCHC property with potential opportunities for expansion and increased units if additional adjacent land can be acquired. However, as the findings have noted, there are very limited opportunities to redevelop the existing sites due to both lack of access to the adjacent land necessary for expansion and current municipal zoning and policy restrictions.

The focus of the growth strategy should therefore shift from redevelopment to acquisition. In order to meet the County's aspirational target of 900 new affordable units¹⁵ by 2029, with a specific focus of a percentage of those units for households with low- to moderate-

¹⁵ Northumberland Housing and Homelessness Plan (2019), "Annual Housing Targets", page 10.

incomes, the County and NCHC must look at ways to access and acquire land for new affordable housing development.

Key Considerations and Next Steps:

- Identify acquisitions as an alternative option to the intensification of the NCHC buildings.
- Consider a review of the existing County housing reserve funds to determine ability to provide enough funding to the NCHC for new land or building acquisition.
- Work with a real estate professional to be alerted to sales which may make redevelopment at the identified site feasible.
- Engage with municipal partners to identify vacant land that could be acquired or donated to support the creation of new affordable housing to meet the specific needs of low- to moderate-income households.
- Identify unused municipal land or buildings that could be re-zoned and re-developed for housing (i.e., schools, empty office space, building foreclosures).
- Work with local municipalities to identify local contributions (i.e., contributions in lieu of building permit and school board fees, non-exempt planning fees and accessibility grants) that could be implemented to directly support the NCHC in acquiring local properties for new affordable housing development.
- Identify opportunities to increase flexibility within current municipal zoning and policy restrictions, particularly with regard to parking requirements and increasing height density to facilitate redevelopment on NCHC existing sites.
- Where priority sites have been identified and land title can be obtained, seek external seed funding opportunities through Canada Mortgage and Housing Corporation (CMHC), the Federation of Canadian Municipalities (FCM), or other sources to undertake pre-development studies and financial analysis.

5.2 Preservation of the Existing NCHC Housing Stock

The development of this Plan has been informed by the data that was collected in 2020/2021 through the Building Condition Assessments, Capital Reserve Replacement Forecasts, Elevator Audits, Energy Audits and Accessibility Audits. This data plays a foundational role in supporting both the County and the NCHC Board of Directors in making evidence-based decisions intended to preserve and extend the useful life of its assets.

The analysis in this Plan suggests that a strategic focus for the NCHC housing stock should be on asset preservation and ensuring buildings continue to be well maintained. The capital needs and expected lifecycle of buildings and major components have been

articulated in this Plan and provide the NCHC with a strong understanding of the extent of necessary building renewal. Strategies to ensure adequate funding to meet that need form some of the key implementation activities.

Key Considerations and Next Steps:

- Review the data and analysis from this Plan against the existing 10-year capital plan. The 10-year capital plan should reflect the findings from the BCAs as well as the priorities identified through this Plan to focus activities on extending the useful life of each building.
- Formally plan to undertake more detailed audits and include this costing in the 10-year capital plan. The BCAs provide a foundation to understand capital need and costs, but it is based on a non-invasive review. To better understand the condition of major components, it is critical that more specialized reviews (i.e., sprinkler systems, plumbing drain lines, etc.) be undertaken and planned for within each year of the 10-year capital plan. The findings from these studies can be used to adjust the AssetPlanner data and provide great accuracy to the 10-year capital plan and this Plan.
- Use the updated 10-year capital plan to develop a comprehensive capital planning strategy. This strategy should include opportunities to procure bulk replacement of components to achieve cost efficiencies and to identify opportunities where retrofit will support reduced on-going operating costs.
- Use the updated 10-year capital plan to establish and report on annual capital targets and priorities to the NCHC Board of Directors.
- Regularly update the AssetPlanner system of all capital works undertaken in the NCHC buildings in order to be able to measure and report on targets and activities.
- Using the updated 10-year capital plan, seek opportunities to access capital funding programs through initiatives such as the CMHC co-investment fund for renovation, and the FCM capital retrofit program.
- Review the capital funding contributions/allocations (i.e., capital reserves, yearly contributions, repair, and maintenance funding) from the County to the NCHC and develop a funding and financial strategy to prioritize NCHC renewal.
- Review and update the annual capital contribution level, which was set prior to 2014 now that the County has a more accurate picture of the capital expenditure need and priority.
- Given the fact that the NCHC housing stock represents the oldest community housing buildings, identify opportunities to prioritize and maximize future

federal/provincial (i.e., COCHI and OPHI) dollars for targeted work to extend the life of these properties.

- Develop a focused approach to ensure that lifecycle extension activities are taking place including: priority activities as identified in the 10-year capital plan are completed, pro-active upgrade and renewal of major components, and update to the BCAs every 5 years.

5.3 Establishment of Maintenance Service Standards

As the analysis undertaken in the Plan evidenced, there is the need for the renewal and preservation of the NCHC housing properties. However, there is also the need to ensure that the housing being offered by NCHC continues to be safe, well maintained and supports the health and well-being of residents. Therefore, in addition to capital planning, there is the need to set proactive, predictive and preventative maintenance priorities and benchmarks to ensure that the operations of the building reflect this objective.

Key Considerations and Next Steps:

- Develop priorities informed by the BCA data and the updated 10-year capital plan that enables proactive, predictive and preventative maintenance planning.
- Establish maintenance and repair standards (urgent, immediate, regular and planned maintenance) and communicate these to residents in order to improve the tenant experience. Track activities against these standards for reporting and communication purposes.
- Through regular updates to the AssetPlanner system, record maintenance costs against major building components to track and understand the lifecycle costs of major components and to identify the point at which replacement vs. repair of these components is financially preferable.
- Ensure that sufficient information and training has been provided to staff regarding the planning for maintenance, operations, renewals and capital works, and how these should be guided by the AssetPlanner data and 10-year capital plan.
- Develop a maintenance priority and operational maintenance schedules informed by the AssetPlanner data for the buildings.
- Consider a review of “RentSafe”¹⁶ benchmarks and how these may be incorporated into the annual building inspection process to ensure that buildings are meeting all required maintenance standards and to ensure the units are clean,

¹⁶ RentSafe is a model to assess and ensure residents of low- to moderate- incomes are living in healthy housing conditions. This includes the creation of standards, a maintenance program and regular building inspections.

safe and secure. Best practices from those service managers and/or municipalities that use this approach could be investigated and incorporated into the NCHC maintenance priorities.

- Seek opportunities to engage residents through tenant satisfaction surveys, such as the County-led 2020 Tenant Quality of Service Survey and use this feedback to support creating maintenance and repair standards, enhancing communications with residents and establishing maintenance levels of service.

5.4 Development of Levels of Services for NCHC

A key element of asset management planning is optimizing asset sustainability while maximizing capital investments. However, in practice, this activity should be guided by expectations with regard to the level of service or standards that define asset sustainability.

Levels of Service are increasingly being seen as a required activity within asset management planning and often include a range of benchmarks; recognizing that there are different service levels required to meet corporate/legislative requirements, community and/or resident service levels and asset or technical levels of service.

Key Considerations and Next Steps:

- Undertake an analysis of what data is currently being collected, how that is being tracked/reported and identify what performance measures could be established. Included in this process would be documenting current levels of service, even where this process may be informal, and data may be collected for different purposes.
- Initiate a facilitated discussion with the County and NCHC Board of Directors to identify desired levels of service and the expected outcomes that should be supported by the creation of levels of services. The development of levels of service will be unique to the County and NCHC but some examples are:

County/Legislative

- Tied to strategic priorities and goals.
- Targets set to ensure NCHC is meeting all regulatory and legislative requirements (i.e., could include standards for completion of activities related to meeting the requirements of the Accessibility for Ontarians with Disabilities Act (AODA)).

Community/Resident Targets and levels of:

- Responsiveness,
- Communication,
- Resident and/or community involvement,
- Resident satisfaction.

Technical/Asset

Targets related to asset management and renewal strategies:

- Facility condition index (FCI) target,
- Year by which it FCI target would be achieved (or percentage by year),
- Maintenance service standards,
- Major building component renewal.

- Consider the levels of service currently being achieved and any gaps that may exist in either the available data or in current activities against desired outcomes.
- Identify the costs and additional staff actions which will be required to establish, measure, monitor, and report on the levels of service.
- Once established, the levels of service should be reviewed periodically to ensure they continue to be appropriate and are driving desired outcomes.

5.5 Incorporation into the County's Asset Management Plan

Under Ontario Regulation 588/17 (O.Reg.588/17), every municipality must prepare a strategic asset management plan for each of its core municipal assets (including housing), with the goal to support making “the best possible investment decisions in their infrastructure assets”¹⁷.

The data collected, and the life-cycle analysis undertaken as part of the asset classification exercise provides core information which can be used by the County to ensure that the findings of this Plan are incorporated into the boarder County Asset Management Plan.

Key Considerations and Next Steps:

- The data included in this Plan meets the requirements of O.Reg.588/17 and can be included in the development of the County's Asset Management Plan (“AMP”) in 2024. The current state of the NCHC housing assets, capital needs, and lifecycle management analysis can be used to ensure that housing assets are accurately included in the County's AMP.
- Through the inclusion of NCHC in the County's AMP, ensure that the needs identified through this Plan and any associated budget implications are included in an integrated County-wide asset management strategy. Ensuring that the findings from the NCHC Asset Management Plan support the housing element in the

¹⁷ Province of Ontario, Municipal Asset Management Planning <https://www.ontario.ca/page/municipal-asset-management-planning>.

County's AMP will also ensure that the needs of NCHC are incorporated into the County's financing strategy, ensuring that the long-term capital funding requirements are in place to extend the lifecycle of housing assets

- Link the findings of the Plan with the development of the County's AMP to ensure the integration of NCHC in the County's infrastructure management policies; including activities related to maintenance and operations, rehabilitation, and expansion.
- Invest time, attention and resources to the creation of core levels of services for NCHC which can be included and integrated into those of the County's other infrastructure assets.
- O.Reg.588/17 requires planning activities related to climate change (including disaster planning) to be included in the County's AMP. This activity was outside of the scope of this Plan, however further work should be undertaken to create a climate change action and preparedness plan for the NCHC housing portfolio.

Conclusion

The results of the review and assessment of the NCHC buildings demonstrate how essential these properties are in meeting County and local need. The affordability challenges facing all municipalities in Ontario underscores how important it is to not just maintain, but to extend the useful life of the NCHC housing buildings and support the continued access of these units to meet the needs of low- to moderate-income households.

A review of the state of the NCHC properties suggest that the buildings are aging, and the results of the 2020/2021 Building Condition Audits identify significant capital repair needs to support the long-term sustainability of these assets. However, the findings also indicate the positive stabilizing effect of the County's annual commitment to capital funding, which has ensured that all buildings are meeting good standards of maintenance and repair. The limited opportunities of the NCHC buildings to expand and increase density within existing footprints underscores the importance of developing, and funding, long-term lifecycle management strategies that ensure the preservation of the buildings. Based on the results of the analysis included in this Plan, the strategic focus on growth in the NCHC housing portfolio should be turned to acquisition and new development. The NCHC has access to strong partners through its local municipalities and efforts should be made to discuss ways that these partners can facilitate the creation of new NCHC affordable housing units in their communities.

Initiating the development of this NCHC Asset Management Plan is a proactive step by the County and the NCHC Board of Directors to ensure that they have the necessary data and evidence with which to make informed decisions that will have long-term impacts on communities and residents. The findings in this Plan offer next steps for both the County and NCHC Board of Directors which will help support the achievement of their

identified strategy priorities. Exploring ways to maximize NCHC housing assets, ensuring safe housing conditions for residents, and improving the standard and delivery of maintenance services are all activities which can be informed and supported through the information contained in this Plan.

Finally, it is recognized that the findings in this Plan suggest the need to access capital funding, to increase capital investments in existing units and seek funding to support new acquisition and development. Moving forward on these next steps may take years and will be dependent on many factors, only some of which will be within the control of the County and NCHC. This Plan is intended to point in the direction, but it recognizes achieving the final outcomes is a long-term goal - one that will be achieved through many small steps, driven by activities such as maximizing COCHI dollars, or establishing maintenances schedules. The Plan findings point in the direction and provide the data and evidence to take advantage of each opportunity as it arises. The NCHC Board of Directors has identified its mission “to be a leader in building and maintaining safe and affordable rental housing where individuals and families feel safe”¹⁸. Undertaking the necessary work to create this Asset Management Plan informs the continuation of efforts to ensure that this mission is fulfilled, every day, and into the future.

¹⁸ NCHC Strategic Plan 2023 – 2027.